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## Key figures Unaxis Corporation

Consolidated totals	2001*	2000	2001*	
	CHF	CHF	EUR	in million
<b>Sales</b>	<b>2 127</b>	3 285	1 409	
– Change in %	– 35		– 35	
<b>Operating result before depreciation and amortization (EBITDA)</b>	<b>182</b>	460	121	
<b>Operating result from current activities</b>	<b>– 11</b>	314	– 7	
– in % of sales	– 1	10	– 1	
Impairment losses on goodwill	200	0	132	
<b>Operating result (EBIT)</b>	<b>– 211</b>	314	– 140	
Other result	297	330	197	
Financial result	0	– 23	0	
Result before taxes	86	621	57	
<b>Net income</b>	<b>111</b>	511	74	
<b>Total assets</b>	<b>3 016</b>	3 708	1 997	
<b>Shareholders' equity</b>	<b>1 667</b>	1 504	1 104	
– in % of total assets	55	41	55	
<b>Net liquidity</b>	<b>768</b>	174	509	
– in % of shareholders' equity	46	12	46	
<b>Net assets</b>	<b>1 202</b>	1 761	796	
<b>Capital expenditures in fixed assets</b>	<b>186</b>	191	123	
<b>Research and development</b>	<b>208</b>	219	138	
<b>Personnel expense</b>	<b>775</b>	882	513	
<b>Number of employees at year-end</b>	<b>7 241</b>	9 154	7 241	

Business development on comparable basis	2001*	2000**	2001*	
	CHF	CHF	EUR	in million
<b>Total Unaxis</b>				
Orders received	1 572	2 578	1 041	
Sales	2 127	2 289	1 409	
Operating result (EBIT)	– 211	258	– 140	
<b>Information Technology</b>				
Orders received	637	1 201	422	
Orders on hand	206	574	136	
Sales	1 021	1 185	676	
Operating result before depreciation and amortization (EBITDA)	– 4	241	– 3	
– in % of sales	0	20	0	
Operating result from current activities				
IT excluding ESEC	15	131	10	
IT including ESEC	– 123	177	– 81	
– in % of sales	– 12	15	– 12	
Operating result (EBIT)	– 323	177	– 214	
Net assets including ESEC	809	1 194	536	
<b>Surface Technology</b>				
Orders received	323	341	214	
Orders on hand	1	20	1	
Sales	339	328	225	
Operating result before depreciation and amortization (EBITDA)	87	80	58	
– in % of sales	26	24	26	
Operating result (EBIT)	45	40	30	
– in % of sales	13	12	13	
Net assets	227	234	150	
<b>Components and Special Systems</b>				
Orders received	582	981	385	
Orders on hand	232	559	154	
Sales	730	726	483	
Operating result before depreciation and amortization (EBITDA)	92	91	61	
– in % of sales	13	13	13	
Operating result (EBIT)	76	75	50	
– in % of sales	10	10	10	
Net assets	75	57	50	
<b>Others</b>				
Sales	37	50	25	
Operating result (EBIT)	– 9	– 34	– 6	

\* For the first time including figures for the entire year for ESEC (majority interest acquired on September 1, 2000). ESEC is included in the Information Technology segment.

\*\* Excluding operations sold in 2000 (Inficon, Large Area Coating and Leybold Didactic).





## Consolidated income statement

in CHF million	Notes	Total		Of which discontinued operations (Pilatus)	
		2001	2000	2001	2000
Sales	(3)	<b>2 127</b>	3 285	–	541
Cost of sales		<b>– 1 313</b>	–1 955	–	– 406
Gross margin		<b>814</b>	1 330	–	135
Marketing and selling		<b>– 326</b>	– 449	–	– 53
Research and development		<b>– 208</b>	– 219	–	– 40
Administration		<b>– 222</b>	– 280	–	– 29
Amortization of goodwill for subsidiaries	(4)	<b>– 64</b>	– 31	–	0
Other operating income and expense	(5)	<b>– 5</b>	– 37	–	1
Operating result from current activities	(6)	<b>– 11</b>	314	–	14
Impairment losses on goodwill	(7)	<b>– 200</b>	0	–	0
<b>Operating result (EBIT)</b>	(8)	<b>– 211</b>	314	–	14
Financial result	(9)	<b>0</b>	– 23	–	– 1
Result from sales of entire business segments	(10)	<b>81</b>	8	<b>81</b>	8*
Other result	(11)	<b>216</b>	322	–	– 2
Result before taxes		<b>86</b>	621	<b>81</b>	19
Income taxes	(12)	<b>– 33</b>	– 87	–	– 3
Net income including minority interests		<b>53</b>	534	<b>81</b>	16
Minority interests in net income/loss		<b>58</b>	– 23	–	0
<b>Net income</b>		<b>111</b>	511	<b>81</b>	16
Net income per registered share in CHF**		<b>8.53</b>	39.17		

\* Gain on sale of Hotel Zürich

\*\* New basis: average number of shares with voting and dividend rights



## Consolidated balance sheet as of December 31

			<b>Total</b>	<b>Of which discontinued operations (Pilatus)</b>	
	Notes	<b>2001</b>	2000	<b>2001</b>	2000
<b>Current assets</b>					
Cash and cash equivalents	(13)	<b>850</b>	553	–	26
Receivables	(14)	<b>422</b>	775	–	48
Inventories	(15)	<b>326</b>	714	–	246
Prepaid expenses and accrued income	(16)	<b>73</b>	66	–	6
		<b>1 671</b>	2 108	–	326
<b>Non-current assets</b>					
Loans receivable		<b>64</b>	82	–	4
Investments in associated companies		<b>0</b>	0	–	0
Other investments	(17)	<b>96</b>	34	–	0
Fixed assets	(18)	<b>683</b>	759	–	47
Intangible assets	(19)	<b>422</b>	643	–	2
Deferred tax assets	(20)	<b>80</b>	82	–	1
		<b>1 345</b>	1 600	–	54
	(21)	<b>3 016</b>	3 708	–	380
<b>Liabilities</b>					
Payables	(22)	<b>153</b>	312	–	62
Accrued liabilities	(23)	<b>148</b>	204	–	25
Customer advances	(24)	<b>129</b>	265	–	28
Financial debt	(25)	<b>82</b>	379	–	54
Deferred tax provisions	(26)	<b>55</b>	87	–	31
Other provisions	(27)	<b>687</b>	792	–	34
	(28)	<b>1 254</b>	2 039	–	234
<b>Minority interests</b>		<b>95</b>	165	–	0
<b>Shareholders' equity</b>					
Share capital		<b>263</b>	263		
Treasury shares		<b>– 45</b>	– 35		
Reserves and retained earnings		<b>1 449</b>	1 276	–	146
		<b>1 667</b>	1 504	–	146
		<b>3 016</b>	3 708	–	380

Assets  
in CHF million

Liabilities and  
shareholders' equity  
in CHF million

## Consolidated statement of changes in financial position

in CHF million	Notes	Total		Of which discontinued operations (Pilatus)	
		2001	2000	2001	2000
Net income/loss including minority interests		53	534	81	16
Reclassification of part of result	(35)			- 81	- 8
Depreciation of fixed assets		120	114	-	7
Other depreciation and amortization		73	45	-	0
Impairment losses on goodwill		200	0	-	0
Increase (+), decrease (-) in provisions		- 48	44	-	9
Losses (+), gains (-) from equity investments		0	- 27	-	0
Losses (+), gains (-) from sales of non-current assets		- 310	- 216	-	2
Net funds before change in net current assets		88	494	-	26
Decrease (+), increase (-) in receivables/accrued assets		283	- 143	-	- 15
Decrease (+), increase (-) in inventories		96	- 43	-	- 9
Increase (+), decrease (-) in payables/accrued liabilities		- 120	135	-	21
Increase (+), decrease (-) in customer advances		- 83	43	-	- 5
<b>Net funds from operations</b>		<b>264</b>	<b>486</b>	<b>-</b>	<b>18</b>
Capital expenditures in fixed assets		- 186	- 191	-	- 11
Investments in subsidiaries/associated companies/others		- 5	- 344	-	0
Capital expenditures in intangible assets		- 8	- 436	-	0
Decrease (+), increase (-) in loans receivable		30	7	-	0
Increase (+), decrease (-) in cash from purchase/sale of subsidiaries		- 38	154	-	0
Proceeds from sales of fixed assets		90	40	-	0
Proceeds from sales of consolidated subsidiaries		424	277	-	- 2
Proceeds from sales of unconsolidated subsidiaries		21	9	-	0
Dividends received from associated companies		0	2	-	0
<b>Net funds from/used by investing activities</b>		<b>328</b>	<b>- 482</b>	<b>-</b>	<b>- 13</b>
Dividends paid		- 34	- 5	-	- 5
Purchase of treasury shares		- 10	- 16	-	
Increase in (+), repayment of (-) financial debt		- 249	15	-	- 21
<b>Net funds used by financing activities</b>		<b>- 293</b>	<b>- 6</b>	<b>-</b>	<b>- 26</b>
Conversion adjustments		- 2	- 1	-	0
<b>Increase (+), decrease (-) in cash and cash equivalents</b>		<b>297</b>	<b>- 3</b>	<b>-</b>	<b>- 21</b>
Increase (-), decrease (+) in financial debt from purchase/sale of subs.		38	- 14		
Repayment of (+), increase in (-) financial debt		249	- 15		
Conversion adjustments on financial debt		10			
<b>Increase (+), decrease (-) in net liquidity</b>		<b>594</b>	<b>- 32</b>		
<b>Additional information:</b>					
Interest paid		9	24		
Taxes paid		46	47		

## Consolidated statement of changes in shareholders' equity

	Share- capital	Addi- tional paid-in capital	Treasury shares*	Con- version differen- ces	Retained earnings	Fair value adjustment IAS 39 (incl. derivatives)	Deferred taxes on adjustm. IAS 39	Total share- holders' equity	
Balance at January 1, 2000	263	471	- 19	33	298	0	0	1 046	in CHF million
Net income incl. minority interests					534			534	
Dividends paid					- 5			- 5	
Conversion differences				- 29				- 29	
Transactions with minority shareholders					139			139	
Balance brought forward from purchase of treasury shares			- 16					- 16	
Balance at December 31, 2000	263	471	- 35	4	966	0	0	1 669	
./. Minority interests								- 165	
<b>Total consolidated shareholders' equity 2000</b>								<b>1 504</b>	
Balance at January 1, 2001	263	471	- 35	4	966	0	0	1 669	
Restatement investments (IAS 39)						64	- 2	62	
Restatement loans receivable (IAS 39)						15	- 1	14	
Restatement derivatives (IAS 39)					8			8	
Net income incl. minority interests					53			53	
Dividends paid					- 34			- 34	
Revaluations according to IAS 39								0	
Derivative income reserved for subsequent year						3	- 1	2	
Conversion differences				17	- 16			1	
Transactions with minority shareholders					- 3			- 3	
Balance brought forward from purchase of treasury shares			- 10					- 10	
Balance at December 31, 2001	263	471	- 45	21	974	82	- 4	1 762	
./. Minority interests								- 95	
<b>Total consolidated shareholders' equity 2001</b>								<b>1 667</b>	

\*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
Purchase 2001	45 000 shares
Sale 2001 due to employee share purchase plan	- 11 174 shares
<b>Balance at December 31, 2001</b>	<b>180 840 shares</b>

## Accounting principles

### Introduction

Unaxis Holding AG is a Swiss corporation located in Zurich (Hofwiesenstrasse 135). It is the ultimate parent company of the Unaxis Corporation, a leading global supplier of production systems and services for selected market segments in the information technology industry. In addition to its Swiss operations, the Unaxis Corporation also does business particularly in the European Union countries, North America and Asia, and employed some 7 200 persons worldwide at the end of 2001.

