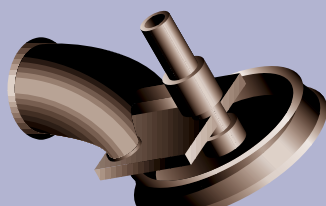


## DID YOU KNOW?...

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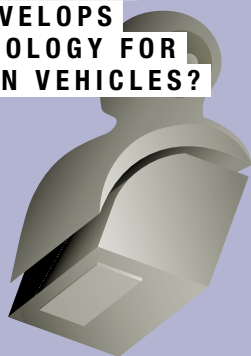


...THAT A RIETER GIRARD TURBINE  
BUILT MORE THAN 100 YEARS AGO  
IS STILL GENERATING ELECTRICITY  
AT WINTERTHUR'S WESPI MILL?



...THAT WITH COMFORSPIN RIETER  
TEXTILE SYSTEMS NOT ONLY PROVIDES A  
NEW SPINNING TECHNOLOGY, BUT ALSO  
A NEW INFORMATION SERVICE FOR  
CUSTOMERS AT [WWW.COM4.CH](http://WWW.COM4.CH)?

...THAT WITH THE HELP OF MODERN  
MEASURING INSTRUMENTS RIETER  
AUTOMOTIVE SYSTEMS DEVELOPS  
STATE-OF-THE-ART TECHNOLOGY FOR  
THE ACOUSTIC COMFORT IN VEHICLES?



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All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

## **The Rieter Group**

**Rieter, established in Winterthur in 1795, is a Swiss-based group operating on a global scale. It is a leading supplier of systems and services for the textile, automotive and plastics industries.**

**The group is organized into two divisions – Rieter Textile Systems and Rieter Automotive Systems – and its activities are focused on achieving long-term success.**

**Rieter Textile Systems develops and produces machinery and integrated systems for converting fibers into yarns and nonwovens, and plastics into yarns and pellets.**

**In partnership with automotive manufacturers, Rieter Automotive Systems develops and produces components, modules and integrated systems on the basis of fibers, plastics and metals in order to provide acoustic comfort and thermal insulation in motor vehicles.**

**Rieter operates in two industrial sectors, namely textile machinery and automotive supply. The group is a world market leader in both of these fields. 97% of sales are made outside of Switzerland, while 15% of its approx. 13 000 employees work in Switzerland.**

**Through its worldwide presence in two fields of activity, Rieter exploits the structural and currency-related strengths of the different economic regions and compensates for economic weaknesses in individual markets.**

**Rieter aims to achieve sustained growth in corporate value for the benefit of shareholders, customers and employees. Rieter seeks to maintain continuous growth in earnings power in both industrial sectors. Growth in sales and profits is pursued by maximizing in-house resources as well as by acquisitions and cooperative ventures worldwide. The driving forces behind internal growth are innovation together with the exploitation and further development of core competences. Rieter's development in recent years confirms the soundness of this strategy.**

## Introduction

### Our vision

“Comfort thanks to Rieter” is the core statement of Rieter’s vision. With its products and services Rieter aims to contribute to people’s well-being. Its products and systems focus on the needs of the end-users and are developed in close cooperation with its customers. The yarn produced and finished on Rieter machines is intended to provide clothing, home textiles, sportswear and industrial fabrics with outstanding properties. Car drivers and passengers should feel at ease and comfortable in a pleasant interior, shielded against noise and heat. Rieter aims to provide comfort for its immediate customers through products and services of the highest quality. Rieter believes in development through partnership in order to be able to satisfy these needs.

Communication with all stakeholders as well as social and environmentally related issues play an important role in Rieter’s corporate activities.

### Our objectives

Rieter’s vision is based on three objectives: Delight your customers – Enjoy your work – Fight for joint profits. Rieter can only be successful as a company if it satisfies its customers’ expectations, if it creates long-term added value for its shareholders, and if its employees derive satisfaction from their work.

