

Financial Report for 2001 of the Mikron Group



Production Equipment

A horizontal grey bar containing the text 'Production Equipment' in white, bold, sans-serif font. The bar is overlaid on a collage of images including a globe, a microscope, and a man in a lab coat.

Components

A horizontal grey bar containing the text 'Components' in white, bold, sans-serif font. The bar is overlaid on a collage of images including a globe, a stack of metal parts, and a person in a cleanroom.

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Published in German and English. The «Mikron Group 2001» is published separately in German and English; A Portrait of the Group, entitled «The Mikron Technology Group» is published separately in German, English, French and Italian.

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Consolidated Financial Statements 2001

Financial Report

GENERAL

The financial year 2001 was an eventful one for the Mikron Group, influenced by the restructuring of the Infocom Technology division, the acquisition of Axxicon and the effects of the changed economic environment. The restructuring of Infocom Technology entailed, in the course of the year, divestment of capacity representing a sales potential of CHF 200 million. The cost of restructuring, after release of the restructuring provisions made the previous year and deduction of the CHF 19 million realized from the sale of infocom activities to the joint venture with Balda, was CHF 31 million. Extraordinary Infocom goodwill amortization of CHF 88 million was also necessary. Net indebtedness increased significantly, from CHF 181,7 million to CHF 356,2 million, as a result of the externally financed acquisition of Axxicon at the start of the year. Flagging markets were responsible for the fact that all divisions' operating results fell short of expectations.

The accounting rules for financial instruments were adjusted from the previous year, in line with changed International Accounting Standards (IAS) requirements. For the first time, machine system project orders were valued according to the "percentage of completion" method (POC). In order to comply fully with the IAS requirements, the defined contribution pension plans in Switzerland are now treated as defined benefit plans for purposes of the consolidated financial statements. Also, earnings before interest and taxes now include goodwill amortization and capital and other taxes (without income taxes). To enable year-on-year comparison, the figure for the previous year has been adjusted.

BALANCE SHEET

Cash

As a result of improved cash management, this item was reduced by CHF 51,2 million over the year.

Receivables

Accounts receivable fell as a result of the Infocom Technology division's reduced sales. Other receivables showed an increase. This is explained by the fact that, under the new standard for financial instruments, the hedging instrument for private placement had to be reported for the first time at current value.

Net assets/liabilities from customer projects

With the application of the "percentage of completion" method to orders for Production Equipment projects, work in process and advance payments from customers are now entered under this new item and not under inventories.

Inventories

Inventories increased despite the transfer of machine system project orders to a separate balance-sheet item. The increase is explained by the significant decline in advance payments from customers for machine system project orders and by the additional Axxicon inventories.

Fixed assets

The increase in tangible assets reflects the acquisition of Axxicon. Intangible assets remain virtually unchanged because the goodwill acquired with Axxicon is approximately equivalent to the goodwill amortization undertaken in 2001.

Banks, bonds & notes

Because the acquisition of Axxicon - like the cash flow for other investment activities - was financed through additional use of existing credit limits, bank borrowings increased significantly despite the reduction in liquidity. The increase in bonds is explained by the new standard for financial instruments, under which amounts owed and their associated hedging instruments have to be reported net under assets and liabilities.

Accounts payable

The decrease in this item is explained by the reduced volume of business.

Short-term provisions

This item fell by comparison with the previous year due to the release of provisions for restructuring in the Infocom Technology division.

Provisions for taxes and deferred taxes

This item increased as a result of the deferred taxes taken over from Axxicon, the creation of additional deferred taxes and the fact that, for the financial year 2001, credit on deferred taxes is reported under assets.

Shareholders' equity

As a result of the heavy loss for the year, shareholders' equity fell to CHF 150,6 million. The proportion of shareholders' equity fell from 38,2 % to 21,3 %, with a virtually unchanged balance-sheet total.

STATEMENT OF INCOME

Net sales fell by 8,6 % mainly as a result of the substantial drop in business volume in the Infocom Technology division. When the CHF 65,7 million effect of applying the "percentage of completion" method for the first time is taken into account, the decrease amounts to 18,5 %. Under this method, machine system project orders are valued according to their state of progress, and income on progress to date is now reported under net sales rather than change in work-in-process/finished goods. The changed reporting method also explains the high figure for change in work-in-process/finished goods. Personnel expenses increased due to the acquisition of Axxicon because - unlike the situation in the previous year when the Standard Machines product group was sold but appeared in the accounts for seven months - Axxicon is included in the consolidated accounts for the full 12 months. Other operating expenses fell significantly from the previous year's level, reflecting the provision of CHF 24 million for

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Consolidated Balance Sheet

in CHF 1'000

ASSETS	Page	31.12.2001	31.12.2000
Current assets			
Cash		26'518	77'687
Marketable securities		0	1'808
Receivables			
Accounts receivable, less allowance for doubtful accounts	15	87'582	112'342
Other receivables	15	40'098	14'912
		127'680	127'254
Net assets from customer projects	15	36'190	0
Inventories, less provisions	16	72'778	62'232
Prepaid expenses		7'065	12'241
Total current assets		270'231	281'222
Fixed assets			
Tangible assets	16	261'238	251'749
Financial assets	17	4'837	10'390
Intangible assets	17-19	163'374	163'830
Employee benefits	22	1'484	0
Deferred taxes	23	5'239	0
Total fixed assets		436'172	425'969
TOTAL ASSETS	35	706'403	707'191

in CHF 1'000

LIABILITIES AND SHAREHOLDERS' EQUITY

Page **31.12.2001** **31.12.2000**

Liabilities

Current liabilities

Banks		23'828	4'361
Accounts payable		52'164	60'574
Tax liabilities		398	4'925
Net liabilities from customer projects		8'960	0
Short term provisions		22'592	46'515
Other current liabilities		27'076	24'230
Accrued expenses		20'279	18'265
Total current liabilities	19	155'297	158'870

Long-term liabilities

Banks		239'948	133'046
Bonds & Notes		123'360	114'776
Mortgages		2'495	4'325
Other long-term liabilities		6'346	5'938
Provisions for taxes and deferred taxes		21'336	11'985
Other provisions		6'794	8'002
Total long-term liabilities	20	400'279	278'072
Total liabilities	35	555'576	436'942

Minority Interests

154 **392**

Shareholders' equity

Share capital		64'285	64'075
Capital reserve		38'494	37'917 ¹⁾
Treasury stock		-141	0 ¹⁾
Transaction adjustments		-7'590	-8'121 ¹⁾
Revaluation reserves		29'128	23'844 ¹⁾
Retained earnings		26'497	152'142 ¹⁾
Total shareholders' equity	9	150'673	269'857
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		706'403	707'191

¹⁾ The prior year was adjusted due to reclassification of the equity.

Consolidated Statement of Income

in CHF 1'000

	Page	2001	2000 ¹⁾
Net sales	34	607'509	664'725
Change in work-in-process/finished goods		-66'987	5'371
Capitalized own production		9'532	5'484
Total operating output		550'054	675'580
Material cost and subcontractors	25	221'553	294'681
Personnel expenses	25	221'164	208'326
Other operating expenses - net	25	57'098	77'824
Depreciation		66'047	31'429
Earnings before goodwill amortization, interest and taxes	34	-15'808	63'320
Goodwill amortization		93'260	8'712
Earnings before interest and taxes	34	-109'068	54'608
Interest expenses - net	26	20'036	14'329
Other financial income - net	25	-549	-1'078
Earnings before taxes		-128'555	41'357
Income taxes	26	-1'068	7'124
Earnings before minority interest	34	-127'487	34'233
Minority interests on net earnings for the year		147	-96
Net earnings for the year		-127'340	34'137
Earnings per share - basic	37	-99.18	26.83
Earnings per share - diluted	37	-99.18	26.61

¹⁾ The prior year was adjusted due to reclassification of the statement of income.

Consolidated Statement of Cash flows

in CHF 1'000

	Page	2001	2000
Cash flow from operating activities			
Net earnings for the year		-127'340	34'137
Depreciation			
Tangible assets	16	58'766	27'686
Intangible assets	17	7'281	3'743
		66'047	31'429
Goodwill amortization	18	93'260	8'712
Minority interests on net earnings for the year		-147	96
Movement in provisions/minority interests/other long term liabilities		-4'855	-17'064
Other non-cash items		777	-1'059
Cash flow before movement in net working capital		27'742	56'251
Movement in marketable securities, receivables, net assets from customer projects and prepaid expenses		5'811	-42'585
Movement in inventories		5'721	-8'062
Movement in accounts payable		-18'978	5'828
Movement in current liabilities, net liabilities from customer projects and accrued expenses		-25'268	48'403
Cash flow from operating activities		-4'972	59'835
Cash flow from investing activities			
Capital expenditure less divestments in tangible assets		-32'808	-84'343
Acquisitions (net of cash acquired)	29	-80'813	-4'674
Divestments (net of cash disposed)	29	6'611	23'292
Movement in financial and intangible assets		-8'319	-18'402
Cash flow used in investing activities		-115'329	-84'127
Cash flow from financing activities			
Payment of dividend		0	-6'293
Movement in bonds & notes		-4'787	-5'176
Proceeds from issuance of share capital		786	6'242
Movement in bank debts, mortgages and long-term liabilities		71'463	53'777
Movement in finance leases		2'356	-2'814
Cash flow from financing activities		69'818	45'736
Effect of exchange rate changes on cash		-686	1'124
Decrease/increase in cash		-51'169	22'568
Cash at beginning of period		77'687	55'118
Cash at end of period		26'518	77'687
Paid income taxes		1'383	
Paid interests		25'998	
Received interests		6'041	
Received dividends		1'470	

Statement of shareholders' equity

	Share capital	Capital reserves	Own shares	Translation adjustments	Revaluation reserves	Retained earnings	Total shareholders' equity
Position at 31.12.1999	62'928	32'821	0	3'929	23'914	123'537	247'129
Payment of dividend						-6'293	-6'293
Net earnings for 2000						34'137	34'137
Adjustment of revaluation, less deferred taxes					691		691
Transfer of depreciation on revalued tangible assets					-761	761	0
Translation adjustments				-12'050			-12'050
Increase of capital due to exercising options and convertible bonds	1'147	5'175					6'322
Capital procurement cost		-79					-79
Position at 31.12.2000 before IAS 39	64'075	37'917	0	-8'121	23'844	152'142	269'857
New application of IAS 39, less deferred taxes					4'576		4'576
Position at 31.12.2000 after IAS 39	64'075	37'917	0	-8'121	28'420	152'142	274'433
Net earnings for 2001						-127'340	-127'340
Reversal or reserve for own shares			-141				-141
Revaluation real estate, less deferred taxes					1'288		1'288
Transfer of depreciation on revalued tangible assets					-580	580	0
Capitalisation of pension assets, less deferred taxes						1'115	1'115
Translation adjustments				531			531
Increase of capital due to exercising options and convertible bonds	210	798					1'008
Capital procurement cost		-221					-221
Positon at 31.12.2001	64'285	38'494	-141	-7'590	29'128	26'497	150'673

The capital reserves, the consolidation and revaluation reserves as well as the reserves for the translation adjustments are not distributable. The financial statements of Mikron Holding AG and the regulations of the Swiss Federal Code of Obligations are authoritative for the distributions. The consolidated shareholders' equity include legal reserves of the amount of CHF 99'568 (prior year: CHF 98'992) and reserves for own shares of CHF 141 (prior year: CHF 255).