### Basis

The consolidated financial statements of Unaxis Holding AG were prepared in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) based on historical costs, and were approved by the board of directors on March 8, 2002. Thereby, all standards issued by the IASB and all interpretations of the Standing Interpretations Committee (SIC) which became effective up until the date of the consolidated financial statements were considered.

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

### Changes in accounting principles

#### First-time application of the following revised / new IAS guidelines as of January 1, 2001:

- IAS 12 (revised) Income Taxes
- IAS 19 (revised) Employee Benefits
- IAS 39 (revised) Financial Instruments
- IAS 40 Investment Properties

With the exception of IAS 39 (Financial Instruments), no restatement of the financial statements was necessary as a result of applying these new revised standards.

The restatement according to IAS 39 resulted in an increase in shareholders' equity of CHF 84 million. Of this total, CHF 76 million represented the adjustment of other investments and loans receivable to their higher market values at January 1, 2001, and CHF 8 million resulted from the inclusion of derivative forward contracts in the balance sheet for the first time. Even though these derivatives serve solely as hedges, the organizational requirements for fulfilling the criteria set forth by IAS 39 to qualify for hedge accounting treatment had first to be met. ESEC has elected not to use hedge accounting allowed by IAS 39.

### 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 by the immediate parent company 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). Such risks are insured with third parties only as an exception.

### Derivatives

Forward contracts and options are used solely to reduce currency exchange and interest risks related to the Corporation's operations, and the counterparties represent first-class financial institutions. These derivative financial instruments are stated at their fair values. With the exception of ESEC, hedge accounting according to IAS 39 is applied.

### 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 production cost. This includes all costs of material and labor as well as a reasonable allocation of overhead. Recognizable reductions in value resulting from 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 their fair values, whereby increases in carrying values are credited directly to shareholders' equity without impacting net income until such investments are sold and these gains are realized. Shares in companies held for which no reliable market value can be determined are carried at cost.

### Fixed assets

Fixed assets are stated 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 Corporation-wide ranges:

- Plant and equipment: 3–15 years
- Production and administration buildings used in corporate 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 economic 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.

### Stock option participation plans

Under various stock and stock option plans, Unaxis Holding AG offers members of its Board of Directors, corporate management and key employees options to purchase its shares. The related costs are included in personnel expense as they are incurred. From time to time the company purchases treasury shares in order to cover the risk related to the outstanding options. The cost of treasury shares is deducted from shareholders' equity.

### 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 assets is included in the financial result. 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, other than impairment losses recognized on goodwill, 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.

#### **Financial instruments**

In order to reduce foreign currency risks, financial debts are denominated in congruent currencies. Corporate Treasury centrally coordinates and optimizes the conditions of Group companies' net liquidity/net debt through cash management in the relevant CHF and Euro area.

Financial instruments are recorded on the settlement date and are valued at fair value (i.e. market value). Financial assets held to maturity, as well as loans and receivables generated by the Group companies, represent an exception to this rule. These assets are stated at amortized cost values.

Gains and losses resulting from the changes in market values of financial assets available for sale are recorded temporarily in shareholders' equity until such assets are sold, when they are transferred to the income statement.

#### **Related parties**

##### **Related party transactions**

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

# Notes to the consolidated financial statements

## Changes in Group companies

Note (1)

The following changes in Group companies occurred during 2001 (business segment/transaction/date reflected in the consolidated financial statements):

### Disposals of entire business segments

– Pilatus Flugzeugwerke (sale, January 1, 2001)

### Disposals of divisions

– Leybold Optics (Components and Special Systems/sale, October 1, 2001)

### Additions of individual companies

– Unaxis Nimbus Ltd., Monmouth/GB (Information Technology/purchase, June 1, 2001)

– Unaxis SPTec SA, Neuenburg/CH (Information Technology/purchase, January 1, 2001)

The impact of disposals of entire business segments can be seen in the main financial statements and in the segment information. The full impact of the disposal of the Leybold Optics division will be felt only beginning in 2002. For the current year, this division is included in the financial statements with revenues of CHF 173 million and an EBIT of CHF 39 million. As a result of the other changes in Group companies during 2001, sales increased by CHF 25 million, and the number of employees by 121 compared with 2000.

See note 19 for additional information regarding additions to Group companies. A complete list of all subsidiaries can be found on pages 98 to 99.

## Conversion rates

Note (2)

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

	Average rates		Change	Year-end rates		Change
	2001	2000		2001	2000	
1 USD	<b>1.69</b>	1.69	0.0%	<b>1.67</b>	1.61	3.7%
1 EUR	<b>1.51</b>	1.56	– 3.2%	<b>1.48</b>	1.52	– 2.6%
1 GBP	<b>2.43</b>	2.56	– 5.1%	<b>2.43</b>	2.41	0.8%
100 JPY	<b>1.39</b>	1.57	– 11.5%	<b>1.28</b>	1.41	– 9.2%
100 HKD	<b>21.63</b>	21.67	– 0.2%	<b>21.46</b>	20.66	3.9%
1 SGD	<b>0.942</b>	0.979	3.8%	<b>0.905</b>	0.93	– 2.7%

in CHF

## Impact of conversion rates on sales

Note (3)

	Change from prior year		Impact of conversion rates
	Effective	Excluding conversion impact	
Information Technology	– 13.8%	– 11.8%	<b>– 2.0%</b>
Surface Technology	3.2%	6.9%	<b>– 3.7%</b>
Components and Special Systems	– 36.7%	– 34.7%	<b>– 2.0%</b>
Others	– 52.5%	– 52.4%	<b>– 0.1%</b>
Core business	– 22.5%	– 20.4%	<b>– 2.1%</b>
Segment sold (Pilatus)	– 100.0%	– 100.0%	<b>0.0%</b>
<b>Total</b>	<b>– 35.3%</b>	<b>– 34.0%</b>	<b>– 1.3%</b>

<b>Note (4)</b> in CHF million	<b>Amortization of goodwill for subsidiaries</b>	<b>2001</b>	2000
	Information Technology	<b>63</b>	28
	Surface Technology	<b>1</b>	3
	Components and Special Systems	<b>0</b>	0
	Others	<b>0</b>	0
	<b>Total</b>	<b>64</b>	31

The amortization of goodwill for the Information Technology Division of CHF 63 million includes a full year's amortization for ESEC and Unaxis USA (Plasma-Therm) based on a useful life of 15 years, and for Unaxis Nimbus GB based on a useful life of 3 years. During the prior year, only four months' amortization of goodwill for ESEC was included in this position.

<b>Note (5)</b> in CHF million	<b>Other operating income and expense</b>	<b>2001</b>	2000
	License, patent and know-how revenue	<b>0</b>	1
	Other operating income	<b>35</b>	28
	<b>Income</b>	<b>35</b>	29
	Taxes not based on income	<b>- 7</b>	- 8
	Other operating expenses	<b>- 33</b>	- 58
	<b>Expense</b>	<b>- 40</b>	- 66
	<b>Total</b>	<b>- 5</b>	- 37

Included in other operating expenses of CHF 33 million are restructuring costs amounting to CHF 13 million. Total costs of restructuring measures which have been communicated and introduced are expected to amount to CHF 67 million, of which CHF 54 million is covered by provisions created in the past for this purpose. The restructuring costs are related to the business segments as follows:

- Information Technology	51
- Surface Technology	0
- Components and Special Systems	13
- Others	3
<b>Total</b>	<b>67</b>

<b>Note (6)</b> in CHF million	<b>Expenses included in operating result</b>	<b>2001</b>	2000
	Salaries and wages	<b>644</b>	734
	Social security and other employee benefits	<b>131</b>	148
	<b>Personnel expense</b>	<b>775</b>	882
	Depreciation and amortization of		
	- operating fixed assets	<b>120</b>	114
	- intangible assets (excluding goodwill on purchased companies)	<b>9</b>	8

Of the total cost of social security and other employee benefits of CHF 131 million, CHF 18 million (prior year CHF 28 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.



<b>Impairment losses on goodwill</b>	<b>2001</b>	2000	<b>Note (7)</b>
			in CHF million
<b>Total</b>	<b>200</b>	0	

In view of the strong decline in ESEC sales and continued cyclical weakness in demand, the impairment test made at mid-year was repeated at year-end using the DCF method with updated assumptions. Based on these test results, the impairment loss had to be increased by CHF 62 million to a total of CHF 162 million. After recording this impairment loss, the remaining goodwill related to ESEC was CHF 172 million, which represents 46.2 percent of the original cost.

An impairment loss of CHF 38 million recorded on the goodwill paid for Zevatech by ESEC is mainly attributable to the decline in sales and the continued cyclical weakness in demand in ESEC's Micron business area, as well as to changes in platform strategies.