## Financial highlights

CHF million	2001	2000	Change in %
<b>Rieter Group</b>			
Sales	3 170.2	2 931.0	8.2
Corporate output <sup>1</sup>	3 025.4	2 841.8	6.5
Operating result before interest, taxes, depreciation and amortization (EBITDA)	337.1	323.3	4.3
– as a % of corporate output	11.1	11.4	
Operating result before interest and taxes (EBIT)	203.9	199.5	2.2
– as a % of corporate output	6.7	7.0	
Net profit	111.2	146.0	–23.8
– as a % of corporate output	3.7	5.1	
Cash flow <sup>2</sup>	246.1	271.7	–9.4
– as a % of corporate output	8.1	9.6	
Capital expenditure	129.7	122.9	5.5
Assets	2 328.7	2 428.7	–4.1
Long-term assets	1 044.9	966.6	8.1
Shareholders' equity	907.8	919.6	–1.3
Number of employees at year-end <sup>3</sup>	12 977	12 232	6.1
<b>Rieter Holding Ltd.</b>			
Share capital	45.7	45.5	
Net profit	36.1	45.3	–20.3
Gross distribution	36.5 <sup>4</sup>	36.3	
Number of registered shares, paid in	4 569 056	4 545 526	
Number of registered shares, issued <sup>5</sup>	4 079 089	4 128 779	
Price of registered shares (high/low)	CHF 493/348	598/461	
Number of registered shareholders on Dec. 31	4 898	4 801	2.0
Market capitalization on Dec. 31	1 485.1	2 080.2	–28.6
<b>Data per registered share</b>			
Net profit after deduction of minority interests (Group) <sup>5</sup>	CHF 22.85	31.22	–26.8
Cash flow after deduction of minority interests (Group) <sup>5</sup>	CHF 55.92	61.66	–9.3
Equity (Group) <sup>5</sup>	CHF 222.55	222.73	–0.1
Gross distribution (Rieter Holding Ltd.)	CHF 8.60 <sup>4</sup>	8.60	0.0
– of which capital repayment	CHF 5.00	0.00	

<sup>1</sup> Corporate output comprises sales, adjustments for sales deductions and own work capitalized, and changes in inventories of products manufactured by the company.

<sup>2</sup> Net profit plus depreciation and amortization.

<sup>3</sup> Excluding apprentices and temporary employees.

<sup>4</sup> Proposed by the board of directors (page 58), of which 20.4 million CHF as capital repayment (5.00 CHF per registered share).

<sup>5</sup> Based on average number of registered shares.

## Group organization

As at March 31, 2002



Matti Paasila  
Kurt Feller  
Dr. Hans Rudolf Widmer  
Erwin Stoller  
Hartmut Reuter  
(left to right)

### Board of directors

#### **Kurt Feller (chairman 1937/2002) •°**

Swiss national  
Chairman of the board of directors, Geberit Holding AG  
Vice-chairman of the board of directors,  
Ciba Specialty Chemicals Ltd.  
Member of the board of directors, Scintilla AG  
Member of the board of directors, Büro Furrer AG

#### **Rudolf Hauser (vice-chairman 1937/2002) •°**

Swiss national  
Chairman of the board of directors, Bucher Industries AG  
Chairman of the board of directors, Kaba Holding AG  
Member of the board of directors,  
Neue Zürcher Zeitung AG

#### **Dr. Ulrich Dätwyler (1941/2003) •**

Swiss national  
Member of the board of directors, Dätwyler Holding AG  
Member of the board of directors,  
Sarna Polymer Holding Ltd.

#### **Dr. Rainer Hahn (1940/2002)**

German national  
Until 31-12-2001 Managing Director,  
Robert Bosch GmbH  
Member of the supervisory board, Bosch Rexroth AG  
Member of the supervisory board, Elring Klinger AG  
Member of the supervisory board, Wüstenrot &  
Württembergische AG

#### **Dr. Peter Wirth (1946/2003)**

Swiss national  
CEO Mikron Group and delegate  
of the board of directors of Mikron Holding AG  
Member of the board of directors, Saia-Burgess AG

#### **Dr. Dieter Spälti (1961/2004)**

Swiss national  
Managing Partner, LBK Capital Group

### Group executive committee

#### **Erwin Stoller (1947)**

CEO Textile Systems, Dipl. Ing.  
Swiss national, joined Rieter in 1978

#### **Matti Paasila (1947)**

CEO Automotive Systems, Dipl. Ing.  
Finnish national, joined Rieter in 1994

#### **Hartmut Reuter (1957)**

Head Corporate Center, Dipl. WirtschaftsIng.  
German national, joined Rieter in 1997

#### **Dr. Hans Rudolf Widmer (1943)**

Chief Financial Officer, Dr. iur.  
Swiss national, joined Rieter in 1991

### Group secretariat

#### **Thomas Anwander (1960)**

Secretary-General, lic. iur.  
Swiss national, joined Rieter in 1989

### Auditors

PricewaterhouseCoopers AG, Zurich

The first date refers to the year of birth,  
the second to the expiry of the term of office.