Accounting Principles

GENERAL INFORMATION

The consolidated financial statements have been compiled in accordance with company accounting policies, which conform to the standards of the International Accounting Standard Board (IASB). The following new IAS standards were applied from 1.1.2001:

IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment property

The new application of the valuation principles is considered in the financial statement as per December 31, 2001:

IAS 11	Application of the Percentage of completion method (in prior years, the manufacturing costs and a portion of the distribution and administrative costs in accordance of the progress of the project are considered)
IAS 19	The personnel pension benefit plan in Switzerland is classified as a defined benefit plans (prior year defined contribution plan)

Goodwill amortization and capital and other taxes are now included in the earnings before interests and taxes, while other financial income and expenses are excluded due to IAS 39. To enable a comparable disclosure of the income statement, the prior year was changed.

On February 22, 2002 the board of directors declared the financial statements as final. The financial statements will be approved by the general meeting on April 25, 2002. The annual accounts of the companies which are included in the consolidation are drawn up on December 31 in accordance with uniform standards of valuation.

SCOPE OF CONSOLIDATION

Included in the consolidation are Mikron Holding AG, all existing subsidiaries and their investments, of which Mikron Holding AG holds directly or indirectly the majority of the shares or which are otherwise controlled, as well as joint ventures for which Mikron Holding AG holds directly or indirectly 50% of the shares.

CONSOLIDATION PRINCIPLES

Consolidation is based on the annual financial statements of the individual Mikron companies, which follows uniform valuation and reporting practices prescribed by the Group. Relationships within the Group (receivables and liabilities, expenses and income), as well as intragroup profit are eliminated on consolidation. The reporting currency is the Swiss franc. The capital consolidation is aimed at offsetting the consolidated net assets with the applicable book value on this investment. Capital consolidation proceeds in accordance with Anglo Saxon purchase methods. Assets, liabilities and expenses and revenue are recorded in their entirety, in accordance with full consolidation methods. At the time of the initial consolidation, the assets and liabilities of acquired companies are valued according to their standard group principles. Any goodwill (difference between the purchase price and the entire shareholders' equity shown in books of the company that has been acquired) remaining after revaluation is entered into the accounts as intangible assets and is amortized over a period of a maximum of 20 years. Minority interests in the equity and results of the consolidated subsidiaries are shown as a separate item in the consolidated financial statements. For joint ventures included in the consolidated financial statements the proportionate consolidation method is applied. Under this method Mikron's share of each of the assets, liabilities, income and expenses is combined with the corresponding items of the consolidated financial statements.

FOREIGN CURRENCY TRANSLATION

Profit or losses, arising from transactions in foreign currency, is booked in the statement of income. At the balance sheet date, assets and liabilities denominated in a foreign currency are reported using the closing rate. Any resulting exchange differences are recognized in the statement of income. Balance sheets in foreign currencies are translated into Swiss francs at the year-end rate. Statements of income and cash flow statements in foreign currencies are translated into Swiss francs at the average rate for the year. Any translation differences resulting from changes in the exchange rates on the equity of the consolidated subsidiaries, the exchange differences on long-term intercompany financing and the differences resulting from the translation of the results for the year and the cash flow statement are recorded directly in shareholder's equity and therefore do not affect the profitability.

DEFINITIONS AND EVALUATION PRINCIPLES

Accounting of financial assets and liabilities

All purchases and sales of financial assets and liabilities are recognized on the trade date. The first time valuation of financial assets are recognized at purchase cost, including transaction costs.

ASSETS

Current assets

Cash and marketable securities

Cash consists of cash on hand, bank and postal giro account balances, third-party sight, and demand deposits. Securities which are held for trading purposes are valued at market value. Fluctuations in value are recorded in the income statement.

Derivative financial instruments

All financial instruments, which are established for existing and future transactions are valued at market value and gains or losses are recognized in the statement of income.

To secure the currency and interest rate risk of a private placement in US \$, a cross currency swap was used. The maturity of the financing and the interest payments agree with those of the hedging instrument to eliminate the currency risk in the balance sheet and income statement. The effect of the interest risks of the cross currency swap are recognized at market value. Gains and losses are recognized in the income statement.

Receivables

Receivables are shown in the books at nominal value. An allowance for doubtful accounts has been deducted for uncollectible accounts receivables.

Derivative financial instruments included in the receivables, are carried at fair value. Fluctuations in value are recorded in the financial earnings.

Project orders in progress, sales and earnings recognition

Machine system project orders are accounted for according to the "percentage of completion" method. The respective stage of completion is evaluated via individual progress calculations. According to the stage of completion, the pro rata sales is recognized in the income statement. In the balance sheet, machine system project orders - offset by customers' down payments - are reco-

gnized as net assets or net liabilities from customer projects. Present or foreseeable losses on project orders in progress are provided for immediately.

Inventories

Inventories are stated at the lower of purchase or production cost and net realizable value. Production costs include raw materials, subcontractors' cost, direct production costs and separable production overheads. Following appropriate appraisal, provisions are set up for project risks and losses which are already present on the balance sheet date, or can be foreseen in the future. Inventories are valued by use of the FIFO method or by reference to weighted average costs. Provisions are made for slow moving items. Obsolete items are written off.

Fixed assets

Tangible assets

Property is recorded at market value. Buildings, machinery and equipment are depreciated according of the useful anticipated life. Internal added value work is included in the costs. Property values are adjusted to market value at regular intervals. The majority of the properties were appraised as December 31, 2001 by an independent expert. The changes are shown in the books in the revaluation reserves, net of deferred taxes, in the shareholders' equity. In the event of the devaluation of property, changes that are in excess of the revaluation reserves are shown in the statement of income. Depreciation proceeds in accordance with the rules outlined below. The interest accumulated on the financing of additions to tangible assets are capitalized before being put into operation. The estimated useful life for the key groups of tangible assets are shown below.

Depreciation is determined using the straight-line method:

	years
Buildings	45
Equipment and installations	25
Machines	10
EDP equipment and integrated software (bought before 31.1.98)	5
EDP equipment and integrated software (bought after 31.1.98)	3
Vehicles	5
Office equipment and machines	5
Furniture	12
Leasehold improvements	for length of lease agreement
Changes in the rates of depreciation, in particular in the	

form of special depreciation allowances, can be applied for the purpose of adjustments to conform with technical progress or special economic circumstances.

Leasing

Leases and the related financial obligations acquired under finance lease are recorded lower of the estimated fair value of the asset or the estimated net present value of future minimum lease payments. Assets under finance lease are amortized over their estimated useful lives (see tangible assets).

Operating lease payments are treated as operating cost and charged to the income statement as incurred.

Financial assets

Long term loans to third party are carried at amortized cost using the interest method at balance sheet date.

The non consolidated investments and the securities are valued at fair value, if a reliable value can be determined. Otherwise they will be included in the balance sheet at historical costs less allowance.

Intangible assets

The intangible assets (prototypes, patents, licences, trade marks, software, goodwill etc.) are written off over their economic or useful life, whichever is shorter, with a maximum of 20 years.

Impairments of assets

The value of fixed assets and other non-current assets, including goodwill and other intangible assets, is assessed to ensure the respective carrying value is no more than the recoverable amount. If it is determined that an asset is carried for more than its recoverable amount, the asset is depreciated (recognized as an impairment loss) to the extent that the resulting carrying value represents the expected estimated future cash flow. A reversal of the impairment loss will be done if any indications that an impairment ever recognized for an asset in prior years may no longer exist. The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is calculated by using the discounted free cash flow method. The discounted cash flows based on assumptions which can be changed due to the effective economic situation.

LIABILITIES

Banks

Current bank liabilities, partly on a current account basis, partly as firm advances, as well as long-term bank liabilities as firm advances, at the nominal value.

Accounts payable

Suppliers' liabilities at the nominal value.

Other current liabilities

Current portion of long-term liabilities, other current liabilities and provisions at the nominal value.

Derivative financial instruments included in the other current liabilities, are carried at fair value.

Long term liabilities

The long term liabilities are stated at amortized costs minus transaction costs by using the effective interest method.

Provisions

Provision for commitments and contingencies are recognized only if Mikron has a present obligation to a third party, which has arisen from a past event, and if a reasonable estimate of that obligation can be made.

Employee benefit

There are number of employee benefit plans in existence within the Group, which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension/insurance funds, or by recognition as employee benefit liabilities in the balance sheet of the respective Group companies.

For defined contribution plans as well as for multi-employer plans for which costs associated with the defined benefit plan are not known, the net periodic cost to be recognized in the profit and loss statement equals the contribution made by the employer.

In the case of defined benefit plans the net periodic cost is determined by an actuarial valuation by external experts, using the "projected unit credit" method.

