

Financial Report

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Comments on the 2001 consolidated financial statements

Sales and corporate output in the year under review again increased significantly, exceeding 3 billion CHF for the first time. Sales growth of 8.2% was mainly attributable to organic growth at Textile Systems and Automotive Systems. The first-time consolidation for a full year of Idea Institute in Italy and the textile machinery companies of the French ICBT Group, which were acquired in 2000, contributed to external growth. The development and technology activities of the German-based Suessen Group acquired in 2001 were consolidated for the first time. Exchange rate variances, especially the decline in value of the Euro relative to the Swiss franc, had a negative impact on the sales trend. Expressed in local currencies, the Rieter Group achieved growth of more than 10%. Textile Systems recorded higher sales primarily in Asia and Latin America, Automotive Systems in Western Europe.

Operating result before interest, taxes, depreciation and goodwill amortization (EBITDA) were 337.1 million CHF, 4.3% higher than the previous year's figure.

Operating result before interest and taxes (EBIT) exceeded 200 million CHF for the first time, with the operating return amounting to 6.7% of corporate output (7.0% in 2000). Textile Systems' operating return of 8.5% was at the previous year's level, again exceeding the internal target of 8%. High capacity utilization and good price and cost management were decisive elements in this successful outcome. Automotive Systems achieved an operating return of 5.5% (6.0% in 2000). This lower return was due especially to the decline in capacity utilization at the North American production plants, which supply the three large American automotive manufacturers. Actions were taken at these locations to adjust capacity accordingly. Price reductions imposed by American customers also depressed earnings. The higher costs for new model launches, which had an adverse impact on results in the previous year, were reduced in the year under review. To improve the future cost situation in both Divisions actions were initiated which resulted in restructuring cost of total 10 million CHF.

The trend on the international equity markets resulted in much lower net financial income. The adoption of IAS 39 results in a net financial result that is not comparable with the previous year's figure. The lower financial income and the regionally uneven distribution of operating earnings had an unfavourable influence on the tax charge; this rose by 7.6% to 62.1 million CHF. Despite the higher operating result, net profit declined by 34.8 million CHF to 111.2 million CHF, due largely to the lower financial income and the higher tax charge. The return amounted to 3.7% of corporate output.

Despite the increase in the volume of business and the first-time consolidation of the companies acquired in full from the Suessen Group, total assets were reduced by 4% to 2 329 million CHF. The further reduction in net working capital made a significant contribution to this favourable development. Bank debt was systematically reduced in the year under review by 61 million CHF to 129 million CHF. The increase in short-term liabilities is due to the reclassification from long-term liabilities of the convertible bonds maturing in 2002. The new issue of 125 million CHF of 4% bonds was used to repay a bond issue which became due and to improve the financing structure. Shareholders' equity on December 31 amounted to 908 million CHF, slightly below the previous year's figure. This decline was mainly due to the repurchase and lower valuation of the company's own shares held at year-end. With the reduction in total assets, the equity ratio increased from 37.9% to 39.0%, and is still within the target range of 35–40%.

Lower net profit also resulted in a 9.4% decline in cash flow to 246.1 million CHF. In contrast, free cash flow before dividend increased to 60.7 million CHF as a result of the improvement in working capital levels and a lower outflow of funds for capital expenditure and acquisitions. Net liquidity – liquid funds less interest-bearing liabilities – declined by 49 million CHF, and at –46.8 million CHF is within the range of previous years. Lower net debt and the improved equity ratio underline that the goal of financial stability was again achieved by the Rieter Group in the year under review.

Consolidated income statement

	(Notes ¹)	2001 CHF million	% *	2000 CHF million	% *
Sales	(1)	3 170.2		2 931.0	
Sales deductions		-129.9		-113.6	
Change in semi-finished and finished goods		-18.0		21.3	
Own work capitalized		3.1		3.1	
Corporate output		3 025.4	100.0	2 841.8	100.0
Material costs		-1 358.6	44.9	-1276.4	44.9
Employee costs	(2)	-889.8	29.5	-842.0	29.6
Operating expense		-439.9	14.5	-400.1	14.1
Operating result before interest, taxes, depreciation and amortization (EBITDA)		337.1	11.1	323.3	11.4
Depreciation and amortization	(3)	-133.2	4.4	-123.8	4.4
Operating result before interest and taxes (EBIT)		203.9	6.7	199.5	7.0
Financial expense		-28.9		-33.0	
Financial income	(4)	0.4		44.7	
Other expenses/income		-2.1		-7.5	
Profit before taxes		173.3	5.7	203.7	7.2
Taxes	(5)	-62.1		-57.7	
Net profit		111.2	3.7	146.0	5.1
* as a % of corporate output					
Minority shareholders' interest in net profit		-18.0		-17.1	
Net profit after deduction of minority interests		93.2		128.9	
Earnings per share					
– average number of outstanding registered shares eligible for dividend in 2001: 4 079 089		22.85 ²		31.22 ²	
Earnings per share, including the shares reserved for the board and for convertible bonds					
– average number of registered shares in 2001, including conditional capital: 4 801 401; net profit is adjusted by 2.1 million CHF for interest no longer payable on bonds and the resulting tax consequences		19.85 ²		26.89 ²	

¹ The numbers in this column refer to the comments in the notes (commencing on page 47).

² Shares held by the company are not included in the average number of shares.

Consolidated balance sheet

	(Notes)	December 31 2001 CHF million	December 31 2000 CHF million
Assets			
Tangible fixed assets	(7)	682.4	683.7
Investments		62.1	38.2
Long-term receivables		42.5	24.8
Goodwill	(8)	168.6	156.0
Other receivables and rights	(9)	89.3	63.9
Fixed assets		1 044.9	966.6
Liquid funds	(10)	321.0	418.0
Trade receivables	(11)	519.4	546.1
Other receivables		138.8	180.0
Inventories	(12)	304.6	318.0
Current assets		1 283.8	1 462.1
Assets		2 328.7	2 428.7
Shareholders' equity and liabilities			
Share capital		45.7	45.5
Share premium account (capital reserve)		27.2	46.0
Group reserves		741.7	699.2
Net profit for the year after deduction of minority interests		93.2	128.9
Shareholders' equity		907.8	919.6
in % of total shareholders' equity and liabilities		39.0	37.9
Minority interests	(13)	82.4	74.8
Trade payables		313.5	360.4
Advance payments by customers		105.6	148.4
Short-term bank borrowings		69.5	120.6
Bonds	(14)	139.9	0.0
Other short-term liabilities	(15)	272.2	243.9
Current liabilities		900.7	873.3
Loans from banks		59.8	70.0
Bonds	(14)	125.0	239.9
Deferred taxes	(5)	47.0	49.7
Provisions	(16)	186.1	192.8
Other long-term liabilities		19.9	8.6
Long-term liabilities		437.8	561.0
Liabilities		1 338.5	1 434.3
Shareholders' equity and liabilities		2 328.7	2 428.7