- Members of the audit committee
- ° Members of the personnel committee



## Corporate governance in the Rieter Group

The management structure of Rieter Holding Ltd. and the Rieter Group is governed by Swiss law.

### Shareholders

The registered shares of Rieter Holding Ltd. are listed on the Swiss Stock Exchange (SWX). There are no restrictions on registration and voting rights. The company regularly informs its shareholders of the current trend of business through letters to shareholders, the media and the Internet. All shareholders receive a written invitation to the annual general meeting, together with the agenda of business, 20 days before the meeting is held.

### Board of directors

Rieter's board of directors had six members on March 31, 2002. The list of directors with their personal particulars can be found on page 8. With the exception of the chairman, all board members are independent of Rieter. The directors are each elected for a term of office of three years. In proposing members for the board of directors, attention is paid to maintaining a balanced composition taking industrial and international experience into account.

The board of directors is responsible for supervisory management of the company, its strategic thrust and the definition of accounting and financing principles. It appoints and supervises the group executive committee. The allocation of authority and the nature of cooperation between the board of directors, the divisions and the Corporate Center are stipulated in organizational rules and regulations. Decisions on strategy and major projects are reserved for the board of directors.

The board of directors holds six or seven all-day meetings a year. The board appoints committees to oversee specific themes.

### Audit committee

The audit committee examines the reports of the statutory auditors and submits reports on them to the board of directors. It assesses the work of the statutory auditors and approves the audit schedule drawn up by the internal audit unit. The audit committee meets at least twice a year.

### Personnel committee

The personnel committee establishes the principles of remuneration for the board of directors and executives of the Rieter Group. It submits proposals to the board of directors regarding the terms of employment of members of the group executive committee.

### Remuneration of the board of directors and the group executive committee

Remuneration of the members of the board of directors in 2001 totalled 450 000 CHF plus 844 registered shares which cannot be sold for three years. The members of the group executive committee received a total of 3 456 300 CHF. In addition, the members of the group executive committee received one option for each share purchased and subject to restrictions on sale pursuant to the terms of the executive share purchase plan. Each option entitles the holder to purchase one Rieter registered share at an exercise price of 419 CHF. The options have a life of five years and cannot be exercised until two years have elapsed from the date of their allocation. 4 071 options were issued for this purpose in 2001.

### Executive share purchase plan

Rieter seeks to encourage executives to invest in the company's share capital. The company therefore promotes the purchase of its shares through a share purchase plan. Further details are provided in the financial report on page 53.

### Statutory auditors

PricewaterhouseCoopers AG (PwC) have been elected by the annual general meeting as statutory auditors of Rieter Holding Ltd. and the Rieter Group. Most of the companies of the Rieter Automotive Systems Division are audited by KPMG. The auditing firms were also employed to conduct special audits and provide consulting services.

### Further information

Further information about the company and the Rieter Group can be found at [www.rieter.com](http://www.rieter.com).

## Environment and safety

Environment and safety take high priority in Rieter's strategic and operational guidelines. In 1997 the group executive committee adopted an environment and safety mission statement which is applicable to all Rieter locations worldwide. Rieter regards environmental protection and safety as integral components of its corporate policy. Specialists in the divisions and at the Corporate Center are pressing on with the implementation of this mission statement, and supervising and verifying it worldwide.

Safety provisions encompass personnel, the industrial production processes and the products manufactured by Rieter. In-house and external specialists regularly inspect Rieter's plants for compliance with legal requirements and internal standards.

### Environmentally compatible production and products

Both divisions of Rieter systematically take the environmental compatibility aspect into account in their product development activities. In this process, consideration is given to the entire life cycle of the product.

Rieter Textile Systems' development of compact spinning, which has been launched under the ComforSpin and Elite brand names, represents a significant ecological advance. The further processing of yarns manufactured using this novel process can be conducted in a more environmentally compatible manner than is the case with conventional yarns. A number of finishing processes with adverse environmental implications are eliminated.

Reducing energy consumption is a major objective in developing all new machines at Rieter Textile Systems.

With its Rieter Ultra Light acoustic system, Rieter Automotive Systems makes a substantial contribution towards reducing the negative environmental impact of motor vehicles. Compared with conventional acoustic packages, Rieter Ultra Light enables vehicle weight to be reduced considerably lowering the vehicle's fuel consumption. Rieter Ultra Light also enables raw material economies to be achieved and recyclability to be increased. Existing and new products from Automotive Systems feature a substantial content of recycled fibers.