Actuarial gains and losses from actuarial changes are credited or debited to the income statement over an assumed average remaining working life. Employer contribution reserves in special employer funds are taken into account.

FINANCIAL RISK MANAGEMENT

Group accounting guidelines regulate all affiliates' management of liquidity as well as the procurement of short- and long-term financing. In order to optimize the Group's financing requirements, the management of long-term Group financing is centralized. Mikron is thereby ensured both a means to cost-efficient financing as well as optimized liquidity levels based on the Group's overall payment obligations.

Interest rate risk

Interest rate risks result from changes in interest rates which could negatively affect the capital or income of the Group. Fluctuations in interest rates cause changes in the interest income and cost of interest-bearing assets or liabilities. They can also, as explained below under market risk, affect the market value of certain financial assets, liabilities, and financial instruments. The management of long-term interest rate risk is achieved centrally. The objective of Group's long-term financing is a mix of 50% at fixed interest rates and 50% at variable interest rates, thereby minimizing the effects of interest rate fluctuations on Group income.

Foreign exchange risk

The Group is active all over the world and therefore exposed to fluctuations in exchange rates which affect the value of Group assets and income reported in Swiss francs. Instructions of the Group how to handle transaction risks exist on company and group level. The transaction and other currency risk are treated on division or group level. Foreign exchange contracts are the main instrument to hedge foreign exchange risks. Gains and losses from hedging the foreign exchange risk of assets and liabilities, which are carried at fair value are booked over the income statement. Foreign exchange translation differences arising in consolidation are recorded and disclosed within shareholders' equity of the Group. Risks of such foreign exchange translation differences are generally hedged case by case.

Credit loss risk

Credit risks arise from the possibility that the counterparty to a transaction is unable or unwilling to fulfil its obligations and that the Group thereby suffers financial damage. Counterparty risks are minimized and monitored via limiting our associations to first-class business partners and banks. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The necessary valuation adjustments are made locally and reviewed by Group management.

Liquidity

On the basis of the budget and the rolling liquidity planning, the liquidity of the current business year is secured.

Market risk

Changes in the market value of financial assets, liabilities, or financial instruments can affect the capital or income of the Group.

STATEMENT OF INCOME

Net sales

This item contains the invoiced sales to third parties after the deduction of value added taxes, discounts, rebates and sales commission. The pro rata sales of machine system project orders, accounted according to the POC-method, are also included in this position. The revenue is booked upon delivery.

Research and development

Research and development expenses are generally charged directly to the statement of income. Costs incurred for special clearly defined development projects, with good chances of success on the market and machine prototypes are capitalized over their useful life.

Taxes

Taxes, paid on the results of the individual companies in accordance with accounting principles and tax regulations, are charged to the Group's statement of income. The "comprehensive liability" method is applied. If the balance sheet values based on uniform Group standards of evaluation differ from the taxation of the balance sheet values, deferred tax assets or liabilities are considered.

Deferred tax assets, including assets for unused tax loss or carryforwards and expected tax credits, are only recognized if it is probable that the assets may be set off against future profits.

Notes to Consolidated Financial Statements

EXCHANGE RATES

in CHF 1'000

Consolidated statement of income

Consolidated balance sheet

Currency	2001	% Movement	Prior year	2001	% Movement	Prior Year
DEM	77.1135	-3.14	79.6128	75.6712	-2.95	77.9720
ESP	0.9065	-3.13	0.9358	0.8895	-2.95	0.9165
EUR	1.5082	-3.14	1.5571	1.4800	-2.95	1.5250
FRF	22.9925	-3.14	23.7377	22.5625	-2.95	23.2485
GBP	2.4364	-5.12	2.5679	2.4350	-0.61	2.4500
ITL	0.0779	-3.11	0.0804	0.0764	-3.05	0.0788
JPY	1.3858	-11.74	1.5701	1.2750	-10.84	1.4300
NOK	18.7875	-2.07	19.1841	18.6000	0.81	18.4500
SGD	94.1933	-4.10	98.2222	90.6000	-4.38	94.7500
USD	1.6908	-0.35	1.6968	1.6800	2.44	1.6400

BALANCE SHEET

in CHF 1'000

	31.12.2001	31.12.2000
Accounts receivable		
Accounts receivable	89'514	113'851
Notes receivable	950	929
Allowance for doubtful accounts	-2'882	-2'438
Total accounts receivable	87'582	112'342

	31.12.2001	31.12.2000
Other receivables		
Derivative financial instruments	21'267	0
Others	18'831	14'912
Total other receivables	40'098	14'912

	31.12.2001
Machine system project orders	
Projects in progress	61'615
Down payments from customers	-25'425
Total net assets from customer projects	36'190
Projects in progress	1'523
Down payments from customers	-10'483
Total net liabilities from customer projects	-8'960

Inventories	31.12.2001	31.12.2000
Raw material	29'970	22'151
Work in process	23'804	87'508 ¹⁾
Finished goods	26'375	21'875
Down payments to suppliers	2'038	2'967
Down payments from customers	-9'409	-72'269
Total inventories	72'778	62'232

At 31.12.2001 the book value of inventories which are balanced at net current value amounts 242 1'661

Development of tangible assets

Acquisition and production cost Position	Real estate	Investments in rental objects	Machinery	Equipment	Down payments	Leasing	Total 2001	Total 2000
01.01.01	172'367	7	167'466	60'649	14'929	9'154	424'572	374'542
Changes in the scope of consolidation	22'306	140	39'128	7'860	-1'397	2'371	70'408	-17'691
Additions	8'300	1'064	35'362	9'602	2'296	4'669	61'293	87'407
Other movements	-642	2'689	5'797	2'134	-9'957	-772	-751	1'057
Disposals	-582	-1'568	-55'940	-16'666	-3'415	-91	-78'262	-13'748
Translation adjustments	-241	-21	-602	-168	143	-254	-1'143	-6'995
Position at 31.12.01	201'508	2'311	191'211	63'411	2'599	15'077	476'117	424'572
Accumulated depreciation Position at 01.01.01	-64'088	-8	-74'704	-31'751	0	-2'272	-172'823	-170'262
Changes in the scope of consolidation	-6'454	-35	-24'209	-5'337	0	-631	-36'666	12'488
Additions	-4'080	-282	-40'056	-12'740	0	-1'608	-58'766	-27'686
Other movements	683	-236	2'234	-1'738	0	236	1'179	-948
Disposals	342	111	39'350	11'699	0	0	51'502	11'149
Translation adjustments	160	12	343	140	0	40	695	2'436
Position at 31.12.01	-73'437	-438	-97'042	-39'727	0	-4'235	-214'879	-172'823
Net book value at 31.12.01	128'071	1'873	94'169	23'684	2'599	10'842	261'238	251'749

Included under the heading "other movements" are changes in valuation, transfers between individual categories and other adjustments.

¹⁾ including machine system project orders

Financial assets	31.12.2001	31.12.2000
Investments	420	395
Securities	0	9995
Long-term loans	4'417	0
Total financial assets	4'837	10'390

The investments concern mainly the shares held by Mikron Holding AG of Microflow Engineering SA, Neuenburg (10% of the share capital) in the amount of CHF 395.

In connection with the take-over of AXXICON in the prior year, shares in the amount of CHF 9'995 (10% of the share capital) were bought.

The loans which were granted to joint venture companies are included in the position "long-term loans". Due to the proportionate consolidation only a part of the loan to group companies is eliminated and the other part is shown as loan to third parties.

Development of intangible assets without goodwill

Purchase and manufacturing costs	Patents		Prototypes		Others		Total 2001	Total 2000
			others	internal	others	internal		
Position at 01.01.01	305	12'826	607	6'733	1'267	21'738	13'381	
Changes in the scope of consolidation	0	0	0	179	-357	-178	0	
Additions	0	0	2'510	4'817	51	7'378	8'100	
Other movements	0	0	0	0	0	0	379	
Disposals	0	0	0	0	0	0	0	
Translation adjustments	0	0	-18	-25	46	3	-122	
Position at 31.12.01	305	12'826	3'099	11'704	1'007	28'941	21'738	
Accumulated depreciation								
Position at 01.01.01	-305	-7'869	-152	-651	0	-8'977	-5'253	
Changes in the scope of consolidation	0	0	0	-179	120	-59	0	
Additions	0	-2'601	-402	-2'951	-1'327	-7'281	-3'743	
Other movements	0	0	0	46	0	46	0	
Disposals	0	0	0	0	0	0	0	
Translation adjustments	0	0	4	18	4	26	19	
Position at 31.12.01	-305	-10'470	-550	-3'717	-1'203	-16'245	-8'977	
Net book value 31.12.01	0	2'356	2'549	7'987	-196	12'696	12'761	

Development of goodwill

Purchase and manufacturing costs	Infocom	Axxicon	others	Total 2001	Total 2000
Position at 01.01.01	151'305	0	13'268	164'573	171'025
Changes in the scope of consolidation	-1'124	94'549	0	93'425	3'250
Additions	0	0	0	0	0
Other movements	-3'006	3'006	0	0	-32
Disposals	0	0	0	0	0
Translation adjustments	1'089	-2'724	324	-1'311	-9'670
Position at 31.12.01	148'264	94'831	13'592	256'687	164'573
Accumulated depreciation					
Position at 01.01.01	-11'675	-435	-1'383	-13'493	-5'371
Changes in the scope of consolidation	0	0	0	0	0
Additions	0	-4'670	-684	-5'354	-8'712
Impairment	-87'906	0	0	-87'906	0
Other movements	-303	303	0	0	0
Disposals	0	0	0	0	0
Translation adjustments	783	-11	-28	744	590
Position at 31.12.01	-99'101	-4'813	-2'095	-106'009	-13'493
Book value at 31.12.01	49'163	90'018	11'497	150'678	151'080

Due the restructuring in the division Infocom and to the negative development of the commercial/economic environment, the value of the goodwill in the balance sheet was reviewed. The budgets for the year 2002 as approved by the board of directors as well as the mid-term planning for the years 2003–2006 provided the base for this revaluation. The calculation of the free cash flows was limited to the current production capacities at the date of acquisition and therefore the capital widening for the increase in capacity, as well as the resulting earnings, are not included.