Consolidated statement of cash flows

	(Notes)	2001 CHF million	2000 CHF million
Net profit		111.2	146.0
Depreciation of tangible fixed assets		123.7	116.8
Amortization of goodwill/financial assets		11.2	8.9
Cash flow		246.1	271.7
Minority interests in profits		-18.0	-17.1
Change in provisions		-11.3	-20.0
Accruals		57.6	19.1
Change in inventories		18.2	-28.5
Change in trade receivables		31.7	-15.4
Change in trade payables		-49.5	39.1
Change in other liabilities, other assets		-26.4	67.5
Cash provided by operations		248.4	316.4
Capital expenditure		-129.7	-122.9
Disposals of tangible fixed assets		17.9	7.2
Investments		-66.6	-19.3
Disposals of investments		7.0	12.6
Changes in the scope of consolidation	(17)	-16.3	-137.1
Cash used for investing activities		-187.7	-259.5
Free cash flow		60.7	56.9
Dividend paid to shareholders of Rieter Holding Ltd.		-35.3	-31.5
Increase in share capital		10.1	4.6
Change in holding/valuation of own shares		-50.5	12.2
Change in marketable securities		-17.8	0.0
Change in minority interests		7.6	-1.2
Change in short-term bank borrowings		-55.3	-26.5
Change in short-term, interest-bearing liabilities		-17.1	-8.7
Change in long-term bank loans		-20.1	20.5
Change in other long-term liabilities		29.3	-13.6
Cash provided by financing activities		-149.1	-44.2
Changes in bases of valuation, currency effects and consolidation items		-8.6	6.4
Change in liquid funds		-97.0	19.1
Liquid funds at beginning of year		418.0	398.9
Liquid funds at end of year		321.0	418.0
Interest paid		27.2	31.2
Taxes paid		73.9	56.0

Changes in the scope of consolidation are not presented on each line, but together (Note 17).

Changes in consolidated equity

	Share capital CHF million	Share premium account CHF million	Group reserves CHF million	Net profit for the year CHF million	Total CHF million
At December 31, 1999	45.5	33.5	634.9	111.8	825.7
Appropriation of profit	0.0	0.0	80.3	-80.3	0.0
Dividend payment	0.0	0.0	0.0	-31.5	-31.5
At January 1, 2000	45.5	33.5	715.2	0.0	794.2
Currency effects; other	0.0	0.0	-20.3	0.0	-20.3
Net profit after deduction of minority interests	0.0	0.0	0.0	128.9	128.9
Profit on holding of own shares	0.0	0.0	4.3	0.0	4.3
Increase in share capital	0.0	4.6	0.0	0.0	4.6
Change in holding of own shares	0.0	7.9	0.0	0.0	7.9
At December 31, 2000	45.5	46.0	699.2	128.9	919.6
Change in accounting principles according to IAS Financial instruments	0.0	0.0	35.5	0.0	35.5
Appropriation of profit	0.0	0.0	93.6	-93.6	0.0
Dividend payment	0.0	0.0	0.0	-35.3	-35.3
At January 1, 2001	45.5	46.0	828.3	0.0	919.8
Currency effects; other	0.0	0.0	-11.5	0.0	-11.5
Net profit after deduction of minority interests	0.0	0.0	0.0	93.2	93.2
Profit on holding of own shares	0.0	0.0	-21.8	0.0	-21.8
Increase in share capital	0.2	9.9	0.0	0.0	10.1
Change in marketable securities available for sale	0.0	0.0	-53.3	0.0	-53.3
Change in holding of own shares	0.0	-28.7	0.0	0.0	-28.7
At December 31, 2001	45.7	27.2	741.7	93.2	907.8

Exchange rates for currency translation

		Average annual rates		Year-end rates at Dec. 31	
		2001	2000	2001	2000
		CHF	CHF	CHF	CHF
Argentina	1 ARS	1.69	1.69	1.66	1.61
Brazil	1 BRL	0.72	0.92	0.72	0.83
China	100 CNY	20.38	20.39	20.00	19.45
Euro	1 EUR	1.51	1.56	1.48	1.52
Great Britain	1 GBP	2.43	2.55	2.42	2.41
Hong Kong	100 HKD	21.63	21.66	21.25	20.65
India	100 INR	3.58	3.77	3.44	3.45
Canada	1 CAD	1.09	1.14	1.05	1.07
Poland	100 PLN	40.08	38.90	41.90	39.00
South Africa	1 ZAR	0.20	0.24	0.14	0.21
Taiwan	100 TWD	5.00	5.42	4.75	4.87
Czech Republic	100 CZK	4.44	4.37	4.66	4.28
USA	1 USD	1.69	1.69	1.66	1.61

Segment information

by division

Sales		
CHF m	2001	2000
Textile Systems	1 238.5	1 089.9
Automotive Systems	1 899.9	1 824.9
Other activities	31.8	16.2
Total	3 170.2	2 931.0

Operating result		
CHF m	2001	2000
Textile Systems	97.9	89.1
Automotive Systems	102.0	107.2
Other activities, incl. group costs	4.0	3.2
Total	203.9	199.5

Assets		
CHF m	2001	2000
Textile Systems	986.8	981.9
Automotive Systems	1 160.0	1 161.3
Other activities, incl. group liquidity	181.9	285.5
Total	2 328.7	2 428.7

Liabilities		
CHF m	2001	2000
Textile Systems	585.4	595.4
Automotive Systems	726.1	800.6
Other activities, incl. group liabilities	27.0	38.3
Total	1 338.5	1 434.3

Capital expenditure and investments incl. goodwill		
CHF m	2001	2000
Textile Systems	56.2	127.0
Automotive Systems	96.7	110.1
Other activities, incl. group costs	0.7	5.9
Total	153.6	243.0

Depreciation of fixed assets incl. amortization of goodwill		
CHF m	2001	2000
Textile Systems	41.2	34.6
Automotive Systems	88.4	87.0
Other activities	3.6	4.0
Total	133.2	125.6

Number of employees at year-end		
	2001	2000
Textile Systems	4 675	4 193
Automotive Systems	8 180	7 922
Other activities	122	117
Total	12 977	12 232

by geographical region

Sales		
CHF m	2001	2000
Europe	1 444.4	1 324.1
Asia incl. Turkey	645.0	527.1
North America	860.4	863.8
Latin America	181.6	181.4
Africa	38.8	34.6
Total	3 170.2	2 931.0

Assets		
CHF m	2001	2000
Europe	1 305.9	1 430.4
Asia incl. Turkey	59.8	44.3
North America	905.3	891.7
Latin America	53.7	58.6
Africa	4.0	3.7
Total	2 328.7	2 428.7

Capital expenditure and investments incl. goodwill		
CHF m	2001	2000
Europe	102.7	179.3
Asia incl. Turkey	6.2	2.1
North America	38.8	57.9
Latin America	5.9	3.7
Africa	0.0	0.0
Total	153.6	243.0

Number of employees at year-end		
	2001	2000
Europe	8 990	8 325
Asia incl. Turkey	605	572
North America	2 692	2 635
Latin America	674	685
Africa	16	15
Total	12 977	12 232

Principles of consolidation and accounting principles

Principles of consolidation

The bases for the consolidated financial statements are the financial statements of the individual group companies at December 31, 2001. These are drawn up using uniform accounting policies. The consolidated financial statements of the Rieter Group prepared in accordance with the consolidation and accounting principles set out below are based on market values for the financial assets and liabilities and historical costs for other assets and liabilities and they conform to International Accounting Standards (IAS).