<b>Impact of conversion rates on operating result</b>			<b>Note (8)</b>
			in CHF million
	Effective	Change from prior year Excluding con- version impact	<b>Impact of conversion rates</b>
Information Technology	- 500	- 501	<b>1</b>
Surface Technology	5	8	<b>- 3</b>
Components and Special Systems	- 38	- 41	<b>3</b>
Others	22	29	<b>- 7</b>
Core business	- 511	- 505	<b>- 6</b>
Segment sold (Pilatus)	- 14	- 14	<b>0</b>
<b>Total</b>	<b>- 525</b>	<b>- 519</b>	<b>- 6</b>

<b>Financial result</b>	<b>2001</b>	2000	
Interest income	<b>22</b>	12	
Other financial income	<b>3</b>	4	<b>Note (9)</b>
			in CHF million
<b>Financial income</b>	<b>25</b>	16	
Interest on financial debt	<b>- 9</b>	- 24	
Interest on post-employment benefit provisions	<b>- 14</b>	- 15	
Impairment loss on financial assets	<b>0</b>	- 6	
Other financial expense	<b>- 2</b>	- 2	
<b>Financial expense</b>	<b>- 25</b>	- 47	
Exchange gains/losses, net	<b>0</b>	8	
<b>Total</b>	<b>0</b>	- 23	

<b>Note (10)</b> in CHF million	<b>Result from sales of entire business segments</b>	<b>2001</b>	2000
	<b>Total</b>	<b>81</b>	8

Following the sale of the segment «Hotel Zürich» during the previous year, 90 percent of the investment in Pilatus Flugzeugwerke AG, Stans/CH, was sold to a group of Swiss investors for a net price of CHF 212 million (sale price less transaction costs and provision for performance guarantees). After deduction of the consolidated equity value of Pilatus of CHF 131 million, a gain of CHF 81 million was recognized on this transaction.

<b>Note (11)</b> in CHF million	<b>Other result</b>	<b>2001</b>	2000
	Share in earnings of associated companies	<b>0</b>	34
	Amortization of goodwill on associated companies	<b>0</b>	- 7
	Result from sale of associated companies	<b>0</b>	0
	<b>Result from associated companies</b>	<b>0</b>	27
	Rental income from non-operating real estate	<b>4</b>	7
	Expense of non-operating real estate	<b>- 6</b>	- 6
	Depreciation of non-operating real estate	<b>- 1</b>	0
	Result from sale of non-operating real estate	<b>10</b>	16
	<b>Result from non-operating real estate</b>	<b>7</b>	17
	Result from sale of operating real estate	<b>- 1</b>	- 1
	Result from sale of operations and investments	<b>207</b>	275
	Other non-operating expense and income	<b>3</b>	4
	<b>Other non-operating result</b>	<b>209</b>	278
	<b>Total</b>	<b>216</b>	322

#### **Result from sale of operations and investments**

##### **Gross sales proceeds:**

Leybold Optics Division (share deal)*	250
Hapsite Business USA (asset deal)	3
Surface Coating Canada (asset deal)	5
Surface Coating Hanau (asset deal)*	2
Contraves Inc. USA (asset deal)	12
Minority interest of 10% in Applied Films Corporation	21

<b>Total gross sales proceeds</b>	<b>293</b>
Less Group share in net equity / Group values of net assets sold	- 47
Less selling expenses and provisions for expenses to be incurred	- 39

<b>Total result from sale</b>	<b>207</b>
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\* These sales contracts include earn-out clauses which could in the future result in additional sales proceeds if certain earnings targets are achieved.

<b>Income taxes</b>	<b>2001</b>	2000	<b>Note (12)</b>
Current income taxes	<b>31</b>	71	in CHF million
Deferred taxes	<b>2</b>	16	
<b>Total</b>	<b>33</b>	87	

<b>Analysis of tax expense</b>	<b>2001</b>		2000	
	<b>Result before taxes</b>	<b>Tax expense</b>	Result before taxes	Tax expense
<b>Corporation total</b>	<b>86</b>	<b>33</b>	621	87
Expected tax expense based on weighted average tax rate for 2001: 87.2% (2000: 15.6%)*		<b>75</b>		97
Difference between actual and expected tax expense		<b>- 42</b>		- 10
Deferred taxes on current year losses not capitalized		<b>22</b>		26
Utilization of tax loss carry-forwards not capitalized		<b>- 22</b>		- 109
Change in negative valuation differences not capitalized		<b>44</b>		84
Expiration of tax loss carry-forwards capitalized		<b>1</b>		1
Impact of changes in tax rates		<b>- 12</b>		4
Subsequent taxes for prior periods (incl. credits)		<b>6</b>		1
Non-recoverable withholding taxes		<b>5</b>		0
Non-deductible expenses		<b>3</b>		8
Non-taxable income		<b>- 86</b>		- 29
Other items		<b>- 3</b>		4
<b>Total tax expense in excess of / below expected tax expense</b>		<b>- 42</b>		- 10

<b>*Calculation of weighted average tax rates</b>	<b>2001</b>			2000		
	Result before taxes	Average tax rate	Expected tax expense	Result before taxes	Average tax rate	Expected tax expense
Total income on company basis	479	28.4%	136	735	28.1%	206
Total losses on company basis	- 294	20.7%	- 61	- 303	35.9%	- 109
Income, net	185	40.8%	75	432	22.6%	97
Consolidating entries not subject to taxes	- 99	0.0%	0	189	0.0%	0
<b>Total</b>	<b>86</b>	<b>87.2%</b>	<b>75</b>	<b>621</b>	<b>15.6%</b>	<b>97</b>

<b>Note (13)</b>	<b>Cash and cash equivalents</b>	<b>2001</b>	2000
in CHF million			
	Cash, postal and current bank accounts	<b>274</b>	264
	Time deposits	<b>576</b>	289
	<b>Total</b>	<b>850</b>	553
	Change against previous year	<b>297</b>	- 3
	due to changes in Group companies	<b>- 38</b>	154
	due to conversion differences	<b>- 2</b>	- 1
<b>Note (14)</b>	<b>Receivables</b>	<b>2001</b>	2000
in CHF million			
	Trade accounts receivable	<b>366</b>	619
	Trade notes receivable	<b>28</b>	31
	Other receivables	<b>70</b>	180
	Allowance for doubtful accounts	<b>- 42</b>	- 55
	<b>Total</b>	<b>422</b>	775
	Change against previous year	<b>- 353</b>	232
	due to changes in Group companies	<b>- 58</b>	109
	due to conversion differences	<b>-</b>	- 14
<b>Note (15)</b>	<b>Inventories</b>	<b>2001</b>	2000
in CHF million			
	Raw materials and components	<b>98</b>	226
	Work in process	<b>132</b>	284
	Finished goods	<b>63</b>	102
	Trade merchandise	<b>26</b>	53
	Advances for inventories	<b>7</b>	9
	Accrued sales under percentage of completion method	<b>0</b>	40
	<b>Total</b>	<b>326</b>	714
	Change against previous year	<b>- 388</b>	91
	due to changes in Group companies	<b>- 289</b>	62
	due to conversion differences	<b>- 3</b>	- 14

Allowances for declines in inventory values amount to CHF 103 million (prior year CHF 112 million including CHF 33 million for Pilatus).

<b>Prepaid expenses and accrued income</b>	<b>2001</b>	2000	<b>Note (16)</b>
			in CHF million
Post-employment benefit fund assets in excess of PBO	<b>43</b>	36	
Gains from derivatives (IAS 39)	<b>6</b>	–	
Other prepaid expenses and accrued income	<b>24</b>	30	
<b>Total</b>	<b>73</b>	66	
Change against previous year	<b>7</b>	14	
due to changes in Group companies	<b>– 7</b>	–	
due to conversion differences	<b>1</b>	–	

Information regarding the results from derivative instruments which qualify as hedges of future cash flows as defined by IAS 39 and which therefore have been recorded directly in equity without impacting net income is shown in the consolidated statement of changes in shareholders' equity.

<b>Other investments</b>	<b>2001</b>	2000	<b>Note (17)</b>
			in CHF million
<b>Total</b>	<b>96</b>	34	
Change against previous year	<b>62</b>	20	
due to changes in Group companies	<b>–</b>	–	
due to conversion differences	<b>–</b>	–	

Other investments increased during the year to include the remaining 10% interest in Pilatus Flugzeugwerke AG, Stans, for which the Group's share in net equity was CHF 14 million. The 10% residual interest in Applied Films Corporation following the sale of the Large Area Coating operations during the previous year was sold in 2001 (disposed book value of CHF 16 million). The remaining increase of CHF 64 million resulted from the adjustment of other investments to their fair values (IAS 39), which the Corporation has elected to record directly in shareholders' equity (see also changes in shareholders' equity).

**Note (18) Fixed assets**

in CHF million

	Plant and equipment	Production and administration buildings	Developed land	Advances and assets under construction	Non-operating real estate designated for sale	Investment properties (IAS 40)	<b>Total</b>
<b>Cost</b>							
Balance at January 1, 2001	946	511	45	38	100	11	<b>1 651</b>
Conversion differences	- 6	- 3	- 1				<b>- 10</b>
Changes in Group companies	- 81	- 64	- 3	- 3		- 1	<b>- 152</b>
Additions	113	13		60			<b>186</b>
Disposals	- 78	- 76	- 9	- 4	- 38	- 4	<b>- 209</b>
Transfers	6	29	4	- 43	5	- 6	<b>- 5</b>
Balance at December 31, 2001	900	410	36	48	67	0	<b>1 461</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at January 1, 2001	580	248	0	0	64	0	<b>892</b>
Conversion differences	- 4	- 2					<b>- 6</b>
Changes in Group companies	- 60	- 42					<b>- 102</b>
2001 depreciation	105	14			1		<b>120</b>
Impairment loss							<b>0</b>
Disposals	- 53	- 46			- 24		<b>- 123</b>
Transfers	- 4	- 1			2		<b>- 3</b>
Balance at December 31, 2001	564	171	0	0	43	0	<b>778</b>
<b>Net Group values</b>	<b>336</b>	<b>239</b>	<b>36</b>	<b>48</b>	<b>24</b>	<b>0</b>	<b>683</b>
Including assets under financial leases	21	22	2				<b>45</b>
Insured values in the event of fire	989	368		23	179		<b>1 559</b>

Commitments under outstanding orders for capital expenditures amounted to CHF 1 million at the end of 2001 (prior year CHF 4 million).