Innovative floor modules from Automotive Systems improve vehicles' aerodynamics and enable fuel economies to be achieved. These new components also enable vehicle manufacturers to avoid PVC-based underfloor sealing, thus improving environmental compatibility and recyclability.

### Substantial investments made

Significant investments were made at both divisions in the environmental and safety fields during the past financial year. The main projects are a recycling plant for production waste at Automotive Systems in France and building maintenance measures at Textile Systems aimed at reducing energy consumption and pollution.

### High standards

Rieter Automotive Systems has developed guidelines for environmental and quality policy in cooperation with customers and suppliers. These are intended to ensure that a uniformly high standard is maintained throughout the division on the basis of standards which are recognized as obligatory in the automotive industry worldwide. The implementation of the guidelines is supported by a management system. In 2001 four more locations were certified for compliance with ISO 14001, including the two Swiss sites at Winterthur and Sevelen. At the end of 2001 a total of ten Automotive Systems' sites were therefore certified for compliance with this standard. Automotive Systems is seeking overall certification of the division, which calls for much higher standards than the certification of individual plants.

Rieter Textile Systems is currently establishing new environmental and safety standards for all its production facilities worldwide. These are based on the Automotive Systems' model and thus on the strict regulations imposed by the automotive industry. The development status in the environment and safety field is reviewed and checked annually using a uniform system at all locations.

# Rieter Group: Management structure

As at March 31, 2002

## Corporate Center

<b>Head of Corporate Center</b>	<b>Hartmut Reuter</b>
<b>Chief financial officer</b>	<b>Dr. Hans Rudolf Widmer</b>
Legal services and risk management	Thomas Anwander
Corporate Communications	Dr. Peter Grädel
Human resources	Dr. Werner Anderegg
<b>Group controller</b>	<b>Hartmut Reuter</b>
Finance and controlling	Werner Rüegg
Internal audit	Georg Niederer
Corporate planning	Thomas Bachmann

## Textile Systems Division

<b>CEO</b>	<b>Erwin Stoller</b>
<b>Central services</b>	
Finance and controlling	Peter Müller
Marketing	Edda Walraf
Human resources	Jürg Wieser
Production/purchasing/quality	Dr. Martin Folini
<b>Business groups</b>	
<b>Rieter Textile Systems</b>	
International	Peter Grünig
Spun yarn systems	Peter Gnägi
Filament yarn technologies	Angelo Lucca
Nonwovens and pelletizing systems	Dr. Axel Nickel
Internal suppliers	Dr. Martin Folini
Technology components	Erwin Stoller a.i.

## Automotive Systems Division

<b>CEO</b>	<b>Matti Paasila</b>
<b>Central services</b>	
Finance and controlling, business development	Rudolf Hürlimann
Information technology	Karl-Heinz Frohnhoff
Human resources	Reto Blum
Coordination with Japanese automotive manufacturers	Kimmo Mäkipeska
<b>Business groups</b>	
Europe South	Christian Duhay
Europe North	Dr. Gerhard Rabus
Americas	David Westgate
<b>Joint ventures/majority holdings</b>	
UGN, Inc.	Gary Jamison
Magee Rieter Automotive	Mike Katerman
Idea Institute	Paolo Caccamo

**“In the 2001 financial year the Rieter Group again achieved a substantial increase in sales in a difficult economic environment. The Textile Systems Division recorded the strongest growth. Sales revenues in the automotive supply business also exceeded the previous year’s figure despite the economic slowdown in North America. The positive sales trend and cost management enabled Rieter to post a further increase in operating result.”**

## 2001 financial year: Continued growth in sales and earnings

Dear shareholders:



In the 2001 financial year, the Rieter Group continued the positive trend of recent years, again achieving increases in sales and operating earnings. The EBIT rose from 199.5 million CHF to 203.9 million CHF, equivalent to 6.7% of corporate output (7.0% in 2000).

This increase was due entirely to the positive earnings development in the textile machinery business. As a result of the unfavourable trend on the capital markets and a higher tax charge, net profit declined to 111.2 million CHF, equivalent to 3.7% of corporate output (146.0 million CHF and 5.1% in 2000). Cash flow also failed to reach the previous year's high figure, declining from 271.7 million CHF to 246.1 million CHF, equivalent to 8.1% of corporate output (9.6% in 2000). Earnings per share were 22.85 CHF (31.22 CHF in 2000).