The consolidation and accounting principles applied to the 2001 consolidated financial statements are unchanged from the previous year, with the exception of the International Accounting Standards listed below, which were adopted for the first time in the year under review:

- IAS 39 Financial Instruments, Recognition and Measurement
- IAS 40 Investment Property

Scope of consolidation

The financial statements of Rieter Holding Ltd. and those group companies in which it controls at least 50% of the voting rights, either directly or indirectly, are fully consolidated. Joint ventures in which a 50% interest is held are also fully consolidated if Rieter exercises control, either by appointing management, by being the company's main customer, or by integrating the joint venture in the group's customer services organization and product policies. Changes in the scope of consolidation are included with effect from the date of the addition or disposal. Capital is offset according to the Anglo-Saxon method. Minority interests are stated separately in the balance sheet and the income statement. Inter-company transactions are eliminated.

Holdings of 20% to 49% are included in the consolidated financial statements using the equity method. Holdings of less than 20% are included in the balance sheet at acquisition cost less any impairments in value. The significant subsidiaries and associated companies are listed on page 63.

Currency translation

The financial statements of the foreign group companies are drawn up in local currency and translated into Swiss francs for purposes of consolidation. Year-end exchange rates are used for the balance sheet, average exchange rates for the income statement.

Currency differences arising from translation are taken directly to equity without any impact on income. In the event of the disposal or liquidation of foreign group companies, the accumulated currency differences are offset against sale or liquidation proceeds. Exchange rates for currencies in high-inflation countries take due account of monetary depreciation in the local currency. Foreign currency balances held by group companies are translated at year-end rates. The resulting gains or losses are posted to income.

Change in the scope of consolidation

The development company Wilhelm Stahlecker GmbH (WST) and the Novibra companies, with sales to third parties of 29.2 million CHF, 76 employees in Germany and 376 employees in the Czech Republic, were acquired from the Suessen Group with effect from January 1, 2001. WST is a development company for textile machinery components in the fields of rotor and ring spinning machines. Novibra supplies mainly technology components for rotor and ring spinning machines to textile machinery manufacturers and as spare parts to spinning mills.

In the previous year the scope of consolidation was increased by the inclusion of the business units acquired from ICBT with effect from May 1, 2000, and Idea Institute with effect from August 1, 2000.

Investments

A 19% holding in the Suessen spindle plant in Germany was acquired in the year under review. Rieter has the right to acquire the remaining share capital in two stages.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at acquisition cost less accumulated depreciation on a straight-line basis over their estimated useful life. Land is written down only in the event of ongoing impairment of value. Investment property is also included in the balance sheet at acquisition cost less depreciation on a straight-line basis.

The useful lives applied are as follows:

factory buildings, investment property	25–40 years
machinery / plant and equipment	5–15 years
tools/data processing equipment/ furniture	3–10 years

Investment grants and similar subsidies are taken to income in the period corresponding to the related depreciation.

The various categories of assets also include assets financed by long-term contracts (financial leasing). The related liabilities are included in the balance sheet under long-term liabilities. The costs of assets held under operating leases are charged to income in the period in which they are incurred. The presentation of these assets in the statement of cash flows is consistent.

Goodwill

Goodwill represents the difference between the purchase price of an acquired company and the estimated market value of its net assets; it is capitalized and amortized against income on a straight-line basis over their estimated useful life, not exceeding 20 years.

Intangible assets

Intangible assets such as product licences, patents and trademark rights acquired from third parties are included in the balance sheet at acquisition cost less accumulated depreciation and are amortized on a straight-line basis over a period of 1 to 8 years.

Liquid funds

Liquid funds include cash, short-term time deposits and marketable securities. Marketable securities are acquired in accordance with the group's funds management policy. Changes in holdings of marketable securities for trading purposes are posted to income. Changes in the value of marketable securities available for sale are recorded in shareholders' equity until they are sold. Any ongoing impairment in the value of marketable securities available for sale is charged to income.

Receivables

Receivables are stated at face value less allowances to reduce them to net realizable value.

Inventories

Purchased goods are stated at average cost, products manufactured in-house at the lower of manufacturing cost or net realizable value. Adjustments are made for slow-moving items and excess stock.

Provisions

If legal or likely liabilities are incurred as a consequence of past events, provisions are made to cover the expected outflow of funds.

Deferred taxes

Deferred taxes on differences in amounts reported for group purposes and amounts determined for local tax purposes are stated using the liability method; current local tax rates are applied for this purpose. Deferred tax assets and liabilities are offset to the extent that this is permitted by law. Changes in deferred taxes are recorded as tax expenses.

Deferred taxes on retained earnings of group companies are only accrued in cases where a distribution of profits is planned.

The tax impact of losses is capitalized only to the extent that it appears certain that such losses will be offset in future by temporary valuation differences or profits.

Research and development

The development costs of major projects are capitalized only if the cash value of their future returns is likely to exceed the expected costs and sales are firm when costs are capitalized.

No research and development costs were capitalized in the financial year under review.

Pension funds

Employee pension plans are operated by certain subsidiaries, depending upon the level of coverage provided by the government pension facilities in the various countries in which they operate. Some of these are provided by independent pension funds. If no separate institutions exist, appropriate liabilities are recorded in provisions for pension liabilities in the balance sheet. As a rule, pensions are funded by employees' and employer's contributions. Pension plans exist on the basis of both defined contributions and defined benefits. Pension liabilities arising from defined-benefit plans are calculated according to the "projected unit credit method" and are usually appraised annually by independent actuaries. If the actual assets and pension liabilities differ by more than 10% from the projected values, these actuarial gains or losses are posted to income on a straight-line basis over the remaining service life of the employees covered. In the case of defined-contribution pension plans, the contributions are recorded as expenses in the period in which they are incurred.

Sales and realization of profits

Sales arising from deliveries of products and services are recorded on completion of delivery. Gross sales correspond to the invoice value of goods and services supplied to third parties. Credits, discounts and rebates are deducted from gross proceeds, as well as sales deductions arising from actual or foreseeable defaults.

Financing costs

Financing costs are recognized in the income statement.

Financial risk management

Business activities are exposed to market risks such as fluctuations in exchange rates and interest rates, as well as volatile stock market prices. The group executive committee monitors compliance with the principles the company has established.