## Intangible assets

**Note (19)**  
in CHF million

	Purchased goodwill on generated	Purchased	Internally				Intangible assets	<b>Total</b>
		Parts of operations	Group companies	Assoc. companies	Soft-ware	Other intangible assets		
<b>Cost</b>								
Balance at January 1, 2001		3	760	0	31	3	0	<b>797</b>
Conversion differences			7		- 1			<b>6</b>
Changes in Group companies			- 2		- 1	- 2		<b>- 5</b>
Additions			43		2	1		<b>46</b>
Disposals		- 1			- 1	- 1		<b>- 3</b>
Transfers					4			<b>4</b>
Balance at December 31, 2001		2	808	0	34	1	0	<b>845</b>
<b>Accumulated amortization and impairment losses</b>								
Balance at January 1, 2001		2	135	0	16	1	0	<b>154</b>
Conversion differences					- 1			<b>- 1</b>
Changes in Group companies			- 1		- 1	- 1		<b>- 3</b>
2001 amortization			64		8	1		<b>73</b>
Impairment losses			200					<b>200</b>
Disposals		- 1			- 1	- 1		<b>- 3</b>
Transfers					3			<b>3</b>
Balance at December 31, 2001		1	398	0	24	0	0	<b>423</b>
<b>Net Group values</b>		<b>1</b>	<b>410</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>422</b>

Total additions to goodwill related to Group companies of CHF 43 million include the following:

	Purchase price	Fair value of net assets acquired	Goodwill
- Purchase of a 100% share package in Unaxis Nimbus Ltd./GB	0	- 38	38*
- Increase in interest held in Unaxis-Nextral/F from 51% to 100%	9	4	5

\* non-cash item (see statement of changes in financial position)

As of the end of 2001, the Group had no commitments to purchase intangible assets (prior year: CHF 2 million).

<b>Note (20)</b> in CHF million	<b>Deferred tax assets</b>	<b>2001</b>	2000
	<b>Total</b>	<b>80</b>	82
	Change against previous year	- 2	- 9
	due to changes in Group companies	- 1	3
	due to conversion differences	-	- 4
	Deferred tax benefits not capitalized resulting from tax loss carry-forwards of CHF 477 million (prior year CHF 511 million)	<b>124</b>	176
	Deferred tax benefits not capitalized resulting from negative valuation differences of CHF 35 million (prior year CHF 79 million)	<b>9</b>	26

Tax loss carry-forwards of CHF 477 million, for which no deferred tax benefits have been recorded, expire as follows:

CHF	2 million in 1 year
CHF	18 million in 2 years
CHF	9 million in 3 years
CHF	5 million in 4 years
CHF	6 million in 5 years
CHF	437 million beyond 5 years

<b>Note (21)</b> in CHF million	<b>Assets pledged/otherwise restricted</b>	<b>2001</b>	2000
	Receivables and inventories	<b>0</b>	12
	Fixed assets	<b>49</b>	52
	<b>Total</b>	<b>49</b>	64

Of the fixed assets balance of CHF 49 million, 8 percent are pledged as collateral under mortgages outstanding, and 92 percent are restricted by reservation of ownership under financial lease obligations.



Payables	2001	Due			Secured	2000	Note (22) in CHF million
		within 1 year	1 to 5 years	beyond 5 years			
Trade accounts payable	105	105				220	
Trade notes payable	4	4				3	
Other payables	44	44				89	
<b>Total</b>	<b>153</b>	<b>153</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>312</b>	
Change against previous year	- 159					- 131	
due to changes in Group companies	- 68					- 26	
due to conversion differences	-					- 7	

Accrued liabilities	2001	Due			Secured	2000	Note (23) in CHF million
		within 1 year	1 to 5 years	beyond 5 years			
Loss from derivatives (IAS 39)	4	4				-	
Other accrued liabilities	144	144				204	
<b>Total</b>	<b>148</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>204</b>	
Change against previous year	- 56					81	
due to changes in Group companies	- 26					56	
due to conversion differences	- 1					- 1	

Information regarding the results from derivative instruments which qualify as hedges of future cash flows as defined by IAS 39 and which therefore have been recorded directly in equity without impacting net income is shown in the consolidated statement of changes in shareholders' equity.

Customer advances	2001	Due			Secured	2000	Note (24) in CHF million
		within 1 year	1 to 5 years	beyond 5 years			
<b>Total</b>	<b>129</b>	<b>69</b>	<b>59</b>	<b>1</b>	<b>0</b>	<b>265</b>	
Change against previous year	- 136					45	
due to changes in Group companies	- 50					7	
due to conversion differences	- 3					- 5	

Note (25) in CHF million	Financial debt/net liquidity	2001	Due			Secured	2000
			within 1 year	1 to 5 years	beyond 5 years		
	Current bank accounts	33	33				33
	Fixed advances	0					172
	Financial bills	0					7
	Loans payable	28	21	5	2		56
	Mortgages payable	4		2	2	4	13
	Financial lease obligations	17	4	9	4	17	30
	Bond issue	0					68
	<b>Total financial debt</b>	<b>82</b>	<b>58</b>	<b>16</b>	<b>8</b>	<b>21</b>	<b>379</b>
	./. Cash and cash equivalents	<b>- 850</b>					<b>- 553</b>
	<b>Net liquidity</b>	<b>768</b>					<b>174</b>
	Change against prior year	<b>594</b>					- 32
	due to changes in Group companies	<b>- 36</b>					18
	due to conversion differences	<b>- 12</b>					3

Reflecting their actual economic nature, mortgages not yet canceled are treated as long-term debt. Only 1 percent of total financial debt is denominated in Swiss francs, 39 percent in Japanese yen, 34 percent in Euros, 12 percent in Singapore dollars, and 7 percent each in US dollars and Korean won. Of total financial debt, 99 percent is owed to banks, and 76 percent is subject to floating interest rates. As an average taken over all currencies, financial debts resulted in interest charges of 3.6 percent (prior year: 5.9 percent).

Deferred tax provision	2001	Due		2000	Note (26) in CHF million
		within 1 year	beyond 1 year		
<b>Total</b>	<b>55</b>	0	55	87	
Change against previous year	- 32			11	
due to changes in Group companies	- 31			- 5	
due to conversion differences	- 1			- 1	

Other provisions	2001	Due		2000	Note (27) in CHF million
		within 1 year	beyond 1 year		
Current income tax provisions	47	47		59	
Post-employment benefit provisions	248	158	90	270	
Various provisions	392	199	193	463	
<b>Total</b>	<b>687</b>	404	283	792	
Change against previous year	- 105			50	
due to changes in Group companies	- 52			- 15	
due to conversion differences	- 5			- 24	

**Post-employment benefit provisions** totaling CHF 248 million (prior year 270 CHF million) are related to the following plans:

Summary of post-employment benefit plans	2001			2000			
	Total	Defined benefit plans	Defined contribution plans	Total	Defined benefit plans	Defined contribution plans	
Funded plans	23	13	10	27	13	14	Number of plans
Unfunded plans	10	10	0	12	12	0	
Active participants	6 260	5 879	381	8 710	7 923	787	Number of persons covered
Retirees	1 850	1 850	0	2 118	2 108	10	
Post-employment benefit cost (operating)	18	17	1	28	26	2	in CHF million
Post-employment benefit cost (financial)	14	14	0	15	15	0	
Post-employment benefit cost (total)	32	31	1	43	41	2	
Post-employment benefit provisions	248	243	5	270	263	7	
Post-employment benefit assets	43	43	0	36	36	0	

in CHF million	<b>Defined benefit plans</b>			<b>2001</b>			<b>2000</b>		
	<b>Total</b>	<b>Funded</b>	<b>Un-funded</b>	Total	Funded	Un-funded	Total	Funded	Un-funded
Plan assets at market values	<b>514</b>	514		650	650				
Present benefit obligation (PBO)	<b>- 701</b>	- 478	- 223	- 824	- 569	- 255			
Assets in excess of/(below) PBO	<b>- 187</b>	36	- 223	- 174	81	- 255			
Post-employment benefit provisions	<b>243</b>	8	235	263	7	256			
Post-employment benefit assets	<b>- 43</b>	- 43	0	- 36	- 36	0			
Unrecognized gains	<b>13</b>	1	12	53	52	1			
Of which:									
- actuarial gains/losses	<b>13</b>	1	12	39	38	1			
- past service costs	<b>0</b>	0	0	14	14	0			
Of which:									
- unrecognized due to limit to be observed	<b>0</b>	0	0	34	34	0			
<b>Post-employment benefit cost from defined benefit plans</b>							<b>2001</b>	<b>2000</b>	
in CHF million	Current service cost after deduction of employee contributions						<b>28</b>	45	
	+ interest cost of post-employment benefit obligations						<b>31</b>	40	
	- expected return on plan assets						<b>- 28</b>	- 39	
	+ recognized past service costs						<b>6</b>	0	
	- recognized actuarial gains						<b>- 6</b>	- 5	
	<b>Total</b>						<b>31</b>	41	
	Assets:								
	- Value of fixed assets used by Group companies						<b>0</b>	0	
	- Receivables from Group companies						<b>0</b>	0	
<b>Actuarial assumptions</b>				<b>2001</b>	2000	<b>2001</b>	2000		
(weighted average rates)									
Discount rate	<b>4.9%</b>	4.9%	Benefit progression	<b>1.3%</b>	1.2%				
Salary progression	<b>2.8%</b>	2.8%	Return on plan assets	<b>5.3%</b>	5.9%				

## Various provisions

in CHF million

	Provisions charged against EBIT						Provisions not charged against EBIT	Total
	Product warranties	Product liability	Onerous contracts	Long-term employee benefits	Re-structuring	Others		
Balance at January 1, 2001	69	4	4	5	95	78	208	<b>463</b>
Conversion differences						- 2		<b>- 2</b>
Changes in Group companies	- 27		- 2	- 4				<b>- 33</b>
Amounts used	- 18				- 16	- 44	- 14	<b>- 92</b>
Amounts reversed	- 15		- 2		- 25	- 13	- 2	<b>- 57</b>
Additions	30			5	10	58	10	<b>113</b>
Transfers		8				- 2	- 6	<b>0</b>
Balance at December 31, 2001	39	12	0	6	64	75	196	<b>392</b>
Of which:								
- due within 1 year	32	8		1	50	55	53	<b>199</b>
- due beyond 1 year	7	4		5	14	20	143	<b>193</b>

Provisions which have not been charged against EBIT serve largely to cover recognizable risks arising from the sales of subsidiaries concluded during recent years.