### Growth in both divisions

Compared with the previous year, sales by the Rieter Group in the 2001 financial year increased by 8.2% to 3 170.2 million CHF, exceeding three billion Swiss francs for the first time. Expressed in local currencies, the increase in sales revenues was 10.4%. This growth was attributable in particular to the positive business trend in staple fiber machinery, the acquisition of parts of the Suessen Group and the first-time consolidation for a full year of the previous year's acquisitions of the textile machinery activities of ICBT by Textile Systems and of Idea Institute by Automotive Systems. More than half of the total increase – 198.3 million CHF – was organic growth. The new companies contributed a total of 106.3 million CHF

to the growth in sales at the Rieter Group. Rieter Textile Systems recorded a 13.6% increase in sales to 1 238.5 million CHF. Rieter Automotive Systems also achieved higher sales, despite the unfavourable market environment in North America and achieved an increase of 4.1% to 1 899.9 million CHF, equivalent to growth of 7.0% in local currencies.

Exchange rate variances had a negative impact of 2.2% on group sales revenues compared with the previous year.

Compared with the previous year, the Rieter Group's workforce increased by 6.1% to 12 977 worldwide. This increase was mainly due to the acquisition of parts of the Suessen Group; the most important increase (+443 employees) was in the Czech Republic.

### Rieter Textile Systems: a successful financial year

Following the boom conditions experienced in the previous year, the world market for textile machinery weakened as expected in 2001. Especially in the second half of the year, the global slowdown in economic activity was the reason for a decline in orders for capital goods in the textile industry. While demand for staple fibre machinery – machines for processing cotton fibres and fibre blends into yarns – continued at a high level in the first six months, the market for man-made fiber machinery again remained very subdued throughout the year. As a consequence of these developments on the world market, orders received by the division did not reach the previous year's high level, declining by 14.3% to 954.6 million CHF.

Rieter Textile Systems' attractive product range encountered healthy demand even in the difficult business environment prevailing in the 2001 financial year. This resulted in high levels of capacity utilization. Due to the capacity utilization, pricing discipline, systematic cost management and ongoing rationa-

lization efforts, Textile Systems recorded an 8.8 million CHF increase in the operating result before interest and taxes to 97.9 million CHF. This corresponds to 8.5% of corporate output (the same as in 2000).

**Rieter Automotive Systems:  
growth achieved in an unfavourable market  
environment**

Trends in Automotive Systems' two main markets, in Western Europe and North America, diverged in the past financial year. Whereas in Western Europe vehicle output remained at much the same level as in the previous year, the market in the Nafta region declined steeply, reflecting the overall slowdown in economic activity. In 2001 Automotive Systems recorded an increase in sales, despite unfavourable market conditions.

Due to its broad customer base, innovative products and expertise as an acoustic integrator, together with a good presence among Japanese manufacturers in the USA, Automotive Systems recorded higher sales, which was better than the market as a whole in the 2001 financial year, even under difficult economic conditions.

Unsatisfactory capacity utilization in a number of American production facilities had a negative impact on the earnings trend at Automotive Systems. The operating result before interest and taxes of 102.0 million CHF was equivalent to 5.5% of corporate output (107.2 million CHF and 6.0%, respectively, in 2000).

**Sound finances**

The financial stability of the Rieter Group improved further in 2001.

The 125 million CHF issue of 6-year bonds with a 4% coupon was successfully placed on the capital market in May 2001. The proceeds were used to repay the 100 million CHF of 4 $\frac{1}{4}$ % bonds due for repayment in October 2001 and to optimize the group's financial structure.

Short-term and long-term bank borrowings were reduced by 61 million CHF to 129 million CHF in the 2001 financial year. Liquid funds of 321 million CHF are well in excess of short-term bank debts and the convertible bond issue due and the proposed distribution of dividend and the capital repayment to shareholders. The equity ratio rose to 39.0% at the end of 2001 (37.9% in 2000).

After deduction of the entire goodwill from equity, the equity capital ratio would reach 34.2%.

**Group-wide projects**

The Corporate Center of the Rieter Group assists the board of Rieter Holding Ltd. and the divisional CEOs in performing their supervisory and planning tasks. One of the Corporate Center's main areas of responsibility is to secure the financial stability of the group. In the 2001 financial year the Corporate Center assisted the divisions in implementing a number of strategic projects, such as the acquisition of parts of the Suessen Group and the integration of ICBT.