Exchange rate risks

Risks arising from exchange rate fluctuations due to the group's global operations have an impact on the financial position and cash flows presented in Swiss francs. Internal forward foreign exchange contracts are concluded when the relevant business transactions are entered into in order to cover transaction risks arising from operational activities. The majority of expenses and income occurs in local currencies, so that the group's total transaction exchange rate risk amounts to less than 15% of sales. Hedging transactions are entered into with external counterparties with good international credit ratings and are valued at market values. No hedge accounting was used in the 2001 financial year.

Credit risks

Collection risks at Textile Systems are usually hedged by insurance, advance payments, letters of credit or other instruments. Bulk risks are avoided by diversifying the customer portfolio in terms of sector and region. The business relationships of Automotive Systems are mostly with well-known manufacturers. Banking relationships depend on the credit rating and range of services of the relevant institutions.

Market and interest rate risks

Balance sheet items, financial assets or liabilities, are hedged against market and interest rate risks centrally at group headquarters. Forwards, options or swaps are used for this purpose.

Notes to the consolidated financial statements

1. Sales

Change in sales		
CHF m	2001	2000
Change in sales due to volume and price, Textile Systems	73.3	159.6
Change in sales due to volume and price, Automotive Systems	107.8	75.0
Change in sales due to volume and price, other activities	17.2	-2.5
Change in the scope of consolidation	106.3	190.0
Currency effects	-65.4	73.5
Total change in sales	239.2	495.6

Organic growth of 6.7% at Textile Systems and 5.9% at Automotive Systems made a significant contribution to sales growth. The increase in sales due to the change in the scope of consolidation includes sales by Novibra and WST, the companies acquired in full from the Suessen Group, at Textile Systems. They were consolidated for 12 months in the current year. The Rieter ICBT Group at Textile Systems and Idea Institute at Automotive Systems were also consolidated for a full year for the first time in the year under review. In the previous year Rieter ICBT was included in the scope of consolidation with effect from May 1 and Idea Institute with effect from August 1. This effect was taken into account pro rata temporis in the change in the scope of consolidation. The 2.2% decrease in sales due to currency effects resulted mainly from the decline in the exchange rate of the Euro and the Brazilian currency. In local currencies growth in Textile Systems was 14.7%, in Automotive Systems 7.0% and groupwide 10.4%.

2. Employee costs

CHF m	2001	2000
Wages and salaries	730.0	688.4
Social security and other personnel expenses	159.8	153.6
Total	889.8	842.0

3. Depreciation and amortization

CHF m	2001	2000
Tangible fixed assets	123.7	116.8
Goodwill	9.5	7.0
Total	133.2	123.8

4. Financial income

CHF m	2001	2000
Interest income	8.4	12.0
Income from marketable securities	-12.3	28.9
Income from non-consolidated investments	3.1	3.3
Other	1.2	0.5
Total	0.4	44.7

Low interest rates on time deposits and negative price trends on the securities markets had an impact on financial income. In conformity with IAS 39, part of the securities holdings were classified as securities available for sale. This portion of the securities portfolio is included in the balance sheet at market value. The change in value in the year under review was adjusted in the income statement by an amortization of 13.8 million CHF.

5. Taxes

CHF m	2001	2000
Income taxes	65.3	47.4
Deferred taxes	-11.8	1.7
Other	8.6	8.6
Total	62.1	57.7

The tax charge rose by 4.4 million CHF while pre-tax earnings declined. This was primarily due to lower financial income, which is taxed at a lower rate than the average applied to operating activities. The tax rate of 35.8% was higher than the previous year's figure of 28.3%. The potential positive impact of accrued losses on income taxes is valued cautiously and only capitalized when it is certain that it can be offset in the foreseeable future.

Income taxes

CHF m	2001	2000
Expected tax charge on pre-tax profits of 173.3 (vs. 203.7) million CHF at an average rate of 32.5% (vs. 23.0% in 2000)	56.4	46.9
Impact of losses and accrued losses	3.6	0.1
Impact of changes in tax rates and tax legislation	-0.1	-0.5
Other effects	-6.4	2.6
Total income taxes	53.5	49.1

Deferred taxes

Assets		
CHF m	2001	2000
Tangible fixed assets	2.8	3.5
Inventories	3.9	2.4
Other assets	3.8	4.8
Provisions	2.9	4.1
Other liabilities	7.6	6.2
Adjustments of tax assets and liabilities	-6.9	-18.8
Accrued losses and tax credits	15.7	6.2
Deferred taxes, gross	29.8	8.4
Offsetting with liabilities	-18.4	-5.2
Deferred taxes, net	11.4	3.2

Liabilities		
CHF m	2001	2000
Tangible fixed assets	43.3	45.2
Inventories	7.7	7.6
Other assets	12.7	12.6
Provisions	3.9	1.4
Other liabilities	1.5	2.1
Adjustments of tax assets and liabilities	-3.7	-14.0
Deferred taxes, gross	65.4	54.9
Offsetting with assets	-18.4	-5.2
Deferred taxes, net	47.0	49.7

6. Research and development

143.5 million CHF was spent on research and development (120.5 million CHF in 2000). The focus in the Textile Systems Division was on the development of new machines for cotton and filament spinning, primarily in the fields of rotor and compact spinning machinery as well as cards. Developments at Automotive Systems included applications for new models and customer-specific acoustic products.

7. Tangible fixed assets

CHF m	Land and buildings	Machinery, equipment and tools ¹	Data processing equipment	Vehicles and furniture ²	Machinery and tools under construction	Total fixed assets
At December 31, 1999	281.0	347.0	17.7	13.4	31.2	690.3
Reclassification	-8.1	-2.5	0.0	0.0	0.0	-10.6
Changes in the scope of consolidation	-0.3	5.9	2.1	6.1	0.0	13.8
Capital expenditure	10.6	75.0	9.6	5.4	22.3	122.9
Disposals	-3.8	1.5	-0.1	0.2	-2.8	-5.0
Depreciation	-14.7	-85.2	-8.8	-8.1	0.0	-116.8
Currency effects	-5.0	-4.4	-0.2	-0.2	-1.1	-10.9
At December 31, 2000	259.7	337.3	20.3	16.8	49.6	683.7
Accumulated depreciation	234.7	837.7	48.8	62.5	0.0	1 183.7
Cost at December 31, 2000	494.4	1 175.0	69.1	79.3	49.6	1 867.4
Reclassification	1.9	19.7	0.4	0.2	-22.2	0.0
Changes in the scope of consolidation	5.8	3.1	0.0	0.0	0.0	8.9
Capital expenditure	16.9	68.1	6.8	6.5	31.4	129.7
Disposals	-14.2	-1.7	-0.2	-1.1	-0.3	-17.5
Depreciation	-18.2	-89.0	-9.6	-6.9	0.0	-123.7
Currency effects ³	0.6	0.6	-0.1	-0.1	0.3	1.3
At December 31, 2001	252.5	338.1	17.6	15.4	58.8	682.4
Accumulated depreciation	249.1	855.9	54.7	61.2	0.0	1 220.9
Cost at December 31, 2001	501.6	1 194.0	72.3	76.6	58.8	1 903.3

¹ Including machinery and operating facilities.