## Maturities of debt

2001

Due

2000

Note (28)

in CHF million

	2001	Due		2000
		within 1 year	beyond 1 year	
Payables	<b>153</b>	153		312
Accrued liabilities	<b>148</b>	148		204
Customer advances	<b>129</b>	69	60	265
Financial debt	<b>82</b>	58	24	379
Deferred tax provisions	<b>55</b>		55	87
Other provisions	<b>687</b>	404	283	792
<b>Total</b>	<b>1 254</b>	832	422	2 039

<b>Note (29)</b>	<b>Contingent liabilities</b>			<b>2001</b>	2000	
in CHF million						
	Performance guarantees/guarantees of debt			<b>0</b>	29	
	Collateral securities			<b>0</b>	0	
	Discounted notes receivable			<b>2</b>	2	
	<b>Total</b>			<b>2</b>	31	
<b>Note (30)</b>	<b>Payments under non-cancelable leases</b>			<b>2001</b>	2000	
in CHF million						
	Due in 1st year			<b>12</b>	19	
	Due in 2nd year			<b>10</b>	14	
	Due in 3rd year			<b>9</b>	12	
	Due in 4th year			<b>7</b>	11	
	Due in or beyond 5th year			<b>27</b>	35	
	<b>Total</b>			<b>65</b>	91	
<b>Note (31)</b>	<b>Financial instruments</b>			<b>2001</b>	2000	
in CHF million						
		<b>Contract amounts</b>	<b>Deviation from market value</b>	Contract amounts	Deviation from market value	
			positive    negative		positive	negative
	Currency derivatives	<b>232</b>	6      4	590	24	2
	Interest derivatives	<b>0</b>		50		
	Other derivatives	<b>0</b>		0		
	<b>Total</b>	<b>232</b>	6      4	640	24	2

Positive and negative deviations from market values of currency derivatives (included in the balance sheet for the first time according to IAS 39, see notes 16 and 23) are offset by the corresponding gain or loss on the underlying hedged transactions. The maximum risk of counterparty non-performance is represented by the positive deviation from market value. In view of the reputation of the counterparties, this risk is deemed to be minimal.

Corporate 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.

## Participation plans of Unaxis Holding AG

Note (32)

in CHF million

The following plans exist, under which each option invests its owner with the right to purchase one share in Unaxis Holding AG:

- Since 1998 the Board of Directors of Unaxis Holding AG has received a portion of their fees in the form of share options (expiring in 3 or 4 years).
- Conceived as a long-term bonus, members of corporate and other management receive a portion of their compensation package in options on the company's shares (expiring in 4 or 7 years). The right to exercise such options is fully vested after 2 or 3 years for those individuals still employed by the Group.
- Additional members of management receive – also designed as a long-term bonus – shares locked-in for a period of 3 years together with options.

Under these stock plans, the following options were outstanding at December 31, 2001:

	Issued	Number	Expiration date	Locked-in until	Strike price
Board Members	1999	22 832	5/2/2002	5/2/2002	350
	2000	13 264	5/5/2003	5/5/2003	650
	2001	9 118	5/30/2005	5/28/2004	400
Corporate and other management members	2000	4 278	5/5/2003	5/5/2003	650
	2000	21 080	5/4/2004	5/5/2003	650
	2001	5 538	5/30/2005	5/28/2004	400
	2001	7 510	5/28/2008	5/28/2003	315
	2001	7 510	5/28/2008	5/28/2004	315
	2001	511	5/29/2008	5/28/2003	315
	2001	524	5/29/2008	5/28/2004	315

Those options issued to board members in 1998 with a strike price of CHF 350 expired worthless in November 2001.

The option rights are covered exclusively by the purchase of shares on the open market (see also note 18 to the financial statements of Unaxis Holding AG). Social security expenses associated with the issue of such options are included in personnel expense.

In addition, a stock purchase plan exists for group employees. Under this plan, the employees were able to purchase shares in Unaxis Holding AG in May 2001 at a preferred price (30 percent below market values). The discounts granted to employees have been included in personnel expense. The shares are locked-in for a period of two years.

## Related parties

Note (33)

There were no significant transactions with related parties during 2001. Details of compensation received by the Board of Directors and the Executive Board: see pages 15–16. Participation plan: see note 32.

Note (34)

## Events after the balance sheet date

W.C. Heraeus GmbH with headquarters in Hanau, Germany acquired on February 28, 2002: Unaxis Materials Deutschland GmbH in Hanau, Germany, and Materials USA Inc., Morgan Hill, CA. The deal is subject to approval by the German Federal Cartel Office. Aggregate sales by both companies were CHF 43 million in 2001. The parties agreed not to disclose the purchase price.

Note (35)

## Consolidated statement of changes in financial position

The reclassification of part of the result includes the results from the sale of entire business segments of CHF 81 million in 2001 and CHF 8 million in the prior year (see also note 10). In order to increase comparability between years, these results have been allocated to the corresponding business areas in the consolidated income statement. For the statement of changes in financial position, these allocations had to be reversed.

## Segment information 2000 – 2001

	Information Technology		Surface Technology		Components and Special Systems	
	2001	2000	2001	2000	2001	2000
in CHF million						
<b>Orders received</b>	<b>637</b>	1 201	<b>323</b>	341	<b>582</b>	1 447
<b>Orders on hand</b>	<b>206</b>	574	<b>1</b>	20	<b>232</b>	559
<b>Sales by region</b>						
Japan and Asia / Pacific	<b>485</b>	501	<b>37</b>	27	<b>134</b>	272
Europe	<b>265</b>	367	<b>216</b>	206	<b>396</b>	510
North America	<b>261</b>	302	<b>80</b>	86	<b>187</b>	349
Other areas	<b>10</b>	15	<b>6</b>	9	<b>13</b>	29
	<b>1 021</b>	1 185	<b>339</b>	328	<b>730</b>	1 160
<b>Sales by location</b>						
Japan and Asia / Pacific	<b>247</b>	268	<b>29</b>	30	<b>69</b>	134
Europe	<b>462</b>	567	<b>227</b>	206	<b>548</b>	762
North America	<b>312</b>	350	<b>75</b>	88	<b>113</b>	264
Other areas			<b>8</b>	4		
	<b>1 021</b>	1 185	<b>339</b>	328	<b>730</b>	1 160
<b>Capital expenditures in fixed assets</b>						
Japan and Asia / Pacific	<b>5</b>	4	<b>16</b>	5		2
Europe	<b>51</b>	47	<b>29</b>	41	<b>16</b>	18
North America	<b>11</b>	24	<b>6</b>	8	<b>1</b>	8
Other areas			<b>2</b>			
	<b>67</b>	75	<b>53</b>	54	<b>17</b>	28
<b>Number of employees</b>						
Japan and Asia / Pacific	<b>433</b>	478	<b>232</b>	203	<b>162</b>	156
Europe	<b>2 310</b>	2 337	<b>1 148</b>	1 101	<b>1 591</b>	1 959
North America	<b>475</b>	509	<b>330</b>	484	<b>176</b>	265
Other areas			<b>72</b>	48		
	<b>3 218</b>	3 324	<b>1 782</b>	1 836	<b>1 929</b>	2 380
Assets	<b>1 063</b>	1 506	<b>296</b>	308	<b>294</b>	386
Liabilities	<b>254</b>	312	<b>69</b>	74	<b>219</b>	329
<b>Net assets*</b>	<b>809</b>	1 194	<b>227</b>	234	<b>75</b>	57
<b>Shareholders' equity incl. minority interests</b>						
Research and development	<b>142</b>	85	<b>14</b>	13	<b>50</b>	78
Operating result from current activities	<b>- 123</b>	177	<b>45</b>	40	<b>76</b>	114
Impairment losses on goodwill	<b>- 200</b>					
<b>Operating result (EBIT)</b>	<b>- 323</b>	177	<b>45</b>	40	<b>76</b>	114
Result before taxes						
Income taxes						
Net income incl. minority interests						
<b>Funds from / used by:</b>						
Operations						
Investing activities						
Financing activities						

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



Others		Segments sold (Pilatus)		Total		
2001	2000	2001	2000	2001	2000	
<b>30</b>	69		674	<b>1 572</b>	3 732	<b>Orders received</b>
	28		287	<b>439</b>	1 468	<b>Orders on hand</b>
<b>Sales by region</b>						
<b>1</b>	6		90	<b>657</b>	893	Japan and Asia / Pacific
<b>3</b>	18		110	<b>880</b>	1 185	Europe
<b>33</b>	41		291	<b>561</b>	1 077	North America
	6		50	<b>29</b>	130	Other areas
<b>37</b>	71		541	<b>2 127</b>	3 285	
<b>Sales by location</b>						
	3			<b>345</b>	435	Japan and Asia / Pacific
<b>1</b>	29		256	<b>1 238</b>	1 820	Europe
<b>36</b>	39		277	<b>536</b>	1 018	North America
			8	<b>8</b>	12	Other areas
<b>37</b>	71		541	<b>2 127</b>	3 285	
<b>Capital expenditures in fixed assets</b>						
				<b>21</b>	11	Japan and Asia / Pacific
<b>46</b>	22		8	<b>142</b>	136	Europe
<b>3</b>	3		1	<b>21</b>	44	North America
				<b>2</b>	0	Other areas
<b>49</b>	25		9	<b>186</b>	191	
<b>Number of employees</b>						
				<b>827</b>	837	Japan and Asia / Pacific
<b>309</b>	328		1 071	<b>5 358</b>	6 796	Europe
<b>3</b>	143		67	<b>984</b>	1 468	North America
			5	<b>72</b>	53	Other areas
<b>312</b>	471		1 143	<b>7 241</b>	9 154	
<b>169</b>	232		349	<b>1 822</b>	2 781	Assets
<b>78</b>	163		142	<b>620</b>	1 020	Liabilities
<b>91</b>	69		207	<b>1 202</b>	1 761	<b>Net assets*</b>
			146	<b>1 762</b>	1 669	<b>Shareholders' equity incl. minority interests</b>
<b>2</b>	3		40	<b>208</b>	219	Research and development
<b>- 9</b>	- 31		14	<b>- 11</b>	314	Operating result from current activities
				<b>- 200</b>	0	Impairment losses on goodwill
<b>- 9</b>	- 31		14	<b>- 211</b>	314	<b>Operating result (EBIT)</b>
			19**	<b>86</b>	621	Result before taxes
			- 3	<b>- 33</b>	- 87	Income taxes
			16**	<b>53</b>	534	Net income incl. minority interests
<b>Funds from / used by:</b>						
			18	<b>264</b>	486	Operations
			- 13	<b>328</b>	- 482	Investing activities
			- 26	<b>- 293</b>	- 6	Financing activities

\*\* These items also include the result from the sale of Hotel Zürich amounting to CHF 8 million

## Report of the Group auditors

To the Annual Shareholders' Meeting of Unaxis Holding AG, Zurich:

As auditors of the Group, we have audited the consolidated financial statements (income statement, balance sheet, statement of changes in financial position, statement of changes in shareholders' equity and notes, see pages 58 to 83) of Unaxis Holding AG for the year ended December 31, 2001.