The calculations are based on the following assumptions:

Infocom Technology

- Growth of free cash flows: CHF 7'182 for 2002, CHF 7'958 for 2006 and subsequent years.
- Risk consideration: specific risks are considered with adjustments in budgeted sales and by increasing the EBITA effective expenses. General risks are covered by a risk margin in the capitalization rate.
- Discount factor after taxes: 8.8%, (interest rate 5.8% for USD for 10 years plus risk margin of 3%). Due to special tax systems in Asia the taxes are not considered in the discount factor but deducted from the free cash flows.

The extraordinary goodwill amortization of CHF 88 million is generated as a result of this calculation.

Axxicon Mould Technology

Growth of free cash flows: no growth because the acquired capacities are already fully used. The free cash flow taken into consideration amounted between CHF 21'774 and CHF 22'987.

Risk consideration: specific risks are considered with adjustments in budgeted sales and by increasing the EBITA effective expenses. General risks are covered by a risk margin in the capitalization rate.

Discount factor before taxes: 10.7%, (interest rate 5.7% for EURO for 10 years plus risk margin of 3%) and 2% for income taxes.

As a result of the calculation the goodwill is justified.

Due to the verification of the other goodwill a valuation adjustment is not needed.

The net book value of the goodwill is mainly a result of the acquisition of Iplast for CHF 49'163 in 1999 and the acquisition of Axxicon for CHF 87'737 respectively CHF 90'018 after the reorganization of the goodwill of one of the Infocom company which is newly led under Axxicon Mould Technology. From now on the useful life amounts to 17.5 and 19 years respectively.

Current liabilities	Page	31.12.2001	31.12.2000
Banks		23'828	4'361
Accounts payable		52'164	60'574
Taxes		398	4'925
Net liabilities from customer projects		8'960	0
Short term provision	21	22'592	46'515
Other liabilities		17'553	17'672
Current portion of long-term liabilities		6'378	6'558
2% Convertible bonds 1997-2002		3'145	0
Total other current liabilities		27'076	24'230
Accrued expenses		20'279	18'265
Total current liabilities		155'297	158'870

Current liabilities due to the banks and the current portion of long-term liabilities are interest-bearing.

Long-term liabilities	Page	31.12.2001	31.12.2000
Banks (with an average interest rate of 5.7%)		239'948	133'046
2% Convertible bonds 1997 - 2002		0	3'145 ¹⁾
Private placement 1999 - 2006		112'560	99'495 ²⁾
Industrial Revenue Bonds 1996 - 2010		5'208	5'576 ³⁾
Industrial Revenue Bonds 1998 - 2012		5'592	6'560 ³⁾
Bonds		123'360	114'776
Mortgages (with an average interest rate of 5.25%; business year 2000 of 5.6%)		2'495	4'325
Leasing liabilities	21	5'100	3'293
Other long-term liabilities		1'246	2'645
Other long-term liabilities		6'346	5'938
Provisions for taxes		1'190	1'384
Provisions for deferred taxes	23	20'146	10'601
Provisions for taxes and deferred taxes		21'336	11'985
Other provisions	21	6'794	8'002
Total long-term liabilities		400'279	278'072
Currency distribution			
	CHF	55'333	51'602
	EUR	121'332	36'383
	NOK	27'156	46'125
	USD	169'445	127'211
	other	27'013	16'751
Total		400'279	278'072
Maturity structure			
	2003	358'683	9'551
	2004	5'161	27'130
	2005	2'924	25'559
	2006	3'810	26'723
	later	29'701	189'109
Total		400'279	278'072

¹⁾ A bond with nominal value of CHF 2'500 can be converted to 10 registered shares of Mikron Holding AG with a supplement payment of CHF 93.

²⁾ Private placement of USD 67 million; with cross currency interest-rate swap, the Swiss franc hedged amount is CHF 99'495 with a fixed interest rate of 5.23% and maturity date originally in 2006.

³⁾ The bonds consist of USD 7,4 million Anderson County, South Carolina Tax Exempt Adjustable Mode Industrial Development Revenue Bonds, which are used for the financing of the fixed assets of Mikron Corp. Anderson. The interest rate is floating, the average for the business year 2001 was 4.9% (2000: 6.8%).

Maturity structure of long term debts

Due to the restructuring of the infocom business Mikron did not meet the financial covenants of the long term credit lines. The negotiations with the noteholders and the bank syndicate resulted in new credit agreements with new limits, new financial covenants and new operative covenants as well as other conditions at maturity 30 April 2003. The credit lines are confirmed till 30 April 2003. The lenders confirmed that they will consider favourably an extension of their facility agreement beyond 30 April 2003 if all of the financial covenants have been complied with at all times.

Finance lease liabilities	31.12.2001	31.12.2000
Payable		
not later than 1 year	3'056	2'092
later than 1 year and not later than 5 years	5'445	3'589
later than 5 years	0	0
	8'501	5'681
Future finance charges on finance leases	-748	-514
Finance lease liabilities - net, minus	7'753	5'167
Current finance lease liabilities - net	2'653	1'874
Long-term finance lease liabilities - net	5'100	3'293

Provisions	Legal cases	Guarantees	Pension benefits	Non cost effective projects	Restructuring	Serverance payments	Others	Total
Short-term provision	8'358	3'306	0	7'424	24'000	0	3'427	46'515
Long-term provision	0	4'000	1'152	758	0	2'016	76	8'002
Total per 31.12.2000	8'358	7'306	1'152	8'182	24'000	2'016	3'503	54'517

Movement schedule

Income statement								
Expense (set up)	20	236	-15	1'447	4'144	1'287	3'317	10'436
Income (reversal)	0	-566	-764	-771	0		1'163	-938
Utilization	-5'391	-2'020	0	-7'627	-22'589	-880	2'313	-36'194
Changes in scope of consolidation	302	1'093	584	21	0		-361	1'639
Exchange differences	75	-13	-46	19	-37	-67	-5	-74
Provisions as per 31.12.2001	3'364	6'036	911	1'271	5'518	2'356	9'930	29'386
Short-term provision	3'294	3'179	0	1'271	5'518	0	9'330	22'592
Long-term provision	70	2'857	911	0	0	2'356	600	6'794
Total per 31.12.2001	3'364	6'036	911	1'271	5'518	2'356	9'930	29'386

Provisions for projects have been made to cover project risks and any foreseen losses which were present or anticipated at the balance sheet date.

The restructuring provision which was made last year was fully used for the restructuring of the Infocom Technology division. Due to the closing down of two tool shops in the Plastic Technology division a provision of CHF 3'592 was set up in the current year. Based on the adjustment in capacity for Axxicon Mould Technology a provision in the amount of CHF 1'926 for staff reduction was built.

Employee benefit plans

In the financial period the defined contribution plans in Switzerland were newly classified as defined benefit plans according to IAS 19. The actuarial valuation report was prepared as of 31 December 2001.

	31.12.2001	31.12.2000
Defined benefit plans		
Net assets at market value	183'678	189'757
Present value of defined benefit obligation	182'323	166'798
Financial surplus/shortfall	1'355	22'959
Unamortized actuarial gains and losses/past service cost	-1'355	-22'959
Total net book value	0	0
Statement of changes		
January 1	0	
Translation exchange differences	1'355	
Adjustment over equity	-1'355	
December 31	0	
Basis of actuarial calculations		
Technical interest rate	4%	4%
Expected return on assets	5%	5%
Increase in salaries/wages	3%	3%
Increase in pensions	1.5%	1.5%
Fluctuation rate	2%	2%
Summary:		
Net book value of defined benefit plans	0	0
Capitalized employer's contribution reserve	1'484	0
Total employee benefit plans	1'484	0

Deferred taxes	31.12.2001	31.12.2000
The deferred tax assets and liabilities refer to the following balance positions:		
Current assets	2'931	3'804
Fixed assets	11'985	7'177
Financial and intangible assets	1'853	10
Current liabilities	3'771	0
Long-term provisions	858	1'298
Other current liabilities	-100	0
Loss carryforwards	-6'391	-1'688
Total deferred tax liabilities, net	14'907	10'601

Thereof recognized in the balance sheet as deferred tax liabilities	20'146	12'289
Thereof recognized in the balance sheet as deferred tax assets	5'239	1'688

Statement of changes in deferred tax liabilities

January 1st	12'289	13'687
Set up and reversal of temporary differences	351	-134
Adjustments over the equity	2'522	-615
Change in scope of consolidation	4'308	-496
Translation exchange differences	676	-153
December 31	20'146	12'289 ¹⁾

Statement of changes in deferred tax assets

January 1st	1'688	0
Set up deferred tax assets	2'669	1745
Change in scope of consolidation	869	0
Translation exchange differences	13	-57
December 31	5'239	1'688

¹⁾ In prior year a provision of deferred taxes in the amount of net CHF 10'601 was disclosed.

Tax loss carry forwards and timing differences	31.12.2001	31.12.2000
Expiry date		
2002-2003	11'987	69'476
2004-2005	7'496	6'024
2006-2007	11'729	4'025
2008-2012	168'490	29'473
No expiry date	31'203	24'776
Total tax loss carry forwards and timing differences	230'905	133'774

Deferred tax assets including assets for unused tax loss carryforwards and expected tax credits are only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The temporary difference for which no deferred tax assets have been recognized in 2001 amounted to CHF 230'905 and the potential tax saving, calculated with the actual tax rate of the group CHF 42'900 (prior year: CHF 33'443) considering the reduced tax rate for holding companies in Switzerland. A deferred tax liability associated with investments in subsidiaries is not recognized as the Group is able to control the timing of the reversal of the temporary differences and does not expect the temporary differences to reverse in the foreseeable future.

Share capital

The share capital as of December 31, 2001, amounts to CHF 64'285 (prior year CHF 64'075) and consists of 1'285'704 (prior year 1'281'503) registered shares with a nominal value of CHF 50.- per share.

	Registered shares Numbers	Value
Position at 31.12.1999	1'258'563	62'928
Exercise convertible bonds	16'630	832
Exercise options	6'310	315
Position at 31.12.2000	1'281'503	64'075
Exercise options	4'201	210
Position at 31.12.2001	1'285'704	64'285

For details to the approved capital and capital subject to a condition see page 44.