² Including pilot machines.

³ The positive influence of the US companies (5.6 million CHF) and a reduction in the value of equipment from Brazil (2.7 million CHF) were the main components of the 1.3 million CHF increase in tangible fixed assets due to currency effects.

Land and buildings

CHF m	2001	2000
Land in operational use	27.4	28.3
Factory and office buildings	177.6	176.3
Residential properties, land	47.5	55.1
Total	252.5	259.7

Factory and office buildings were insured at the replacement value of 983.8 million CHF at the balance sheet date (972.8 million CHF in 2000) and residential properties at the replacement value of 88.8 million CHF (94.4 million CHF in 2000).

Investment property

Consolidated value	
CHF m	2001
At January 1	45.4
Capital expenditure	0.0
Disposals	-3.2
Depreciation	-0.8
At December 31	41.4
Market value at December 31	63.2

The market value of investment property was established on the basis of net income values calculated by the company.

8. Goodwill

CHF m	2001	2000
At January 1	156.0	50.1
Change in the scope of consolidation	23.9	116.5
Amortization	-9.5	-7.0
Currency effects	-1.8	-3.6
At December 31	168.6	156.0
Accumulated amortization incl. currency effects	30.1	20.6
Total goodwill at cost at December 31	198.7	176.6

9. Other receivables and rights

The asset of 47.2 million CHF included in the previous year for employee benefits remained unchanged. The prudent calculation of this figure is based on the potential future benefit to group companies.

10. Liquid funds

CHF m	2001	2000
Bank balances and time deposits	158.3	229.1
Marketable securities	162.7	188.9
Total	321.0	418.0

The majority of liquid funds are managed centrally in an effort to limit currency risk. A netting system and a group cash pool further reduce currency exposures.

Securities are valued at market value in conformity with the new rules of IAS 39.

Of the holdings of securities totalling 162.7 million CHF, 1.8 million CHF was invested in options (3.8 million CHF in 2000). These were mainly call options. 48% of the shareholdings were in securities of Swiss-based companies (66% in 2000). Investments in equities are broadly diversified, consisting chiefly of listed investments in the industrial, banking and service sectors. No interest rate hedges were outstanding at year-end

Most of the funds held by the Rieter companies were in their local currencies. The valuation risks of the investments in securities and in foreign currencies are reviewed periodically.

11. Trade receivables

Amounts due and bills receivable arise from the sale of products and services. Receivables are mainly in the local currencies of the relevant companies and are stated after deductions for possible losses. In the case of receivables in foreign currencies, possible currency risks are limited by entering into financial transactions. Payment risks are avoided at Textile Systems by the use of advance payments, letters of credit and insurance.

12. Inventories

CHF m	2001	2000
Raw materials and consumables	53.0	49.5
Purchased parts and goods for resale	55.9	62.2
Semi-finished and finished goods	94.8	102.9
Work in progress	100.9	103.4
Total	304.6	318.0

13. Minority interests

The main minority interests held by third parties are in UGN (USA), Magee Rieter (USA) and Rieter-LMW Machinery Ltd. (India).

14. Bonds

CHF m	2001	2000
4¼% bonds, maturing 2001	–	100.0
4% bonds, maturing 2007	125.0	–
1½% convertible bonds, maturing 2002	139.9	139.9
Total	264.9	239.9
Short-term liabilities	139.9	0.0
Long-term liabilities	125.0	239.9

16. Provisions

CHF m	Pension liabilities	Business risks	Other provisions	Total provisions
Provisions at December 31, 1999	51.5	59.4	94.9	205.8
Reclassification	2.2	–2.4	–10.0	–10.2
Change in the scope of consolidation	6.4	4.6	2.0	13.0
Utilization	–2.2	–14.3	–17.3	–33.8
Release	–4.0	–13.5	–4.3	–21.8
Additions	8.9	18.9	15.3	43.1
Currency effects	–2.6	–0.3	–0.4	–3.3
Provisions at December 31, 2000	60.2	52.4	80.2	192.8
Reclassification	0.0	–4.0	3.5	–0.5
Change in the scope of consolidation	1.7	0.0	0.2	1.9
Utilization	–4.9	–18.0	–16.0	–38.9
Release	–4.2	–8.7	–24.6	–37.5
Additions	7.6	25.8	36.3	69.7
Currency effects	–1.4	–0.1	0.1	–1.4
Provisions at December 31, 2001	59.0	47.4	79.7	186.1

The 100 million CHF of 4½% bonds issued in 1996 were due for repayment and were replaced by a new issue of 125 million CHF of 4% bonds, maturing in 2007. The 1¼% convertible bonds issued in 1997 will be due for repayment in 2002. The conversion price per share is 430 CHF.

15. Other short-term liabilities

CHF m	2001	2000
Sales commissions	19.0	14.2
Tax liabilities	20.2	25.6
Short-term, interest-bearing liabilities	3.7	3.7
Other short-term liabilities	112.7	107.3
Accrued liabilities	116.6	93.1
Total	272.2	243.9

17. Changes in the scope of consolidation

CHF m	2001	2000
Tangible fixed assets	8.9	14.8
Financial assets	7.3	1.3
Goodwill	17.9	116.5
Liquid funds	0.4	4.3
Trade receivables	5.0	50.4
Other receivables	1.1	12.9
Inventories	4.8	38.7
Trade payables	-2.7	-60.6
Other liabilities	-26.0	-36.9
Additions	16.7	141.4
less liquid funds	-0.4	-4.3
Cash provided by changes in the scope of consolidation	16.3	137.1

18. Pension plans**Defined-contribution plans**

The expenditure for defined-contribution pension plans amounted to 8.4 million CHF (6.9 million CHF in 2000).

Defined-benefit plans

For the actuarial calculation of the obligations of the different plans and the presentation of the value of the plans' assets, many countries, especially Switzerland, have rules for the definition of employee benefits which may differ substantially from IAS rules.

Pension costs of defined-benefit plans

CHF m	2001	2000
Current service cost	11.1	15.0
Interest cost	40.0	37.9
Expected return on plan assets	-38.4	-38.7
Employees' contributions	-5.1	-7.3
Expense recognized in the income statement	7.6	6.9

Funded status of defined-benefit plans

CHF m	2001	2000
Actuarial present value of defined benefit obligation (DBO)		
– unfunded	-26.9	-26.3
– funded	-871.2	-864.6
Fair value of plan assets adjusted by actuarial risk rate	928.4	932.6
Recognized in the balance sheet		
– as assets	51.5	50.4
– as pension provisions	-28.1	-27.0
Net assets at Dec. 31	23.4	23.4

Actuarial gains are capitalized to the extent the company will be able to utilize them.

Development of balance sheet items

CHF m	2001	2000
Net assets at Jan. 1	23.4	22.5
Change in the scope of consolidation	-1.2	0.0
Expense for defined-benefit plans	-7.6	-6.9
Employer's contributions	8.8	7.8
Net assets at Dec. 31	23.4	23.4

Actuarial assumptions

in %	2001	2000
Discount rate	4.2	4.2
Expected return on assets	4.2	4.2
Future wage growth	2.7	2.6
Future pension growth	1.7	1.7

The assumptions are calculated as a weighted average for all pension plans.