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, 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.

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

Zurich, March 11, 2002

Ernst & Young AG

Martin Stäubli  
Swiss Certified Public Accountant  
(Auditor in charge)

Hans-Peter Rudolf  
Certified Public Accountant  
(Auditor in charge)

## Key figures 1997 – 2001

	2001	2000	1999	1998	1997	
						in CHF million
Orders received	<b>1 572</b>	3 732	3 153	3 520	3 713	
Sales	<b>2 127</b>	3 285	2 891	3 631	3 918	
Operating result (EBIT)	<b>- 211</b>	314	80	- 67	210	
Financial result	<b>0</b>	- 23	- 18	- 64	- 61	
Other result	<b>297</b>	330	- 38	- 25	- 37	
Income taxes	<b>- 33</b>	- 87	- 18	- 8	- 28	
Minority interests in net income	<b>58</b>	- 23	- 1	- 5	- 9	
Net income/loss	<b>111</b>	511	5	- 169	75	
Personnel expense	<b>775</b>	882	954	1 153	1 203	
Research and development	<b>208</b>	219	188	213	206	
Depreciation of fixed assets	<b>120</b>	114	130	196	157	
Other depreciation and amortization	<b>73</b>	45	13	13	12	
Impairment losses on goodwill	<b>200</b>	0	-	-	-	
Current assets	<b>1 671</b>	2 108	1 774	2 394	2 813	
Non-current assets	<b>1 345</b>	1 600	1 226	1 954	2 047	
Current liabilities	<b>832</b>	1 305	1 232	1 925	2 026	
Long-term liabilities	<b>422</b>	734	722	1 319	1 520	
Minority interests	<b>95</b>	165	13	17	22	
Shareholders' equity	<b>1 667</b>	1 504	1 033	1 087	1 292	
Total assets	<b>3 016</b>	3 708	3 000	4 348	4 860	
Inventories	<b>326</b>	714	623	1 047	1 399	
Fixed assets	<b>683</b>	759	761	1 795	1 924	
Net assets	<b>1 202</b>	1 761	1 015	2 031	2 487	
Net liquidity (+)/net debt (-)	<b>768</b>	174	206	- 656	- 856	
Net funds from operations	<b>264</b>	486	60	242	396	
Capital expenditures in fixed assets	<b>186</b>	191	169	261	239	
Above excl. Oerlikon-Bührle Immobilien	<b>186</b>	191	138	199	172	
Proceeds from sales of fixed assets	<b>90</b>	40	68	205	164	
Above excl. Oerlikon-Bührle Immobilien	<b>90</b>	40	62	100	72	
Number of consolidated Group companies	<b>95</b>	113	77	109	107	
Number of employees at year-end	<b>7 241</b>	9 154	8 366	13 741	14 829	
Average number of employees	<b>8 197</b>	8 760	11 054	14 285	15 186	
Sales per employee in CHF	<b>259 500</b>	375 000	261 500	254 200	258 000	
Operating result as % of net assets (RONA)	<b>- 17.6%</b>	17.8%	7.9%	- 3.3%	8.4%	
Non-current assets as % of total assets	<b>44.6%</b>	43.1%	40.9%	44.9%	42.1%	
Equity ratio	<b>55.3%</b>	40.5%	34.4%	25.0%	26.6%	

## Operative Companies

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President
<b>Core businesses</b>					
Austria	■ ▲	Balzers GmbH, Kapfenberg	100	20	Zechner, Johann
Belgium	■ ▲	S.A. Balzers N.V., St.-Truiden	100	48	Boghe, Willy
	▲	Leybold N.V., Nossegem-Zaventem	99.5	4	Nuytten, Claude
Brazil	■ ▲	Balzers Balinit do Brasil Ltda., Jundiaí SP	93	42	Campos, Walter
China	▲	Unaxis China Ltd., Hong Kong	99.5	11	Loh, Benjamin
	■ ▲	Unaxis (Shanghai) Co. Ltd., Shanghai	100	21	Loh, Benjamin
	▲	ESEC Semiconductor (Shanghai) Co. Ltd., Shanghai	56.8	0	Lee, Giap Yong
	▲	ESEC (Hong Kong) Ltd., Hong Kong	56.8	14	Lee, Giap Yong
	■ ▲	Leybold Vacuum Equipment Manufacturing Co. Ltd., Tianjin, Beichen District	99.5	33	Ng, Damian
	▲	Leybold Vacuum Int. Trade Co., Ltd., Tianjin, Beichen District	99.5	21	Ng, Damian
France	●	Unaxis France Holding SA, St.Thibault des Vignes	100	0	Vogt, Andreas
	▲ ◆	Unaxis France SA, Palaiseau	100	39	Vogt, Andreas
	■ ▲ ◆	Unaxis Nextral SA, Montbonot-St. Ismier	100	46	Parrens, Pierre
	■ ▲	Balzers Revêtements sous vide France SA, St.Thibault	100	227	Collignon, Pierre
Germany	■ ▲ ◆	Leybold Vacuum France SA, Courtaboeuf Cedex	99.5	181	Hetzel, Roland
	▲	Unaxis Deutschland Vertriebs GmbH, Munich	99.5	33	Grafe, Volker
	■ ▲ ◆	Unaxis Optics Deutschland GmbH, Geisenheim	99.5	78	Enders, Peter
	■ ▲ ◆	Unaxis Deutschland GmbH, Alzenau	99.5	103	Grafe, Volker
	▲	ESEC (Germany) GmbH, Nurnberg	56.8	2	Meier, Felix
	■ ▲	Balzers Verschleißschutz GmbH, Bingen	99.5	332	Brändle, Hans
	●	Unaxis Deutschland Holding GmbH, Hanau	99.5	17	Grafe, Volker
	■ ▲ ◆	Unaxis Materials Deutschland GmbH, Hanau	99.5	96	Stock, Rudolf
	■ ▲	Leybold Vacuum Dresden GmbH, Dresden	99.5	41	Grossmann, Frank
	■ ▲ ◆	Leybold Vacuum GmbH, Cologne	99.5	941	Mattern-Klosson, Monika
	●	Balzers und Leybold Vermietungs GmbH & Co.KG, Hanau	93.53	8	Grafe, Volker
	●	Balzers und Leybold Vermietungs- und Verwaltungs GmbH, Hanau	99.5	0	Grafe, Volker
●	Perfect IT GmbH, Hanau	99.5	50	Haupt, Reiner	
Great Britain	■ ▲	Balzers Ltd., Milton Keynes	100	69	Stokley, Peter J.
	■ ▲ ◆ ●	Unaxis Nimbus Ltd., Monmouth	100	114	Van Agtmaal, J.G.
	▲	Unaxis UK (Branch), Milton Keynes	100	5	Grafe, Volker
	▲	Leybold Vacuum UK Ltd., London	99.5	36	Ball, Chris
India	■ ▲	Balzers India Ltd., Bosahri/Pune	100	70	Keskar, Ramesh V.
Italy	▲	Unaxis Italia (Branch), Arluno/Milan	100	8	Grafe, Volker
	■ ▲	Balzers S.p.A., Brugherio	100	67	Angehrn, Anton
	▲	Leybold Vacuum Italia S.p.A., Milan	99.5	17	Hauck, Günter

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President	
Japan	■ ▲	Nihon Balzers Co. Ltd., Hiratsuka	100	66	Schmalz, Andreas	■ Production
	▲ ◆	Unaxis Japan Co. Ltd., Tokyo	100	76	Sawada, Susumu	▲ Distribution
	▲	ESEC K.K., Yokohama	56.8	13	Yamashita, Hideshige	◆ Research, Development
	▲	Leybold Vacuum Japan Co. Ltd., Yokohama-shi	99.5	41	Schädlich, Christian	
Korea	■ ▲	Balzers Korea Coating Co. Ltd., Kyungsan	87.5	59	Gim, Jong-Seong	● Services, Holding
	▲ ◆	Unaxis Korea Ltd., Sungnam, Kyungki-Do	100	26	Cheon, In-Chul	
	▲	ESEC Korea Ltd., Seoul	56.8	16	Kim, Chang-Soon	
	▲	Leybold Vacuum Korea Ltd., Seoul	99.5	41	Knobloch, Edgar J.	
Liechtenstein	■ ▲ ◆ ●	Unaxis Balzers Aktiengesellschaft, Balzers	100	1 521	Vogt, Andreas	
	●	Balzers AG, Balzers	100	0	Schulz, Hans	
	■ ▲ ◆	Unaxis Materials Aktiengesellschaft, Balzers	100	65	Quaderer, Hans	
Luxembourg	■ ▲	Balzers Luxembourg Sarl, Differdange	60	5	Boghe, Marc	
Mexico	■ ▲	Balzers S.A. de C.V., Queretaro	75.1	30	Hauser, Fritz	
Netherlands	▲	Unaxis Nederland B.V., Maarssen	100	19	Grafe, Volker	
	▲	Leybold Vacuum Nederland B.V., Woerden	99.5	9	Hetzel, Roland	
Philippines	▲	ESEC (Philippines) Inc., Manila	56.8	15	Lee, Giap Yong	
Singapore	■ ▲	Unaxis IT Singapore Pte Ltd., Singapore	100	13	Loh, Benjamin	
	■ ▲	Unaxis Singapore Pte Ltd., Singapore	99.5	28	Liu Kong Wah, Thomas	
	■ ▲	Balzers Coating Pte Ltd., Singapore	100	37	Heng, Siyau Teck	
	▲	Leybold Vacuum Singapore Pte. Ltd., Singapore	99.5	6	McGrail, Peter	
	■	ESEC Industries (Singapore) Pte. Ltd., Singapore	56.8	0	Lee, Giap Yong	
	▲	ESEC (Asia Pacific) Pte., Ltd., Singapore	56.8	85	Lee, Giap Yong	
	■ ▲	Balzers-ELAY SA, Antzuola	51	52	Biana, Alberto	
Spain	▲	Leybold Vacuum Spain S.A., Sant Feliu de Llobregat	99.5	13	Hetzel, Roland	
	▲	Unaxis Scandinavia (Branch), Västra Frölunda	100	4	Grafe, Volker	
Sweden	■ ▲	Balzers Sandvik Coating AB, Stockholm	51	57	Hansson, Göran	
	▲	Leybold Vacuum Scandinavia AB, Västra Frölunda	99.5	9	Ball, Chris	
	■ ▲	Balzers Revêtements SA, Brügg bei Biel	100	24	Angehrn, Anton	
Switzerland	◆	Unaxis SPTech SA, Neuenburg	100	7	Koller, Albert	
	●	ESEC Holding SA, Steinhausen	56.8	0	Bagdasarjanz, Felix	
	●	ESEC Management SA, Cham	56.8	39	Bagdasarjanz, Felix	
	■ ◆	ESEC SA, Cham	56.8	524	Bagdasarjanz, Felix	
	●	ESEC Trading SA, Cham	56.8	13	Bagdasarjanz, Felix	
	◆	ESEC (Europe) SA, Steinhausen	56.8	34	Meier, Felix	
	▲	Leybold Vacuum Schweiz AG, Zurich	99.5	10	Hauck, Günter	
	●	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	330	Somaini, Umberto	
	●	Unaxis Trading AG, Trübbach	100	0	Haefeli, Erich	