STATEMENT OF INCOME

in CHF 1'000

Net sales	2001	2000
Deliveries	541'760	664'725
Proceeds of sales according to percentage of completion method	65'749	0
Total net sales	607'509	664'725

Material costs and subcontractors	2001	2000
Raw and auxiliary material	180'788	260'960
Subcontractors	40'765	33'721
Total material costs and subcontractors	221'553	294'681

Personnel expenses	2001	2000
Salaries and wages	189'039	180'665
Social charges	24'199	22'828
Contribution pension fund	6'201	4'833
Termination benefits	1'725	0
Total personnel expenses	221'164	208'326

Other operating expenses - net	2001	2000
Other income	-24'515	-42'727
Other expenses	80'398	121'799
Gain on sale of fixed assets	-740	-2'409
Loss on sale of fixed assets	1'479	139
Capital taxes	237	504
Other taxes	239	518
Total other operating expenses - net	57'098	77'824

Other expenses include rent, expenses for outside services (outsourcing), maintenance and repairs, energy, auxiliary material, advertising and selling, administrative expenses and changes in provisions (all without personnel expenses which are shown separately).

In the position "other income" the gains realized on the disposal of investments from partial sale Infocom Asia to the joint venture of CHF 18'994 and the loss Skriveform AS of CHF 812 (prior year product group Standard Machines and shares of Step-Tec AG, Luterbach = CHF 29'956, Iplast Norabel AB = CHF 87 and Microflow Engineering SA = CHF 1'715) are included.

Other financial income - net	2001	2000
Exchange gains	-18'222	-4'169
Exchange losses	17'486	5'835
Other financial income	-1'753	-3'793
Other financial expenses	1'940	1'049
Total other financial income - net	-549	-1'078

Interest expenses - net	2001	2000
Interest income	-7'988	-2'392
Interest expenses	28'024	16'721
Total interest expenses -net	20'036	14'329

Income taxes	2001	2000
Income taxes	-1'419	7'258
Deferred taxes	517	617
Deferred taxes resulting from changes in tax rate	-166	-751
Total income tax	-1'068	7'124

Details to income and deferred taxes

The applicable tax rate to the group is 25% and corresponds to the expected income tax rules of the individual Group companies in each jurisdiction.

The following statement shows the reconciliation of the income and deferred taxes calculated with the tax rate of the group and the actual taxes.

	2001	2000
Net earnings before taxes and amortization of goodwill	-35'148	49'973
Income taxes at the group rate	-8'787	12'493
Taxes at other rates	-4'482	-2'618
Impact of losses or loss carry-forward	-21'936	-849
Impact of non-capitalization of loss carry-forward	40'238	0
Recognized tax asset	-2'669	-1'745
Prior year adjustment	-1'520	77
Impact of non-deductible expenses	-1'746	521
Impact of tax rate changes	-166	-755
Total income taxes	-1'068	7'124

Research and Development	2001	2000
Development for customers	5'254	13'039
Own development	7'195	9'225
Total research and development	12'449	22'264

The expenses for research and development for Assembly Technology division are mainly for the development of new products in the segments basic machines, standard components and automation and for the preservation of existing product groups. For the divisions Machining Technology and Axxicon, the expenses are related principally to the increase of multifunctionality and flexibility of the products. The expenses for research and development for the segment Components are for the further development of technological systems and engineering and for accessories for the mobile telephony products and in medical market.

Wages/remuneration

	2001		2000	
	Number of people	Wages ²⁾ /remuneration	Number of people	Wages/remuneration
Members of the board of directors	7 ¹⁾	215	6 ¹⁾	206
Group management and division head	9	2'711	8	3'268
Total wages/remuneration	16	2'926	14	3'474

During the financial year 12 board of directors meetings were held.

¹⁾ Delegate of the board is not remunerated.

²⁾ Wages include paid out salaries and bonuses.

Joint Venture

Mikron Group hold following 50% participations:

Balda-Mikron AG, Biel	new company
with following subsidiaries:	
▪ TFP Precision Industry SDN, BHD, Ipoh	quota consolidated in prior year
▪ Balda-Mikron Norge AS, Tunsberg	new company
▪ Mikron Investment Pte Ltd., Singapore	fully consolidated in prior year
with subsidiary Mikron Ltd. Suzhou, Suzhou	fully consolidated in prior year
Mikron Tecstar LP, San Antonio	new company

The joint-venture companies are involved in contractual manufacturing and produces plastic components and products for the Infocom market. Included in the consolidated financial statement of the Mikron Group are the following items, which represent the Group's interests in the assets and liabilities as well as in the year-end result of the joint venture:

	31.12.2001	31.12.2000
Current assets	13'781	14'457
Fixed assets	51'748	11'532
Total assets	65'529	25'989
Current liabilities	13'103	7'289
Long-term liabilities	38'350	2'864
Total liabilities	51'453	10'153
Income	24'105	52'778
Less expenses	-25'458	-41'144
Earnings for the year	-1'353	11'634

Acquisition and divestments of participations

On January 4, 2001 Mikron Finance BV took over the Dutch Axxicon BV Group. The purchase price was EURO 72'267 and the capitalized goodwill amounted to EURO 59'752. The minority part of 30% of the Cipras Group was acquired by Mikron Holding. The purchase price was CHF 5'400 and the capitalized goodwill amounted to CHF 3'284.

End of April 2001 50% of the product group Infocom Asia was sold, which included a holding company and production plants in China and Malaysia. The sales price amounted to CHF 30'000. With this sale after deduction of the net assets and the direct sales costs a gain of CHF 18'994 was realized, which is disclosed under the position "other income".

In July 2001 Mikron sold its investment Skriverform AS for proceeds of NOK 2'250, resulting in a loss after deduction of the net assets and the direct sales costs of NOK 4'324.

Changes in the scope of consolidation

During 2001 the following additions to the scope of consolidation were considered due to acquisitions, new incorporation and divestments of companies:

	Effect on net sales 2001	Effect on EBITA 2001
Additions:		
Axxicon Group NV per 4.1.2001	136'516	-6'258
Divestments:		
Partial sale of Infocom Asia from end of April 2001	4'667	375
Skriverform AS, Tretten	708	62
	Effect on net sales 2000	Effect on EBITA 2000
Additions:		
Aus-Tech Mold & Design, USA-Roundrock fully consolidated from end of May 2000	3'260	259
Divestments:		
Product group Standard Machines per 31.7.2000	100'980	10'499
Iplast Norabel AB, Nora per 1.1.2000	0	0

Cipras Holding AG, which was acquired within the Axxicon deal, was merged with Mikron Holding AG on January 1st, 2001.

In September 2001 the joint venture Mikron Tecstar LP was incorporated with a share capital of USD 725 and is held by Mikron Delaware Corp. and Mikron Corp. Texas, San Antonio.

In May 2001 the joint venture company Balda-Mikron AG and Balda-Mikron Norge AS were set up with a share capital of CHF 3'000, respectively NOK 50. Balda-Mikron AG is held by Mikron Denmark Aps, whereas the shares of Balda-Mikron Norge AS are in possession of Balda-Mikron AG.

Effect on acquisition and divestment of Participations on the Statement of Cash flow

The assets and liabilities acquired or disposed with the transaction described in the preceding paragraph, as well as the related cash flows, can be summarized as follows:

	2001	
	Acquisitions	Disinvestments
Cash	24'947	-5'574
Receivables and prepaid expenses	23'659	-3'669
Inventories, less down payments	18'607	-1'820
Tangible assets	49'453	-15'713
Financial assets	3'982	0
Goodwill	94'549	-1'943
Bank debts	59'842	-9'998
Accounts payable	13'507	-2'475
Current liabilities	14'606	-3'349
Long-term liabilities	1'386	-752
Provisions	10'101	40
Net assets incl. goodwill	115'755	-12'185
Less cash	-24'947	5'574
	90'808	-6'611
Purchase price / Sales price, net	-115'755	30'435
Less profit on sales incl. sale costs	0	-18'250
Net assets incl. goodwill	-115'755	12'185
Less cash	24'947	-5'574
less purchased shares in prior year	9'995	
Acquisitions / Divestments without cash acquired/disposed	-80'813	6'611

Fair Values of financial instrument

	2001		2000	
	Net book value	Fair values	Net book value	Fair values
Financial assets				
Cash	26'518	26'518	77'687	77'687
Securities of current assets	0	0	1'808	1'808
Receivables	127'680	127'680	127'254	127'254
Financial assets	4'837	4'837	10'390	10'390
Financial liabilities				
Financial liabilities	396'501	396'501	261'192	261'192
Payables	52'164	52'164	60'574	60'574

Estimation of fair values

Receivables and payables

The book values are a reasonable estimate of the market value because of the short maturity of such positions.

Cash, securities, financial assets

The carrying amounts of cash, securities which were disclosed in prior year and the financial assets approximate fair value.

Financial debts

The fair value of fixed rate debts is not determinable with adequate reliability because they are not traded. Due to this fact no market value will be disclosed.

Financial instruments

To secure foreign currency positions and future transactions in foreign currencies as well to secure the interest risk, financial instruments (forward exchange contracts, options and swaps). Mikron does not make use of hedge accounting. As per balance sheet date the following financial instruments exist:

Open derivative instruments 2000 for hedging

	Gross replacement value		Contract equivalent	Contract equivalent by due date			
	positive	negative		until 3 months	3-12 months	1-5 years	over 5 years
Forward exchange contracts	165	176	12'910	3'602	8'335	973	
Options							
Foreign exchange	165	176	12'910	3'602	8'335	973	0
Forward exchange contracts							
Options							
Interest	0	0	0	0	0	0	0
Interest-rate swap	1'013		140'000		140'000		
Cross Currency Swap	16'554		99'495				99'495
Other derivative instruments	17'567	0	239'495	0	140'000	0	99'495
Total derivative instruments	17'732	176	252'405	3'602	148'335	973	99'495

Open derivative instruments 2001 for hedging

	Gross replacement value		Contract equivalent	Contract equivalent by due date			
	positive	negative		until 3 months	3-12 months	1-5 years	over 5 years
Forward exchange contracts	268	343	54'595	42'351	9'910	2'334	
Options							
Foreign exchange	268	343	54'595	42'351	9'910	2'334	0
Forward exchange contracts							
Options							
Interest	0	0	0	0	0	0	0
Interest-rate swap							
Cross Currency Swap	21'268		99'495				99'495
Other derivative instruments	21'268	0	99'495	0	0	99'495	0
Total derivative instruments	21'536	343	154'090	42'351	9'910	101'829	0

The main currencies are CHF, USD und EUR. The above mentioned forward exchange contracts are due at the latest by 30.4.2003.