19. Staff share purchase plans

There is a share purchase plan for executives. In the year under review, 86 participants purchased 17 206 shares (15 138 shares in 2000) at a price of 272 CHF per share (335 CHF in the 2000). At least two-thirds of these shares cannot be resold for three years. At year-end, 33 412 shares were held in blocked accounts. 17 206 shares from the holdings of Rieter Holding Ltd. were issued for this program.

In addition, top executives could subscribe one additional option for each share which was purchased and subject to restrictions on sale under the above plan. Each option entitles the holder to purchase a share after two years at a price of 419 CHF, which corresponds to the average market price on the date the options were issued. A total of 4 071 options were issued (2 824 options in 2000) and can be exercised until August 11, 2006. A total of 6 895 options were open at year-end. Long-service bonuses are also granted in the form of shares at some companies, and 13 988 shares are reserved for this purpose.

20. Future liabilities of finance leasing

CHF m	2001	2000
Current	1.3	1.8
2-5 years	0.5	3.1
Total	1.8	4.9

No purchase liabilities in respect of large projects were open at year-end.

21. Associated persons and companies

As in the previous year, there are no receivables or payables with directors or major shareholders.

Transactions with associated persons and companies are conducted on market terms and conditions.

22. Approval for publication of the consolidated financial statements

The consolidated financial statements were approved for publication by the board of directors on April 8, 2002. They are also subject to approval by the annual general meeting. No events have occurred up to April 8, 2002, which would necessitate adjustments to the book values of the group's assets or liabilities, or which require disclosure.

Report of the group auditors



Report of the group auditors to the General Meeting of Rieter Holding Ltd., Winterthur

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows, changes in equity and notes on pages 39 to 53 and page 63) of Rieter Holding Ltd. for the year ended December 31, 2001.

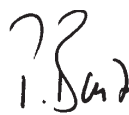
These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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 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 International Accounting Standards (IAS) and comply with Swiss law.

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

PricewaterhouseCoopers AG


P. Binz


St. Haag

Zurich, April 9, 2002

Income statement of Rieter Holding Ltd.

For the financial year from January 1 to December 31			
	(Notes)	2001 CHF	2000 CHF
Income			
Income from investments	(1)	64 256 248	66 742 652
Marketable securities and interest income	(2)	-18 045 094	36 082 302
Other income	(3)	12 615 032	25 393 344
Total income		58 826 186	128 218 298
Expenditure			
Financial expense	(4)	19 928 093	17 127 803
Administration expense		2 767 689	2 801 832
Depreciation, provisions	(5)	-	63 000 000
Total expenditure		22 695 782	82 929 635
Net profit		36 130 404	45 288 663

Balance sheet of Rieter Holding Ltd.

At December 31, before appropriation of profit			
	(Notes)	December 31, 2001 CHF	December 31, 2000 CHF
Assets			
Investments in and loans to subsidiaries	(6)	676 090 475	604 111 244
Fixed assets		676 090 475	604 111 244
Accrued income and prepayments	(7)	2 002 110	909 862
Receivables from third parties	(8)	11 713 472	17 326 708
Receivables from subsidiaries	(9)	55 520 248	36 461 520
Receivables		69 235 830	54 698 090
Liquid funds	(10)	165 667 939	243 080 588
Current assets		234 903 769	297 778 678
Total assets		910 994 244	901 889 922
Shareholders' equity and liabilities			
Share capital	(11)	45 690 560	45 455 260
Legal reserves			
– General reserve	(12)	27 500 000	27 500 000
– Reserve for own shares	(13)	76 232 520	25 644 888
Other reserves	(14)	193 575 148	230 280 180
Retained earnings	(15)		
– Balance brought forward		21 381 177	15 388 548
– Net profit for the year		36 130 404	45 288 663
Shareholders' equity		400 509 809	389 557 539
Short-term liabilities	(16)	222 545 332	258 899 860
Accrued liabilities	(17)	5 860 603	2 423 423
Current liabilities		228 405 935	261 323 283
Bonds	(18)	264 909 100	239 909 100
Loans from subsidiaries		6 069 400	0
Provisions	(19)	11 100 000	11 100 000
Long-term liabilities		282 078 500	251 009 100
Liabilities		510 484 435	512 332 383
Total shareholders' equity and liabilities		910 994 244	901 889 922

Notes to the accounts of Rieter Holding Ltd.

1. Income from investments

The company noted no significant change in dividend income compared with the previous year.

2. Marketable securities and interest income

Higher interest and foreign exchange income was offset by lower share prices. Against the backdrop of the trend on the international capital markets weakened further by the events in September. The previous year's good financial results could not be reached.

3. Other income

In contrast to the previous year, no payments were received in the year under review in respect of receivables written off in earlier years.

4. Financial expense

Interest cost of liabilities to group companies in the group cash pool and interest cost of the bonds are the main elements of financial expense.

5. Depreciation and provisions

No further valuation adjustments and provisions were made in the year under review.

6. Investments in and loans to subsidiaries

CHF m	2001	2000
Investments in subsidiaries	202.4	195.0
Loans to subsidiaries	473.7	409.1
Total	676.1	604.1

The main subsidiaries and associated companies are listed on page 63. These investments are held directly or indirectly by Rieter Holding Ltd. Some receivables were converted into loans to subsidiaries and some loans were capitalized in the year under review.

7. Accrued income and prepayments

Accrued income and prepayments include accrued interest income on bond holdings and money market investments, as well as financing costs.

8. Receivables from third parties

Receivables from third parties consist of receivables from withholding tax credits and current account relationships with personnel welfare funds and third parties in the context of the group cash pool maintained by Rieter Holding Ltd. The reduction compared with the previous year is due to the fact that since 2001 the notification procedure can be applied to dividend payments within the group, thus eliminating withholding taxes.

9. Receivables from subsidiaries

Current account credits or advances on market terms and conditions maturing within six months are granted in the context of central cash management.

10. Liquid funds

CHF m	2001	2000
Bank balances and time deposits	26.7	131.7
Marketable securities	139.0	111.4
Total	165.7	243.1

11. Share capital

Share capital was increased by 23 530 shares, which were utilized for conversions of convertible bonds. 4 569 056 shares were paid-in at the balance sheet date.

12. General reserve

The general reserve meets the legal requirements. No transfer was made in the year under review.

13. Reserve for own shares

Shares held by all group companies	
	Number
Registered shares held at January 1, 2001	70 750
Purchases January–December 2001 (average price 415.41)	133 079
Sales January–December 2001 (average price 466.33)	25 554
Registered shares held at December 31, 2001	178 275

The reserve for own shares was made at acquisition cost.