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President
Taiwan	▲	Unaxis Taiwan Ltd, Hsin Chu	100	97	Lai, Chung-Ping
	▲	ESEC Pacific North (Taiwan) Ltd.	56.8	19	Lee, Giap Yong
	▲	Leybold Vacuum Taiwan Ltd., Hsin Chu	100	22	Knobloch, Edgar J.
U.S.A.	●	Unaxis USA Holding Inc., New York	99.8	0	Druggs, Merryl
	■ ▲ ◆	Unaxis USA Inc., St. Petersburg	99.8	289	Bader, Martin
	■ ▲	Unaxis Optics USA Inc., Golden CO	99.8	73	Haggerty, Joe H.
	▲	ESEC (USA) Inc., Tempe/Phoenix AZ	56.8	29	Connell, Kent
	■ ▲ ◆	Leybold Materials Inc., Morgan Hill CA	99.8	61	Gore, Mark
	●	Surface Coating Industries Inc., Wilmington	80.83	0	Schulz, Hans
	■ ▲	Balzers Inc., Amherst NY	99.8	330	Kunz, Christian
	■ ▲ ◆	Leybold Vacuum Products Inc., Export PA	99.8	177	Hauck, Günter
	●	Leybold Inficon Inc. Syracuse, East Syracuse	99.8	0	Brissenden, James
	■ ▲	Zevatech, Inc., Apex NC	56.8	23	Glidden, Wayne
■	AMTI Advanced Manufacturing Technologies, Inc., Apex NC	56.8	0	Bagdasarjanz, Felix	



## Income statement

in CHF	Notes	2001	2000
Income from investments in subsidiaries	(3)	<b>291 654 094</b>	35 490 957
Financial income	(4)	<b>44 753 183</b>	30 352 516
Other income		<b>6 252 524</b>	3 838 779
		<b>342 659 801</b>	69 682 252
Financial expense	(5)	<b>- 23 971 044</b>	- 10 977 305
Other expense		<b>- 25 781 474</b>	- 14 514 933
Ordinary income		<b>292 907 283</b>	44 190 014
Gain on sales of subsidiaries	(6)	<b>194 432 418</b>	36 981 137
Value adjustments on loans to and investments in subsidiaries	(7)	<b>- 361 836 578</b>	- 19 187 897
Net income		<b>125 503 123</b>	61 983 254



## Balance sheet at December 31

<b>Current assets</b>	Notes	<b>2001</b>	%	2000	%	<b>Assets</b>
						in CHF
Cash and cash equivalents	(8)	<b>590 872 877</b>	36.8	148 429 252	8.9	
Marketable securities	(9)	<b>32 370 360</b>	2.0	34 730 000	2.1	
Receivables						
– from third parties		<b>2 181 146</b>	0.1	15 036 083	0.9	
– from affiliated companies		<b>12 244 055</b>	0.8	18 169 575	1.1	
Prepaid expenses		<b>6 535 000</b>	0.4	19 134 680	1.1	
		<b>644 203 438</b>	40.1	235 499 590	14.1	
<b>Non-current assets</b>						
Investments in subsidiaries	(10)	<b>565 212 003</b>	35.2	872 812 003	52.4	
Loans to affiliated companies	(11)	<b>353 584 628</b>	22.0	483 910 940	29.1	
Loans to third parties	(12)	<b>42 248 810</b>	2.7	73 305 695	4.4	
		<b>961 045 441</b>	59.9	1 430 028 638	85.9	
		<b>1 605 248 879</b>	100.0	1 665 528 228	100.0	
<b>Liabilities</b>						
						<b>Liabilities and</b>
						<b>shareholders'</b>
						<b>equity</b>
						in CHF
Current payables						
– to third parties		<b>266 028</b>	0.0	0	0.0	
– to affiliated companies	(13)	<b>0</b>	0.0	283 074 378	17.0	
Accrued liabilities		<b>715 000</b>	0.1	4 457 840	0.3	
Long-term deposits from affiliated companies	(14)	<b>409 621 441</b>	25.5	154 168 000	9.2	
Bank debt	(15)	<b>0</b>	0.0	121 140 000	7.3	
Provisions	(16)	<b>334 238 264</b>	20.8	341 816 831	20.5	
		<b>744 840 733</b>	46.4	904 657 049	54.3	
<b>Shareholders' equity</b>						
Share capital	(17)	<b>263 401 840</b>	16.4	263 401 840	15.8	
Legal reserve		<b>132 400 089</b>	8.3	142 790 000	8.6	
Free reserve		<b>260 000 000</b>	16.2	227 202 410	13.6	
Reserve for treasury shares	(18)	<b>45 119 911</b>	2.8	34 730 000	2.1	
Retained earnings						
– balance at January 1		<b>33 983 183</b>	2.1	30 763 675	1.9	
– net income		<b>125 503 123</b>	7.8	61 983 254	3.7	
	(19)	<b>860 408 146</b>	53.6	760 871 179	45.7	
		<b>1 605 248 879</b>	100.0	1 665 528 228	100.0	
Contingent liabilities	(20)	<b>98 954 000</b>		74 687 000		

## Notes to financial statements

### Notes (1–16) (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 58 to 83) prepared according to International Accounting Standards (IAS). While the consolidated financial statements reflect the economic situation of the Group as a whole, the information contained in the Unaxis Holding AG financial statements (pages 90 to 95) 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) Significant events during the year

During the first quarter of 2001, 90% of the investment in Pilatus Flugzeugwerke AG was sold. Nimbus Technologies & Engineering Ltd. in Great Britain was acquired in June.

### Income statement

#### (3) Income from investments in subsidiaries

The primary source of this investment income was Unaxis Deutschland Holding GmbH, as well as Unaxis Balzers AG and Unaxis Trading AG. Unaxis Deutschland Holding GmbH distributed an extraordinary dividend in connection with the sale of its Large Area Coating operations which was concluded during the prior year.

#### (4) Financial income

The increase in financial income resulted primarily from additional interest earned on the higher level of cash and cash equivalents and from exchange gains.

#### (5) Financial expense

Financial expense increased due to the CHF 12.1 million write-down of treasury shares to their market value at the end of 2001.

### (6) Gain on sales of subsidiaries

A gain of CHF 189.5 million was recognized on the sale of Pilatus Flugzeugwerke AG. This gain is stated after deductions for provisions for guarantees and other risks (see note 16). In addition, the sale of a minority interest in Applied Films Corporation resulted in a gain of CHF 4.9 million.

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

The expense reported includes the valuation adjustment of ESEC shares and also 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. In addition, loans to subsidiaries were written down.

### Balance sheet

#### (8) Cash and cash equivalents

This item is comprised of current balances denominated primarily in CHF and EUR with European banks.

#### (9) Marketable securities

Marketable securities represent 180 840 (prior year 147 014) registered shares held in treasury which were purchased on the stock market and stated at market value as of December 31 (see also note 18). Due to the rights purchased by participants in the stock option plan, the use of 92 165 shares was restricted as of year-end.

#### (10) Investments in subsidiaries

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

See table on page 93.

Investments are valued at historical cost less value allowances. The decrease compared with the prior year is attributable in particular to the sale of the 90% interest in Pilatus Flugzeugwerke AG and the write-down of the investment in ESEC.

### (11) Loans to affiliated companies

This item consists of current accounts and of loans granted at prevailing market conditions. The overwhelming portion is denominated in US dollars and Euros, while the remainder in Swiss francs and in various other foreign currencies. The change compared with the prior year represents the net effect of new loans granted, repayments and valuation adjustments.

### (12) Loans to third parties

This concerns residual obligations by third parties pertaining to purchase prices.

### (13) Current payables to affiliated companies

The obligations existing at the end of the prior year in connection with the internal restructuring related to the IPO of Inficon Holding AG were paid during the year.

### (14) Long-term deposits from affiliated companies

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

### (15) Bank debt

As of year-end, no amounts were drawn and outstanding under the Group's global line of credit

### (16) Provisions

Of provisions made during prior years, CHF 12.2 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 15.6 million (also in connection with note 6).