Rieter's European Works Council, which was constituted in 1999, met in Winterthur, Switzerland, for its third annual meeting in June 2001. Key themes were the exchange of experience and the coordination of ongoing cooperation between the delegates. Discussions with representatives of senior management followed. Both sides expressed their appreciation for the open information policy and found the discussions constructive.

## Thanks

In the past year Rieter continued the "Foresight" project for the long-term further development of the Rieter Group, which was launched in 1998. With "Foresight", Rieter seeks through in-house networking to expand and utilize even more effectively the knowledge and creative potential of employees. The concepts developed in 1998 were pursued further in 2001. In both divisions prototypes were produced on the basis of fundamental ideas arising from "Foresight".

## Shareholders; board of directors; management

Dieter Spälti, entrepreneur, Nürensdorf ZH was elected as a new member of the board of directors with a three-year term of office at the annual general meeting of Rieter Holding Ltd. held on May 30, 2001.

## Outlook

In view of the decline in orders received by Textile Systems in 2001 and the slowdown in activity in our main automotive supply markets, the Rieter Group expects sales revenues in 2002 to be lower than those recorded in the previous year.

On a current view, Rieter does not expect markets to revive before the second half of 2002. The group plans to take appropriate steps to minimize the impact of the economic downturn on operating result.

The 2001 financial year was characterized by a challenging business environment for both divisions of the Rieter Group. Under the prevailing market conditions the increase in sales and operating earnings achieved would not have been possible without the high level of commitment of the employees and management of all the companies in the Rieter Group. On behalf of the board of directors and the group executive committee I want to express my sincere thanks to all employees for their efforts and to the employee representatives for their objective and constructive cooperation. I also wish to take this opportunity to thank all our shareholders, customers and suppliers for the confidence they have shown in us.