14. Other reserves

CHF m	2001	2000
Opening balance	230.3	214.3
Allocation from profits	4.0	4.0
Premium on newly issued shares	9.9	4.5
Transfer to reserve for own shares	-50.6	7.5
Total	193.6	230.3

The premium of 9.9 million CHF arose from the issue of 23 530 shares. The newly issued shares were taken from the holding reserved for the convertible bonds.

15. Retained earnings

Including the balance brought forward, the annual general meeting has 57.5 million CHF at its disposal (60.7 million CHF in 2000).

16. Short-term liabilities

CHF m	2001	2000
Liabilities due to group companies	221.5	257.8
Liabilities due to third parties	1.0	1.1
Total	222.5	258.9

Rieter Holding Ltd. manages the liquid funds of group companies and third parties (pension funds) in the central cash pool.

17. Accrued liabilities

Accrued liabilities include accrued interest payable and open foreign exchange transactions.

18. Bonds

CHF m	2001	2000
4¼% bonds, maturing 2001	–	100.0
4% bonds, maturing 2007	125.0	–
1½% convertible bonds, maturing 2002	139.9	139.9
Total	264.9	239.9

Further details are provided on page 60.

19. Provisions

Provisions include foreign exchange risks and contingent liabilities.

20. Guarantees to third parties

CHF m	2001	2000
Guarantees	42.1	32.3

Guarantees to third parties consist of guarantees and letters of comfort issued to investment institutions and banks for loans granted to subsidiaries.

Proposal of the board of directors

For the appropriation of profit (2001 financial year)		
	2001 CHF	2000 CHF
Net profit for the year	36 130 404	45 288 663
Retained earnings brought forward from previous year	20 389 287	15 388 548
Reduced dividend in previous year due to change in number of shares eligible for dividend	991 890	0
At the disposal of the annual general meeting	57 511 581	60 677 211
Proposal		
Dividend on registered shares	15 275 002	36 287 924
Allocation to other reserves	20 000 000	4 000 000
Retained earnings	22 236 579	20 389 287
Net profit at the disposal of the annual general meeting	57 511 581	60 677 211

Upon approval of this proposal by the annual general meeting, a gross distribution for the 2001 financial year of CHF 3.60 (CHF 2.34 net dividend) will be paid on each registered share of CHF 10.00 par value on May 15, 2002. The board of directors will also propose a repayment of capital of CHF 5.00 per registered share of CHF 10.00 par value. Upon approval of this proposal, the capital repay-

ment will take place in August 2002. The aggregate payment to shareholders will therefore amount to a dividend of CHF 3.60 plus a capital repayment of CHF 5.00, totalling CHF 8.60. The dividend and the capital repayment will be paid into the bank or postal account specified by the holder of the shares.

Report of the statutory auditors



Report of the statutory auditors to the General Meeting of Rieter Holding Ltd., Winterthur

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes on pages 55 to 58 and page 63) of Rieter Holding Ltd. for the year ended December 31, 2001.

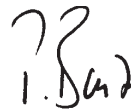
These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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 Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG


P. Binz


St. Haag

Zurich, April 9, 2002

Shareholdings and capital structure

At the end of the year, 4 898 shareholders were entered in the shareholders' register of Rieter Holding Ltd. (4 801 in the previous year). The analysis of shareholdings is as follows:

Registered shareholders	shares in %	2001 holders in %	shares in %	2000 holders in %
Total:				
– individuals	12.6	94.3	12.8	93.7
– legal entities	50.9	5.7	74.4	6.3
– floating shares	36.5		12.8	
Foreign investors:				
– individuals	0.8	6.9	0.8	6.6
– legal entities	5.4	0.6	6.2	1.0

Major shareholders and groups of shareholders with holdings exceeding 5% of all voting rights (pursuant to Art. 633c of the Swiss Code of Obligations) at December 31, 2001:
BZ Group, Wilen: 1 512 390 shares.
Rieter Holding Ltd. held 235 275 of its own shares directly or indirectly.

Share price development



Capital structure at December 31, 2001

	Number	
Securities code 367144 (Investdata: RIEN; Reuters: RITZn)		
Paid-in:	4 569 056	registered shares of CHF 10.– p.v.
Eligible for dividend:	4 243 056	including 178 275 held by the company, of which 13 988 are reserved for issue to employees
Conditional capital:	396 312	registered shares, of which 325 370 are reserved for convertible bonds
Listed on the Swiss Stock exchange		

Bonds

Securities code 1236261 (Reuters: CH 1236261=S)	CHF million	
4% bonds, maturing 2007	125.0	Annual interest payments on June 21
Securities code 723666 (Reuters: CH 723666=S)	CHF million	
1½% convertible bonds, maturing 2002	139.9	Annual interest payments on October 31

Conversion rights: 4 300 CHF par value of bonds into 10 registered shares of 10 CHF par value at a price of 430 CHF net per share until the due date of the bonds.

Information for investors

		2001	2000	1999	1998	1997
Share capital	CHF million	45.7	45.5	45.5	47.5	47.5
Net profit of Rieter Holding Ltd.	CHF million	36.1	45.3	39.1	38.6	36.4
Net profit	CHF million	111.2	146.0	124.0	129.4	134.2
Cash flow	CHF million	246.1	271.7	230.8	233.2	253.1
Gross distribution	CHF million	36.5 ¹	36.3	31.5	32.9	32.9
Payout ratio (as a % of net profit)	in %	39	28	28	27	27
Market capitalization (Dec. 31)	CHF million	1 485	2 080	1 977	1 844	1 367
Market capitalization as a % of						
– sales	in %	47	71	81	70	52
– cash flow after deduction of minority interests	in %	651	817	904	822	563
– equity	in %	164	226	239	231	186

Data per share

Prices on the Swiss Stock Exchange:							
– Registered shares ²	high	CHF	493	598	484	590	375
	low	CHF	348	461	395	300	185
– 1½-% convertible bonds, maturing 2002		in %	98	112	112	111	104
Gross distribution per registered share		CHF	8.60 ¹	8.60	7.50	7.50	7.50
– of which capital repayment		CHF	5.00				
Gross yield on registered shares	high	in %	1.7 ¹	1.4	1.5	1.3	2.0
	low	in %	2.5 ¹	1.9	1.9	2.5	4.1
Net profit after deduction of minority interests per registered share		CHF	23	31	27	27	28
Cash flow after deduction of interests per registered share		CHF	56	62	53	51	55
Price/earnings ratio of registered share	high		21.4	19.2	17.9	21.5	13.3
	low		15.1	14.8	14.6	10.9	6.5
Shareholders' equity (group) per registered share		CHF	223	223	200	182	168
Tax value per registered share		CHF	360	479	453	425	315

Market capitalization and data per share are based on the number of shares eligible for dividend.

¹ Proposed by the board of directors (page 58).

² Per-share data for 1997 to 1999 restated to reflect 2-for-1 share split.