### (17) 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, 2001, a conditional share capital of CHF 16.8 million and an approved capital of CHF 40.0 million

**(10) Investments in subsidiaries**

Company	Currency	Share-capital	Investment in %	
Balzer and Leybold Taiwan Ltd., HsinChu	TWD	20 000 000	100.0	
Balzers Balinit do Brasil Ltda., Jundiai	BRL	2 900 000	93.0	
Balzers Coating Private Ltd., Singapore	SGD	6 000 000	100.0	
Balzers GmbH, Kapfenberg	EUR	350 000	100.0	
Balzers India Ltd., Pune	INR	48 118 000	100.0	
Balzers Korea Coating Co. Ltd., Kyongsan	KRW	2 000 000 000	87.5	
Balzers Ltd., Milton Keynes	GBP	2 000 000	100.0	
Balzers Luxembourg sarl, Differdange	EUR	1 000 000	60.0	
Balzers Revêtements SA, Brügg	CHF	2 000 000	100.0	
Balzers S.A. de C.V., Queretaro	MXP	23 500 000	75.1	
Balzers S.p.A., Brugherio	ITL	250 000 000	100.0	
Balzers Sandvik Coating AB, Stockholm	SEK	11 600 000	51.0	
Balzers-Elay S.A., Antzuola	ESP	25 000 000	51.0	
Contraves Space AG, Zürich	CHF	15 000 000	100.0	
Esec Holding AG, Steinhausen	CHF	20 479 450	56.8	
Inficon Holding AG, Bad Ragaz	CHF	23 150 000	19.5	
Mecanovis AG, Trübbach	CHF	100 000	100.0	
Nihon Balzers K.K., Kanagawa	JPY	100 000 000	100.0	
Pilatus Flugzeugwerke AG, Stans	CHF	10 000 000	10.0	
SA Balzers N.V., St.-Truiden	BEF	25 000 000	100.0	
Spinnerei Kunz AG, Windisch	CHF	10 000 000	100.0	
Unaxis (Shanghai) Co. Ltd., Shanghai	CNY	37 245 000	100.0	
Unaxis Balzers AG, Balzers	CHF	75 000 000	100.0	
Unaxis Deutschland Holding GmbH, Hanau	EUR	30 680 000	99.5	
Unaxis France Holding SA, St-Thibault	FRF	25 000 000	100.0	
Unaxis IT Pte, Singapore	SGD	250 000	100.0	
Unaxis Japan Co. Ltd., Tokyo	JPY	450 000 000	100.0	
Unaxis Korea Ltd., Sungnam	KRW	1 050 000 000	100.0	
Unaxis Management AG, Zürich	CHF	2 000 000	100.0	
Unaxis Materials AG Liechtenstein, Balzers	CHF	100 000	100.0	
Unaxis Nimbus Ltd., Monmouth	GBP	600	100.0	
Unaxis Taiwan Ltd., HsinChu	TWD	20 000 000	100.0	
Unaxis TecCenter SA, St-Aubin	CHF	100 000	100.0	
Unaxis Trading AG, Trübbach	CHF	8 000 000	100.0	
Unaxis USA Holding Inc., New York	USD	24 280 000	61.8	

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.

were available to the Company, as approved in the Annual Shareholders' Meeting of May 5, 2000.

At the end of 2001, the names of 18 376 registered shareholders in total were entered in the stock register. Ihag Holding AG and Mrs. Hortense Anda-Bührle held 28.3% of shares outstanding. No other shareholders are known to the Company who held over 5% of share capital.

**(18) Reserve for treasury shares**

This reserve represents the historical cost to the Company of 180 840 treasury shares.

The Board of Directors of Unaxis Holding AG receives a significant portion of their fees in the form of stock options. An additional stock option plan exists for members of corporate management, as well as a stock purchase plan for employees.

In order to insure the Company's ability to meet possible obligations arising from these stock option plans, an additional 45 000 registered treasury shares were acquired on the stock market during 2001, and 11 174 shares were issued to employees at a preferred price (30% below market prices). The difference between the cost of treasury shares and the price issued to employees is included in personnel expense of the corresponding employer (see also note 9).

**Notes  
(17-18)**

Notes  
(19–20) **(19) Changes in shareholders' equity**

	Share- capital	Legal reserve	Reserve for treasury shares	Free reserve	Retained earnings	Total sharehol- ders equity
in CHF million						
<b>Balance January 1, 2000</b>	<b>263.4</b>	<b>159.0</b>	<b>18.5</b>		<b>258.0</b>	<b>698.9</b>
Allocation to free reserve				227.2	– 227.2	0.0
Purchase of treasury shares		– 16.2	16.2			0.0
Net income 2000					62.0	62.0
<b>Balance December 31, 2000</b>	<b>263.4</b>	<b>142.8</b>	<b>34.7</b>	<b>227.2</b>	<b>92.8</b>	<b>760.9</b>
Allocation to free reserve				32.8	– 32.8	0.0
Payment of dividends related to the year 2000					– 26.0	– 26.0
Purchase of treasury shares		– 9.7	9.7			0.0
Net income 2001					125.5	125.5
<b>Balance December 31, 2001</b>	<b>263.4</b>	<b>133.1</b>	<b>44.4</b>	<b>260.0</b>	<b>159.5</b>	<b>860.4</b>

**(20) Contingent liabilities**

Contingent liabilities relate primarily to guarantees of bank debt and other guarantees for the benefit of affiliated companies.

**(21) Related parties**

No significant related party transactions were conducted during 2001.

## Proposal of the Board of Directors

The Board of Directors recommends at the Annual Shareholders' Meeting on May 7, 2002, that the available earnings for the business year 2001 consisting of:

	<b>2001</b>	2000	
Net income	<b>125 503 123</b>	61 983 254	in CHF
Balance carried forward from the prior year	<b>33 983 183</b>	30 763 675	
Available earnings	<b>159 486 306</b>	92 746 929	
be allocated as follows:			
Distribution of a gross dividend of CHF 2.- to registered shares entitled thereto	<b>25 978 504</b>	25 966 156	
Allocation to free reserve	<b>100 000 000</b>	32 797 590	
Balance to be carried forward	<b>33 507 802</b>	33 983 183	

Zurich, March 8, 2002  
For the Board of Directors  
The Chairman  
Dr. Willy Kissling

If the proposal of the Board of Directors is approved by the shareholders during their annual meeting, the net dividend payment of CHF 1.30 per registered share will take place beginning May 13, 2002.

## Report of the statutory auditors

To the Annual Shareholders' Meeting of Unaxis Holding AG, Zurich:

As auditors of the Group, we have audited the consolidated financial statements (income statement, balance sheet, statement of changes in financial position, statement of changes in shareholders' equity and notes, see pages 90 to 95) of Unaxis Holding AG for the year ended December 31, 2001.

These financial statements are the responsibility 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 supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

Zurich, March 11, 2002

Ernst & Young AG

Hans-Peter Rudolf  
Certified Public Accountant  
(Auditor in charge)

Martin Stäubli  
Swiss Certified Public Accountant  
(Auditor in charge)



# Legal structure

## Core businesses

Votes owned

- over 50%
- between 20% and 50%

### Information Technology, Surface Technology, Components and Special Systems

- Unaxis Management AG, Zurich/CH
- Unaxis Balzers Aktiengesellschaft, Balzers/FL
- Balzers AG, Balzers/FL
- Unaxis SPTech SA, Neuchâtel/CH
- Unaxis Trading AG, Trübbach/CH
- Mecanovis AG, Trübbach/CH
- 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
- Unaxis Nimbus Ltd., Monmouth/GB
- Unaxis Singapore IT Pte, Ltd., Singapore/SG
- Unaxis Singapore Pte, Ltd., Singapore/SG
- Unaxis (Shanghai) Co. Ltd., Shanghai/CN
- Unaxis Japan Co. Ltd., Tokyo/JP
- Unaxis Korea Ltd., Sungnam, Kyungki-Do/KR
- Unaxis Taiwan, Ltd., Hsin Chu/TW
- 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
- Balzers Luxembourg sarl, Differdange/LU
- Balzers Balinit do Brasil Ltda, Jundiai/BR
- Balzers SA de C.V., Queretaro/MX
- 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
- Balzers Revêtement SA, Brugg bei Biel/CH
- 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)
- Leybold Vacuum Taiwan, Ltd., Chutung Hsin Chu/TW
- Unaxis Deutschland Holding GmbH, Hanau/DE
- Leybold Vacuum Korea Ltd., Seoul/KR
- Leybold Vacuum Equipment Manufacturing Co. Ltd., Tianjin, Beichen District/CN
- Leybold Vacuum Singapore Pte. Ltd., Singapore /SG
- Leybold Vacuum Dresden GmbH, Dresden/DE
- Leybold Vacuum GmbH, Cologne/DE
- Leybold Vacuum Int. Trade Co., Ltd., Tianjin, Beichen District/CN
- Leybold Vacuum UK Ltd., London/GB
- Leybold Vacuum Schweiz AG, Zurich/CH
- Leybold Vacuum Japan Co. Ltd., Yokohama-shi/JP
- Leybold Vacuum France SA, Courtaboeuf Cedex/FR
- 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 Vermietungs GmbH & Co. KG, Hanau/DE
- Balzers und Leybold Vermietungs- und Verwaltungs GmbH, Hanau/DE
- Perfect IT GmbH, Hanau/DE
- Unaxis China Ltd., Wanchai, Hong Kong/CN
- Unaxis Deutschland Vertriebs GmbH, Munich/DE
- Unaxis Optics Deutschland GmbH, Geisenheim/DE
- Unaxis Deutschland GmbH, Alzenau/DE
- Balzers Verschleisschutz GmbH, Bingen/DE
- Unaxis Materials Deutschland GmbH, Hanau/DE
- Ebulus Vermietungs GmbH, Dusseldorf/DE
- Unaxis USA Holding Inc., New York/NY/US
- Unaxis USA Inc., St. Petersburg, FL/US
- Unaxis Optics, Golden, CO/US
- Balzers Inc., Amherst, NY/US
- Surface Coating Industries Inc., Wilmington/DE/US
- 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
- Unaxis Materials Aktiengesellschaft, Balzers/FL
- Contraves Space AG, Zurich/CH
- Spinnerei Kunz AG, Windisch/CH



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

- ESEC Holding SA, Steinhausen/CH (2)
- ESEC Management SA, Cham/CH
- ESEC SA, Cham/CH
- ESEC Trading SA, Cham/CH
- Zevatech AG, Selzach/CH
- ESEC Semiconductor (Shanghai) Co. Ltd., Shanghai/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 Industries (Singapore) Pte. Ltd., Singapore/SG
- ESEC (USA) Inc., Tempe/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

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## Components and Special Systems

### Leybold Optics (sold as of 9/30/2001)

- 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

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## Discontinuing operations

### Pilatus (sold as of 1/1/2001)

- 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

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

(2) 56.8% interest in shares outstanding

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