Contingent liabilities	2001	2000
Bank guarantees for machinery delivered	264	1'603

In the ordinary course of business, the company and/or its subsidiaries are involved in legal disputes. In the opinion of the Group the outcome of such actions will not give rise to any significant loss, which is not covered by provisions.

Assets pledged to secure own debts	2001	2000
Tangible assets - book value of property, plant and equipment	258'639	236'820
Total collateral securities	84'565	59'184
deposited to secure own debts	8'734	4'784
loans used: mortgages	2'495	4'325
used by finance leasing: machinery, equipment	7'916	5'167

Lease commitments	2001	2000
The future minimum lease payments under non cancellable operating leases are as follows		
not later than 1 year	7'054	5'977
later than a year and not later than 5 years	23'304	19'121
later than 5 years	21'194	17'977

Fire insurance value of tangible assets and inventories	2001	2000
Buildings	145'444	130'461
Machinery, equipment and inventories	490'438	503'600

Significant investments

see page 48/49.

Information on own shares

On December 31, 2001 400 registered shares of Mikron Holding AG were held by Mikron Management AG, Biel (prior year: 400) and 850 (prior year 1'850) registered shares were held by Mikron Holding AG. The changes of the own shares incl. the transaction value are described on page 45.

Events after balance sheet date

Operating activities will not generate sufficient cash to achieve the Board of Directors' targets for proportion of shareholders' equity and level of borrowings within a practical timespan. It has therefore been decided that, alongside certain minor short-term divestments of non-strategic assets, the Group will proceed with a strategic divestment by selling its Machining Technology division. At the same time, this step is a logical progression in Mikron's transformation over recent years from an engineering concern to a technology group.

The planned disposal of what is the last remaining Machining Technology unit will mean that, by the end of 2002, the proportion of shareholders' equity will return to over 30% and the ratio of total liabilities to shareholders' equity will approach 1,2 : 1.

Effect of new application of accounting principles

IAS 19

The Mikron employee benefit plans in Switzerland are defined contribution plans and were classified until December 31, 2000 under IAS 19 as defined contribution plan. According to the newest development and interpretation of IAS 19 these plans have to be treated as defined benefit plans. As per 31.12.2001 Mikron took the result of the actuarial calculation - a not recognized financial surplus - and the separately recognized reserves of employer contribution in patronal foundations in its financial statements. The adjusted opening balance per 01.01.01 would have the following proforma effect on the equity and the net earnings:

	Page	Disclosed equity	Proforma equity
Position at 31.12.2000 after new application of IAS 39, incl. deferred taxes	9	274'433	274'433
Effect of adopting changes of valuations principles:			
Employer contribution reserves, less deferred taxes			1'672
Position at 31.12.2000		274'433	276'105
Net earnings 2001		-127'340	-127'899
Employer contribution reserves, less deferred taxes		1'113	0
Other changes as per development of shareholders equity	9	2'467	2'467
Total equity per 31.12.2001		150'673	150'673
Net earnings 2001			-127'340
Reversal of employer contribution reserves			-747
Deferred taxes			188
			-127'899

applicable deferred tax rate: 25%

Percentage of Completion Method

In prior years machine system project orders are evaluated in a way that takes into consideration both the manufacturing costs and a portion of the distribution and administration costs in accordance with the progress of a project. An adoption of the POC method would have had following effect on the financial statement as per 31 December 2000:

	Proforma
Projects in progress	58'176
Down payments from customers	-30'481
Net asset from customer projects	27'695
Projects in progress	11'908
Down payments from customers	-27'758
Net liabilities from customer projects	-15'850

If the POC method had been used in prior year, net sales and change in work in progress/finished goods would have had developed in the following way:

	Proforma
Disclosed net sales 2001	607'509
POC-effect 2000	-73'488
Net sales 2001 adjusted by prior year POC-effect	534'021
Disclosed changes in work in progress/finished goods	-66'987
POC-effect 2000	73'488
Changes in work in progress/finished goods adjusted by prior year POC-effect	6'501

INFORMATION BY BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

The Mikron Group consists of two business segments: Production Equipment and Components.

The segment Production Equipment produces and sells special purpose machines as well as spindles and tools. Special purpose machines include machining and assembly systems.

The segment Components produces plastic parts, and offers consultancy to customers in plastic and assembly technology. It provides tools for injection moulding, runs assembly lines and other value added operations.

Geographical Segments

The Mikron Group is present in the following four geographical segments:

The Group management is located in Switzerland, where most of the parts of its production equipment are produced. The rest of Europe's countries form the largest market for Mikron products.

Located in the following countries of Europe, Mikron has its own production plant and sales companies: Denmark, Netherlands, France, England, Germany, Italy, Norway and Sweden.

In the U.S.A there are production plants and sales companies for the machining and assembly systems as well as plastic products.

In the Far East there are two production plants in China and Malaysia for the production and assembly of plastic products and one sales company in Japan, that is in charge of the marketing for machining systems.

Information by business segments

	Production Equipment		Components		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000
Net sales								
Net sales external	418'481	390'522	186'089	274'203	2939		607'509	664'725
Net sales inter-segment	8'712	5'917	34	160	-8'746	-6'077		0
Total net sales	427'193	396'439	186'123	274'363	-5'807	-6'077	607'509	664'725
Segment result before goodwill amortization, interest and taxes	23'171	48'835	-26'685	-2'944			-3'514	45'891
Goodwill amortization	-3'699	-686	-89'561	-8'026			-93'260	-8'712
Segment result after goodwill amortization, interest and taxes	19'472	48'149	-116'246	-10'970			-96'774	37'179
Unallocated corporate income and expenses							-12'294	17'429
Earnings before interest and taxes							-109'068	54'608
Interest expenses - net							-20'036	-14'329
Other income - net							549	1'078
Taxes							1'068	-7'124
Earnings before minority interest							-127'487	34'233
Minority interest on net earnings	147	-96	0	0			147	-96
Net earnings for the year							-127'340	34'137

Revenues on intersegment sales and intersegment cost charges are determined on the same basis as transactions with third parties.

Other information

	Production Equipment		Components		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000
Segments assets without cash and marketable securities	398'190	262'454	421'322	353'943	-166'217		653'295	616'397
Unallocated corporate assets incl. cash and marketable securities							53'108	90'794
Total consolidated assets							706'403	707'191
Segment liabilities without banks, bonds & notes, mortgages and taxes	198'840	65'003	214'606	82'992	-218'848		194'598	147'995
Unallocated corporate liabilities incl. banks, bonds & notes, mortgages and taxes							360'978	288'947
Total consolidated liabilities							555'576	436'942
Capital expenditure for tangible assets - net	21'882	11'554	10'338	72'645				
Depreciation	15'982	11'827	41'428	15'536				

Information by geographical segments

	Net sales		Total assets		Capital expenditure in tangible assets - net	
	2001	2000	2001	2000	2000	2001
Switzerland	52'605	52'823	304'559	272'658	14'004	12'756
Europe ¹⁾	361'650	445'561	301'410	318'435	11'100	48'467
North America ²⁾	116'038	71'368	68'746	56'829	1'691	10'372
Far East ³⁾	73'805	93'769	32'221	59'269	6'013	12'748
Others	3'411	1'204	211	0	0	0
	607'509	664'725	707'147	707'191	32'808	84'343

1) Germany	135'774	132'409
Italy	48'294	41'562
France	32'028	49'254
United Kingdom	53'194	52'659
Sweden	22'985	100'432
Other Europe	69'375	69'245
	361'650	445'561

2) mostly USA

3) mostly China, Malaysia, South Korea, Japan, India

	Number of employees per	
	31.12.2001	31.12.2000
Switzerland	1'130	1'045
Europe ¹⁾	873	1'054
North America ²⁾	190	203
Far East ³⁾	577	1'133
	2'770	3'435

1) Germany, Italy, France, United Kingdom, Spain, Norway, Sweden, Denmark

2) mostly USA

3) Japan, Singapore, China, Malaysia

LOSS/EARNINGS PER SHARE

in CHF 1'000

Weighted average number of shares	2001	2000
Issued shares at the beginning of the year	1'281'503	1'258'563
Exercising of convertible bond rights and options	4'201	22'940
Issued shares at the end of the year	1'285'704	1'281'503
Adjusted for weighted average	-1'772	-9'182
Weighted average number of shares - basic	1'283'932	1'272'321

Computation of loss/earnings per share

The basic loss/earnings per share are calculated based on the weighted average number of shares. When calculating diluted loss/earnings per share the weighted average number of shares is adjusted for the effect of all dilutive potential shares. As of December 31, 2001 there were management options for 24'120 shares (31.12.2000: 22'700 shares) and rights from the convertible bonds for 12'580 shares (31.12.2000: 12'580 shares).

	2001		2000			
	Net earnings for the year	per share	Number of shares	Net earnings for the year	per share	Number of shares
Net earnings for the year	-127'340			34'137		
Weighted average number of shares			1'283'932			1'272'321
Basic loss/earnings per year		-99.18			26.83	
Impact options						
Number of options			46'620			22'700
Number of shares that would have been issued at fair value			-46'620			-22'552
			1'283'932			1'272'469
Impact of convertible right						
Interest expenses, net taxes	63			63		
Number of shares			12'580			
Number of shares that would have been converted at fair value			-12'580			12'580
			1'283'932			1'285'049
Diluted loss/earnings per share		-99.18			26.61	

Report of the Group Auditors to the General Meeting of Mikron Holding AG, Biel

Report of the Group Auditors

to the General Meeting of

MIKRON HOLDING AG, BIEL

As auditors of the group, we have audited the consolidated financial statements presented on the pages 5 to 37 (balance sheet, income statement, statement of cash flows and notes) of the Mikron Group 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 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 disclosures 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 22, 2002

Ernst & Young Ltd.