Review – 1997 to 2001

		2001	2000	1999	1998	1997
Consolidated income statement						
Sales	CHF million	3 170.2	2 931.0	2 435.4	2 643.0	2 636.2
– Europe	CHF million	1444	1324	1266	1288	1191
– Asia (incl. Turkey)	CHF million	645	527	270	385	632
– North America	CHF million	860	864	725	726	579
– Latin America	CHF million	182	181	137	205	202
– Africa	CHF million	39	35	37	39	32
Corporate output	CHF million	3 025.4	2 841.8	2 364.7	2 546.2	2 539.0
Operating result before interest, taxes, depreciation and amortization (EBITDA)	CHF million	337.1	323.3	245.7	264.5	290.5
– as a % of corporate output		11.1	11.4	10.4	10.4	11.4
Operating result before interest and taxes (EBIT)	CHF million	203.9	199.5	135.3	165.7	184.7
– as a % of corporate output		6.7	7.0	5.7	6.5	7.3
Net profit	CHF million	111.2	146.0	124.0	129.4	134.2
– as a % of corporate output		3.7	5.1	5.2	5.1	5.3
Cash flow	CHF million	246.1	271.7	230.8	233.2	253.1
– as a % of corporate output		8.1	9.6	9.8	9.2	10.0
Capital expenditure	CHF million	129.7	122.9	100.9	141.4	139.2
Consolidated balance sheet						
Fixed assets	CHF million	1 044.9	966.6	864.0	815.0	786.7
Current assets	CHF million	1 283.8	1 462.1	1 292.2	1 328.7	1 437.2
Shareholders' equity before appropriation of profit	CHF million	907.8	919.6	825.7	798.6	735.3
Minority interests	CHF million	82.4	74.8	68.1	56.6	52.4
Current liabilities	CHF million	900.7	873.3	647.4	638.2	793.7
Long-term liabilities	CHF million	437.8	561.0	615.0	650.3	642.5
Total assets/liabilities	CHF million	2 328.7	2 428.7	2 156.2	2 143.7	2 223.9
Shareholders' equity %		39.0	37.9	38.3	37.3	33.1
Number of employees at year-end		12 977	12 232	11 262	12 266	12 551

Significant subsidiaries and associated companies

(at February 15, 2002)

			Paid-in capital in local currency	Group interest	Research & development	Sales/trading	Production	Services/financing
Switzerland	Maschinenfabrik Rieter AG, Winterthur	CHF	85 000 000	100%	•	•	•	•
	Schalttag AG, Effretikon	CHF	400 000	100%	•	•	•	
	Rieter Automotive Heatshields AG, Sevelen	CHF	250 000	100%	•	•	•	
	Rieter Management AG, Winterthur	CHF	5 000 000	100%				•
	Rieter Automotive Management AG, Winterthur	CHF	1 300 000	100%	•			•
	Tefina Holding AG, Engelberg	CHF	5 000 000	100%				•
	Temkom AG, Pfäffikon	CHF	1 000 000	80%	•	•	•	•
	Rieter Immobilien AG, Winterthur	CHF	2 000 000	100%				•
	Rieter Services AG, Winterthur	CHF	3 000 000	100%				•
Argentina	Rieter Automotive Argentina S.A., Córdoba	ARS	7 070 000	95%		•	•	
Belgium	Rieter Automotive Belgium N.V., Genk	EUR	1 797 228	100%		•	•	
Brazil	Rieter-Ello Artefatos de Fibras Textis Ltda., São Bernardo do Campo	BRL	35 107 000	100%	•	•	•	
	Rieter South America Ltda., São Paulo	BRL	2 173 653	100%		•		
China	Rieter Changzhou Textile Instruments Co. Ltd., Changzhou	RMB	6 000 000	100%				•
Germany	Rieter Ingolstadt Spinnereimaschinenbau AG, Ingolstadt	EUR	12 273 600	98%	•	•	•	•
	Rieter Automotive Germany GmbH, Rossdorf	EUR	11 248 421	100%	•	•	•	
	Rieter Automatik GmbH, Grossostheim	EUR	7 158 086	100%	•	•	•	•
	Rieter Vertriebs GmbH, Ingolstadt	EUR	15 338 756	100%		•		•
	Rieter Deutschland GmbH & Co. OHG, Ingolstadt	EUR	15 644 172	100%		•		•
	Wilhelm Stahlecker GmbH, Reichenbach im Täle	EUR	255 624	100%	•			
France	Rieter Automotive France S.A., Aubergenville	EUR	8 000 000	100%	•	•	•	
	Rieter Automotive Polymeres S.A., Moissac	EUR	2 000 000	100%		•	•	
	Rieter ICBT S.A., Valence	EUR	4 120 500	100%	•	•	•	•
	Rieter Perfojet S.A., Grenoble	EUR	336 000	100%	•	•	•	•
Great Britain	Rieter-Scragg Ltd., Langley	GBP	7 900 000	100%	•	•		
	Rieter UK Ltd., Staffordshire	GBP	2 500 000	100%				•
	Rieter Automotive Great Britain Ltd., Heckmondwike	GBP	6 500 000	100%	•	•	•	
Hong Kong	Rieter Asia (Hong Kong) Ltd., Hongkong	HKD	1 000	100%		•		
India	Lakshmi Machine Works Ltd., Coimbatore ¹	INR	60 957 600	13%	•	•	•	•
	Rieter-LMW Machinery Ltd., Perianaickenpalayam	INR	250 000 000	50%				•
	Rieter India Pvt. Ltd., New Delhi	INR	10 000 000	100%		•		
Italy	Rieter Automotive Fimit S.p.A., Mailand	EUR	8 400 000	100%	•	•	•	
	Rieter Italiana S.r.l., Mailand	EUR	46 800	100%		•		
	Idea Institute S.p.A., Turin	EUR	3 500 000	88%	•			•
Canada	Rieter Automotive Mastico Ltd., Ontario	CAD	381 000	100%	•	•	•	
Netherlands	Rieter Automotive Nederland B.V., Weert	EUR	2 042 010	100%		•	•	
Portugal	Rieter Componentes para Veículos Lda., Setúbal	EUR	598 557	87%		•	•	
Spain	Saifa-Keller S.A., Barcelona ¹	ESP	141 000 000	49%	•	•	•	
Taiwan	Rieter Asia (Taiwan) Ltd., Taipei	TWD	5 000 000	100%		•		
Czech Republic	Rieter CZ a.s., Ústí nad Orlicí	CZK	982 169 000	100%	•	•	•	•
	Novibra Boscovice s.r.o., Boscovice	CZK	40 000 000	100%	•	•	•	
USA	Rieter Automotive North America, Inc., Farmington Hills	USD	5 700 000	100%	•	•	•	
	Rieter Corporation, Spartanburg	USD	1 249	100%		•		
	Rieter ICBT Greensboro, Inc., Greensboro	USD	5 000	100%		•		
	UGN, Inc., Chicago	USD	500 000	50%	•	•	•	
	Magee Rieter Automotive Systems, Bloomsburg (no registered paid-in capital)	USD		50%	•	•	•	

¹ Non-consolidated investments in associated companies.

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This is a translation of the
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