Winterthur, April 8, 2002

Kurt Feller



Chairman of the Board of Directors

**DID YOU KNOW?...**



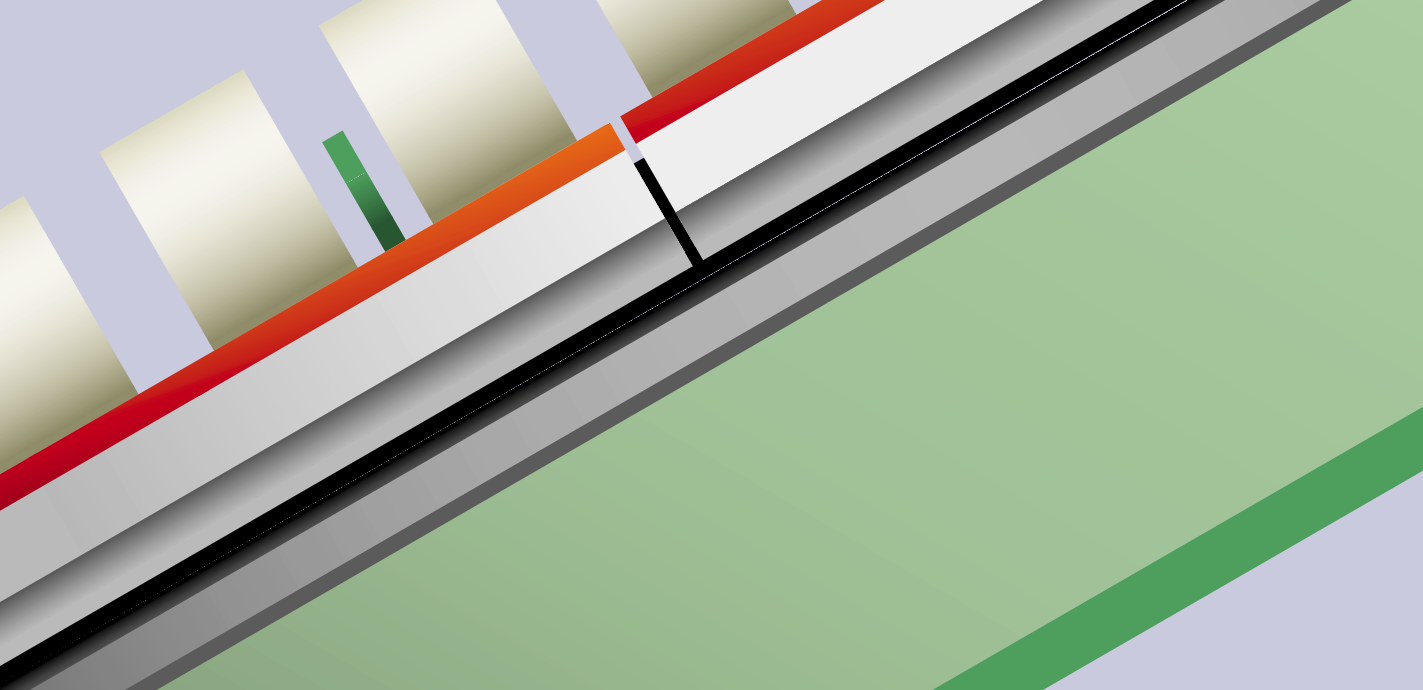


**...THAT AROUND ONE THIRD OF ALL TEXTILES WORLD-WIDE (CLOTHING, INDUSTRIAL TEXTILES, HOME TEXTILES) ARE PROCESSED BY ONE OR MORE RIETER MACHINES IN THE FORM OF FIBERS OR YARNS?**

#### **What does Rieter Textile Systems offer?**

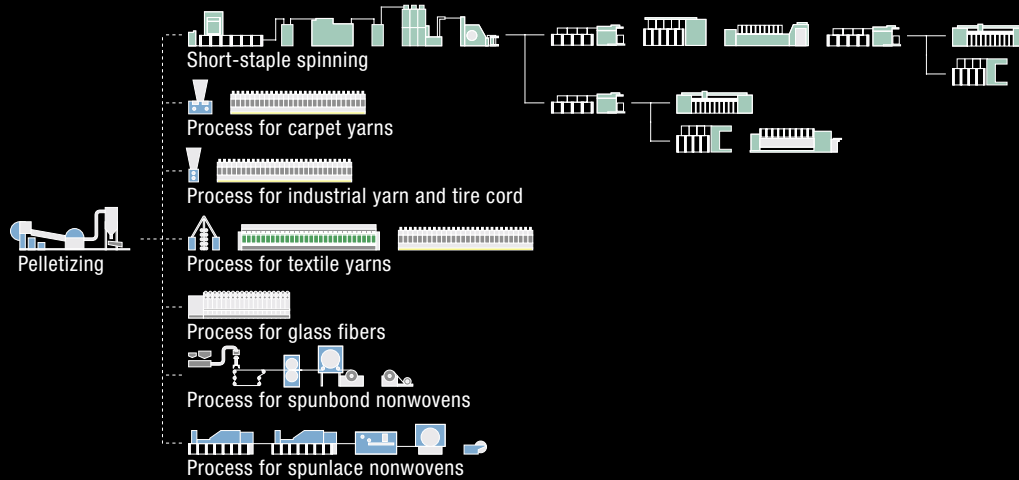
Rieter Textile Systems is the leading supplier of integrated systems for manufacturing yarns from cotton and man-made fibers for all textile applications. Textile Systems is also a leading manufacturer of machinery and systems for producing and finishing continuous man-made yarns. These yarns are used in industrial applications, carpet manufacturing, multifunctional

clothing textiles and the electronics industry. Rieter Textile Systems supplies technologies for producing nonwovens, a segment with numerous applications ranging from the industrial to the medical sector. For the plastics industry, the division develops and produces systems for manufacturing pellets – which are used, for example, for PET bottles.



**Rieter machines and processes for  
the textile and plastics industries**

Rieter Textile Systems is one of the world's largest suppliers of technology components for staple fiber machinery as well as service offerings for this market segment. The product program is rounded off by software and control systems for spinning mill management as well as consulting services. A global presence, especially also in emerging markets, is a crucial success factor for Textile Systems.



Customers in 114 countries are supplied  
and served from these locations.



THE SYSTEMS SUPPLIER

## Rieter Textile Systems

### Divisional chief executive

Erwin Stoller

### Sales

1 238.5 (1 089.9) million CHF

### Operating result before interest and taxes

97.9 (89.1) million CHF

8.5% (8.5%) of corporate output

### Number of employees at year-end

4 675 (4 193) employees

### Capital expenditure

32.2 (26.5) million CHF

Previous year's figures are in brackets.

### Products

Systems, machines, technology components and service offerings for manufacturing and processing continuous man-made yarns, yarns spun from natural and man-made raw materials, as well as nonwovens and pellets; upgrades, services and data systems (operating controls and monitoring).

“Rieter Textile Systems reported a substantial increase in sales revenues in the 2001 financial year. Growth was due mainly to the positive trend of business in staple fiber machinery and to the consolidation of recently acquired companies. Textile Systems achieved higher operating results due to innovative products and systematic cost management. With the acquisition of activities of the German-based Suessen Group, Textile Systems made a decisive strategic move.”