W. Holdener
Certified accountant
(in charge of the audit)

Y. Vontobel
Certified Accountant

5 years Financial Summary

Mikron Group consolidated

in CHF million

	2001	2000	1999	1998/99	1997/98
			(11 months)		
Performance ratios					
Order intake	501.2	713.5	560.5	478.7	424.7
Net sales	607.5	664.7	512.3	448.1	383.0
Orders on hand	152.2	244.6	246.7	206.1	176.2
Productivity (added value/personnel expenses)	1.50	1.80	1.80	1.90	1.80
Operating output (incl. trade and service turnover)	550.1	675.6	535.8	469.5	386.0
Research and development	12.4	22.3	22.5	20.0	17.5
Depreciation	66.0	31.4	22.2	17.2	15.0
Goodwill amortization	93.3	8.7	5.2	0.0	0.0
Number of employees (headcount at year-end)	2'770.0	3'435.0	3'387.0	1'711.0	1'447.0
Investments - net	41.1	102.7	37.1	33.5	24.8
Acquisitions/Divestments of subsidiaries	-74.2	-18.6	172.0	5.4	0.0
Earnings					
Earnings before goodwill amortization, interest and taxes (EBITA)	-15.8	63.3	53.2	35.2	29.1
EBITA as % net sales	-2.6	9.5	10.4	7.9	7.6
Earnings before interest and taxes	-109.1	54.6	48.0	35.2	29.1
Earnings before taxes	-128.6	41.4	34.6	31.9	25.5
Net earnings for the year	-127.3	34.1	28.0	25.5	20.4
Net earnings for the year as % of net sales	-	5.1	5.5	5.7	5.3
Cashloss/-flow					
Cashloss/-flow	-5.0	59.8	56.2	9.0	28.9
Cashloss/-low as % of sales	-0.8	9.0	11.0	2.0	7.5
Free cashflow	-120.3	-23.6	-152.5	-30.0	4.1
Balance sheet					
Total assets	706.4	707.2	699.7	422.3	367.7
Current assets	270.2	281.2	321.6	244.6	219.7
Fixed assets	436.2	426.0	378.1	177.7	148.0
Current liabilities	155.3	158.9	174.4	140.0	115.6
Long-term liabilities	400.3	278.1	277.9	126.1	121.9
Shareholders' equity	150.7	269.9	247.1	156.2	130.2
Shareholders' equity as % of total assets	21.3	38.2	35.3	37.0	35.4

Information to Share capital

	2001	2000	1999	1998/99	1997/98
Number of shares¹⁾ (nominal value CHF 50)					
Registered shares	1'285'704	1'281'503	1'258'563	1'057'513	1'032'964
Total	1'285'704	1'281'503	1'258'563	1'057'513	1'032'964
Shares entitled to dividends					
Registered shares	1'285'704	1'281'503	1'258'563	1'057'513	1'032'964
Total	1'285'704	1'281'503	1'258'563	1'057'513	1'032'964
Shares subject to a condition for¹⁾ (Registered shares at CHF 50.-)					
Convertible bonds ²⁾	12'580	12'580	29'210	116'350	136'190
Management options	46'620	22'700	6'852	26'137	30'846
Total	59'200	35'280	36'062	142'487	167'036
Key figures per share³⁾					
Net earnings for the year	-99.18	26.83	25.01	24.25	19.77
Cashflow	-3.87	47.03	50.49	8.53	27.96
Shareholders' equity	117.79	212.10	220.74	148.82	138.00
Dividends	0.00	5.00	5.00	5.00	5.00
Market prices high-low (business year)					
Registered shares	645-88	1'525-620	700-270	400-235	274-170

Trading volume (daily average)

In the financial year 2001 the average daily trading volume was 4'235 shares (prior year 5'089 shares).

Opting out/up

The company did not go for these options.

Registration restriction

The Board of Directors can refuse to accept a purchaser of registered shares as a full shareholder if the number of registered shares held by him/her exceeds 8% of the total number of registered shares recorded in the Commercial Register.

¹⁾ For 1999 as of December 31. For prior years as of January 31.

²⁾ A bond with a nominal value of CHF 2'500 can be converted with an additional payment of CHF 93 in to 10 registered shares of Mikron Holding AG.

³⁾ Until 1997/98 on the basis of all issued shares, thereafter on the basis of average number shares outstanding.

Financial Statements of Mikron Holding AG 2001

Financial Report

GENERAL

In an organizational change from the previous year, services to Group companies are now provided by Mikron Management AG rather than Mikron Holding AG. This means that a substantial proportion of former Mikron Holding AG personnel are now employed by Mikron Management AG. For the same reason, Mikron Management AG has also taken over tangible assets. The transfer of service activities to Mikron Management AG led to reductions in the following items on the balance sheet and statement of income: receivables due from subsidiaries; prepaid expenses; other liabilities; accrued expenses; services and other income; personnel expenses; and depreciation.

BALANCE SHEET

Marketable securities

This item includes Mikron Holding AG shares. The decrease reflects the fact that an acquisition of minority interest in an Axxicon company was partly paid for with Mikron shares.

Other receivables

The previous year's balance included the recoverable withholding tax on dividends from subsidiaries declared for 1999 and paid in December 2000. The decrease here is explained by the absence of this withholding-tax credit in the year 2001.

Short-term loans to and from subsidiaries

This item includes the credit and debit balances with subsidiaries from the cash reserves held by Mikron Holding AG.

Investments

As a result of the Infocom Technology division restructuring, the book value of investments in that division's sub-holding company and finance company had to be adjusted. In addition, the following movements took place in the financial year 2001: the takeover of two companies in connection with the Axxicon acquisition (CHF 22.4 million) and the sale of the Axxicon shares bought the previous year to the sub-holding company that realized the Axxicon acquisition (CHF 10.0 million); the takeover of the minority shareholding in Mikron Faarevejle AS (CHF 2.1 million) and sale of Mi-

kron Investment Pte. Ltd. Singapore in order to realize the joint venture with Balda (CHF 9.8 million); liquidation of Mikron Mulhouse SA (CHF 3.3 million). There were also capital increases for Mikron Denmark Aps (CHF 12.0 million) and Mikron North America Corp. (CHF 19.4 million). The sale of part of the Group's infocom activities to the joint venture with Balda entailed a CHF 50.6 million repayment of capital by Mikron Ltd., Jersey.

Loans to and from subsidiaries

The increase in this item is explained by the expansion in 2001 of Mikron Holding AG's financing activities for subsidiaries.

Provisions

Sums for outstanding and planned balance-restructuring measures by Infocom companies are included under this item.

Shareholders' equity

As a result of the heavy loss for the year - caused largely by the restructuring of subsidiary companies - shareholders' equity fell from CHF 245.4 million to CHF 127.8 million.

STATEMENT OF INCOME

The dividend income of CHF 6 million includes declared dividends of subsidiaries for the year 2001 (CHF 4 million) and dividends paid out for the year 2000 (CHF 2 million). The main reason for the decrease in financial income, despite the increased lending, is the fact that no interest was charged on some loans to subsidiaries. Rates of interest were also lower than in the previous year. Income from license agreements for the use of the Mikron name is included under services and other income. Financial expenses increased due to the increased inter-company lending and to costs incurred in the revision of credit agreements. The restructuring of Infocom companies required that the book value of investment be adjusted. The cost of these adjustments is included under restructuring of subsidiaries.

Balance Sheet at December 31, 2001

in CHF 1'000

ASSETS	31.12.2001	31.12.2000
Current assets		
Cash	21'818	19'053
Marketable securities	101	1'051
Forderungen	97	0
Intercompany receivables	8'669	14'009
Other receivables	168	4'365
Short-term loan to affiliated companies	13'256	0
Prepaid expenses	528	6'793
Total current assets	44'637	45'271
Fixed assets		
Tangible assets	0	961
Financial assets		
Investments	147'812	267'378
Loans to affiliated companies	150'734	97'238
Loan to third parties	300	0
	298'846	364'616
Intangible assets	0	7
Total fixed assets	298'846	365'584
TOTAL ASSETS	343'483	410'855
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable	1'489	1'663
Intercompany payables	1'927	352
Other liabilities	101	1'610
Short term loan from affiliated companies	13'253	0
Accrued expenses	2'880	4'603
Bank debts	35'532	39'392
Convertible bond	3'145	3'145
Private placement	99'495	99'495
Loan from affiliated companies	21'869	0
Provisions	36'000	15'235
Total liabilities	215'691	165'495
Shareholders' equity		
Share capital	64'285	64'075
Legal reserve	99'568	98'992
Reserve for own shares	141	255
Retained earnings (-deficit)		
Carry forward from prior year	82'152	37'103
Net result for the year	-118'354	44'935
	-36'202	82'038
Total shareholders' equity	127'792	245'360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	343'483	410'855

Statement of Income for 2001

in CHF 1'000

	2001	2000
Revenue		
Dividend income	6'000	6'500
Gain on sale of investments	12	32'347
Financial income	10'896	11'040
Services and other income	5'936	15'359
Total revenue	22'844	65'246
Expenses		
Personnel expenses	1'067	5'025
Depreciation	7	362
Financial expenses	13'587	10'198
Restructuring of subsidiaries / Provisions for investments	121'685	0
Other expenses	4'876	4'587
Taxes	-24	139
Total expenses	141'198	20'311
Net result for the year	-118'354	44'935

Notes to Financial Statements for 2001

	in CHF 1'000	
	31.12.2001	31.12.2000
Guarantees and assets pledged in favor of third parties		
Guarantees and assets pledged in favor of third parties	290'548	220'000
Guarantees and assets pledged in favor of group companies	49'663	24'869
Assets pledged	0	0
	340'211	244'869
Convertible bonds		
2% convertible bonds 1997-2002		
One convertible bond with a nominal value of CHF 2'500 together with a cash payment of CHF 93 can be converted into 10 shares of Mikron Holding AG.	3'145	3'145
Private placement		
8.67% private placement 1999-2006 in the amount of USD 67'000'000 with the cross currency interest-rate swap against Swiss francs the outstanding amount is CHF 99'495'000 with a fixed interest rate of 5.98% (prior year 5.23%).	99'495	99'495
Capital I subject to a condition		
Capital increase subject to a condition of initially nominal CHF 12'325'000 as per approval of the Annual General Meeting of June 26, 1997 by the issue of 246'500 registered shares at a nominal value of CHF 50 with the withdrawal of the pre-emptive right. After exercising the option rights the capital subject to a condition was reduced to nominal CHF 654'000 (13'080 shares). These shares are reserved to secure the conversion rights of the 2% convertible bonds 1997-2002 (12'580 shares) and the option rights of the options held by the board of directors and the management (500 shares).	654	654
Capital II subject to a condition		
Capital increase subject to a condition of nominal CHF 6'250'000 as per approval of the Annual General Meeting of May 25, 2000 and April 26, 2001 by the issue of 125'000 registered shares at a nominal value of CHF 50. After exercising the option rights the capital subject to a condition was reduced to nominal CHF 6'039'050 (120'799 shares). From the capital subject to a condition 46'320 shares are reserved to secure the options held by the board of directors and the management.	3'723	5'140
Capital III subject to a condition		
Capital increase subject to a condition of nominal CHF 5'000'000 as per approval of the Annual General Meeting of April 26, 2001 by the issue of 100'000 registered shares at a nominal value of CHF 50.	5'000	0
Approved capital		
Approved capital increase of nominal CHF 5'000'000 as per approval of the Annual General Meeting of April 26, 2001 by the issue of 100'000 registered shares at a nominal value of CHF 50. The approved capital expires by May 5, 2002 and can only be used if the company does not use the capital II subject to a condition.	5'000	5'000

Material investments

see pages 48/49.

Information on own shares

On December 31, 2001 400 shares of Mikron Holding AG were held by Mikron Management AG, Biel (year before: Mikron AG, Nidau) and 850 (prior year 1'850) shares were held by Mikron Holding AG. The stock reduced in connection with the acquisition of Cipras Holding AG. The price for the 1'000 shares was CHF 950 per share.

Accounting principles

The accounting principles of Mikron Holding AG operate in accordance with Swiss law and recognize economic principles. Asset and liability items are reported at the exchange rates on the balance sheet date, taking into consideration the lowest value and the imparity principle. The translation of transaction in foreign currency is effected at the current exchange rate.

Development of shareholders' equity

	Share capital	Legal reserve	Reserve for own shares	Retained earnings/ losses	Total shareholders' equity
Position at 31.12.1999	62'928	93'896	278	43'373	200'475
Payment of dividend				-6'293	-6'293
Net earnings 2000				44'935	44'935
Reversal of reserve for own shares			-23	23	0
Increase of capital ¹⁾	1'147	5'175			6'322
Capital procurement cost		-79			-79
Position at 31.12.2000	64'075	98'992	255	82'038	245'360
Net earnings 2000				-118'354	-118'354
Reversal of reserve for own shares			-114	114	0
Increase of capital ¹⁾	210	798			1'008
Capital procurement cost		-222			-222
Position at 31.12.2001	64'285	99'568	141	-36'202	127'792

¹⁾ Capital increase due to exercising convertible and options rights

Shareholders structure at December 31, 2001

			Number of shareholders	Number of shares	%
Shareholders	> 5%	> 64'285	1	87'911	6.8
Shareholders	≤ 64'285	> 5'000	24	326'260	25.4
Shareholders	≤ 5'000	> 1'000	71	154'859	12.0
Shareholders	≤ 1'000	> 500	67	51'136	4.0
Shareholders	≤ 500	> 100	633	140'116	10.9
Shareholders	≤ 100	> 50	811	64'651	5.0
Shareholders	≤ 50	> 20	1'566	56'634	4.4
Shareholders		< 20	3505	39658	3.1
Trading stock				364'479	28.3
Total			6'678	1'285'704	100.0

From total 6'678 shareholders 6'596 shareholders with 663'304 shares are entitled to vote. 82 shareholders with 257'921 shares and as well 364'479 shares of the trading stock are not entitled to vote.

Coverage of Retained Earnings - Deficit at December 31, 2001 (Proposal of Board of Directors)

in CHF 1'000

	2001	2000
Retained earnings carried forward	82'038	37'080
Reversal of reserve for own shares	114	23
	82'152	37'103
Net result for the year	-118'354	44'935
Retained-earnings deficit	-36'202	82'038
Coverage of retained-earnings deficit / Appropriation of retained earnings		
Reversal of legal reserves	-36'202	0
Carry forward to new account	0	82'038
	-36'202	82'038

Report of the Statutory Auditors to the General Meeting of Mikron Holding AG, Biel

Report of the Statutory Auditors

to the General Meeting of

MIKRON HOLDING AG, BIEL

As statutory auditors, we have audited the accounting records and the financial statements presented on the pages 42 to 46 (balance sheet, statement of income and notes) of Mikron 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 comply with the Swiss law and the company's articles of incorporation.

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

Zurich, March 22, 2002

Ernst & Young Ltd.

W. Holdener
Certified accountant
(in charge of the audit)

Y. Vontobel
Certified Accountant

Group Companies/Investments

Mikron Holding AG

Country	Activity	Currency	Share capital million	Net sales ¹⁾ CHF million	Shareholding (direct)	Shareholding through local subsidiaries
Switzerland						
Mikron Holding AG, Biel	4	CHF	64.285	0.000		
Mikron SA Agno, Agno	1,2,3,4	CHF	13.500	108.190	100%	
Mikron Management AG, Biel	4	CHF	25.000	0.000	100%	
Mikron AG Biel, Nidau	1,2,3,4	CHF	4.000	1.797	100%	
Mikron SA Boudry, Boudry	1,2,3,4	CHF	2.000	112.332	100%	
New Ingenia SA, Boudry	1,2,3,4	CHF	0.100	1.611	100%	
Mikron Tool SA Agno, Agno	1,2,3,4	CHF	0.300	11.890	100%	
Mikron AG Derendingen, Derendingen	1,2,3,4	CHF	0.400	29.659	100%	
Mikron Tooling AG Derendingen, Derendingen	1,2,3	CHF	0.200	0.586	100%	
Balda-Mikron AG, Biel	4	CHF	6.000	0.000	50%	
Step-Tec AG, Luterbach	1,2,3,4	CHF	1.252	26.186	75.5%	
Microflow Engineering SA, Neuenburg	1,2,4	CHF	3.500		10%	
Denmark						
Mikron Faarevejle A/S, Faarevejle	1,2,3,4	DKK	2.300	5.797	26%	74%
Germany						
Mikron GmbH Rottweil, Rottweil	1,2,3	EUR	0.383	17.134	100%	
France						
Axxicon Moulds Caen SA, Hérouville-St-Clair	1,2,3,4	EUR	0.700	13.476		100%
United Kingdom						
Mikron (U.K.) Ltd., Huddersfield	1,2,3	GBP	2.970	24.408		100%
Axxicon Moulds Cleveleys Ltd., Lancashire	1,2,3	GBP	0.100	7.528		100%
Italy						
Mikron S.p.A. Zingonia, Zingonia	1,2,3,4	EUR	1.190	24.899	100%	
Mikron Bergamo SpA, Trezzo sull'Adda	1,2,3,4	EUR	0.449	0.166		100%
Japan						
Mikron Ltd. Tokyo, Yokohama City	1	JPY	15.000	7.634	100%	
Malaysia						
TFP Precision Industries SDN.BHD, Ipoh	1,2,3,4	MYR	8.000	12.166		25%
Netherlands						
Axxicon Mould Technology BV, Helmond	4	EUR	2.478	0.000		99.7%
Mikron BV Vianen, Vianen	1,2,3,4	EUR	0.029	17.669		100%
Axxicon Moulds Eindhoven BV, Son	1,2,3,4	EUR	0.018	28.478		100%
Axxicon Moulds Helmond BV, Helmond	1,2,3,4	EUR	0.045	14.269		100%
F.T. Engineering BV, Son	2	EUR	0.018	0.000		100%
Norway						
Mikron Norge AS, Tunsberg	4	NOK	105.234	0.397		100%
Mikron Tunsberg AS, Tunsberg	1,2,3	NOK	20.000	4.300		100%
Balda-Mikron Norge AS, Tunsberg	1,2,3	NOK	0.100	0.614		50%
Sweden						
Mikron Karlskoga AB, Karlskoga	1,2,3	SEK	10.100	17.375		100%

to be continued on page 49

continuation from page 48

Country	Activity	Currency	Share capital million	Net sales ¹⁾ CHF million	Shareholding (direct)	Shareholding through local subsidiaries
USA						
Mikron Corp. Monroe, Monroe	1,4	USD	0.001	26.877		100%
Mikron Corp. Anderson, Anderson	1,2,3	USD	0.800	12.923		100%
Mikron Corp. Texas, San Antonio	1,2,3	USD	0.000	2.289		100%
Mikron Corp. Austin, San Antonio	1,2,3	USD	0.000	0.000		100%
Mikron Corp. Denver, Aurora	1,2,3,4	USD	0.050	39.331		100%
Mikron Corp. Rochester, West Henrietta	1,2,3,4	USD	0.001	12.255		100%
Axxicon Molds Los Angeles, Aliso Viejo	1	USD	0.000	0.000		100%
Mikron TecStar L.P., San Antonio	1,2,3,4	USD	0.000	0.092		50%
P.R. China						
Mikron Ltd. Suzhou, Suzhou	1,2,3	RMB	89.647	6.256		50%
Axxicon Moulds Hong Kong Ltd., Hong Kong	1	HKD	0.010	0.000		100%

Activity: 1= Sales 2= Development 3= Production 4= Services

Only the active companies are mentioned.

¹⁾ net sales to third parties 2001