Erwin Stoller



## Growth in sales and earnings

Rieter Textile Systems is the leading supplier of integrated systems for manufacturing yarns from cotton and man-made fibers for all textile applications. Textile Systems is also a leading manufacturer of machinery and systems for producing and finishing continuous man-made yarns. These yarns are used in industrial applications, carpet manufacturing, multi-functional clothing textiles and the electronics industry. Rieter Textile Systems supplies technologies for producing nonwovens, a segment with numerous applications ranging from the industrial to the medical sector. For the plastics industry, the division develops and produces systems for manufacturing pellets – which are used, for example, for PET bottles.

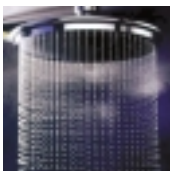
Rieter Textile Systems is one of the world's largest suppliers of technology components for staple fiber machinery as well as services for this market segment. The product program is completed by software and control systems for spinning mill management as well as consulting services. A global presence, especially also in emerging markets, is a crucial success factor for Textile Systems.

### Success based on a good market position

In the year 2001 trends on the world market for textile machinery diverged in the individual segments served by Rieter. The demand for machinery used to process cotton fibers and fiber blends, so-called staple fiber machines, was increasing and on a high level in the first six months in particular. Most of the market growth occurred in Asia, with boom-like conditions prevailing in China. Demand ceased in the second half of the year, reflecting the slowdown in global economic activity. The market for man-made fiber machinery was characterized by excess capacity and remained – with the exception of China – very subdued in 2001.

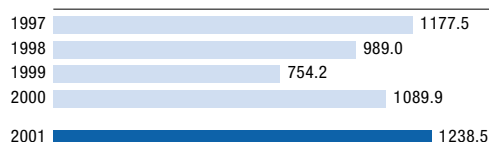
With a mature and proven product range, a global presence and the consolidation of new companies, Rieter Textile Systems recorded a 13.6% increase in sales to 1 238.5 million CHF in 2001; this was equivalent to growth of 14.7% in local currencies. The acquisition of parts of the Suessen Group, which have been consolidated since January 1, 2001, and the first-time consolidation for a full year of the textile machinery activities of the French ICBT Group, acquired in the spring of 2000, contributed a total of 87 million CHF to the division's growth of sales. Orders received of Textile Systems were lower than the previous year's high figure, reflecting the world-wide economic slowdown which became especially apparent in the second half of 2001. Order intake declined by 14.3% to 954.6 million CHF.

Rieter Textile Systems again increased earnings in the 2001 financial year. Compared to 2000, the operating result before interest and taxes increased by 8.8 million CHF to 97.9 million CHF. This is equivalent to 8.5% of corporate output (8.5% in 2000). Textile Systems maintained returns at the previous year's excellent level.

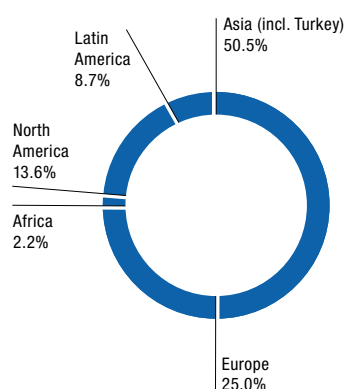


**Sales development**

CHF million



Orders received totalled 954.6 million CHF in the year under review (vs. 1 114.4 million CHF in 2000).

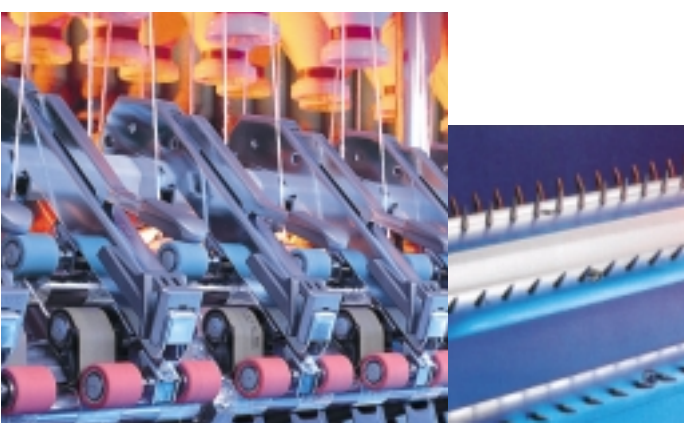
**Sales by geographical region 2001****Major strategic move**

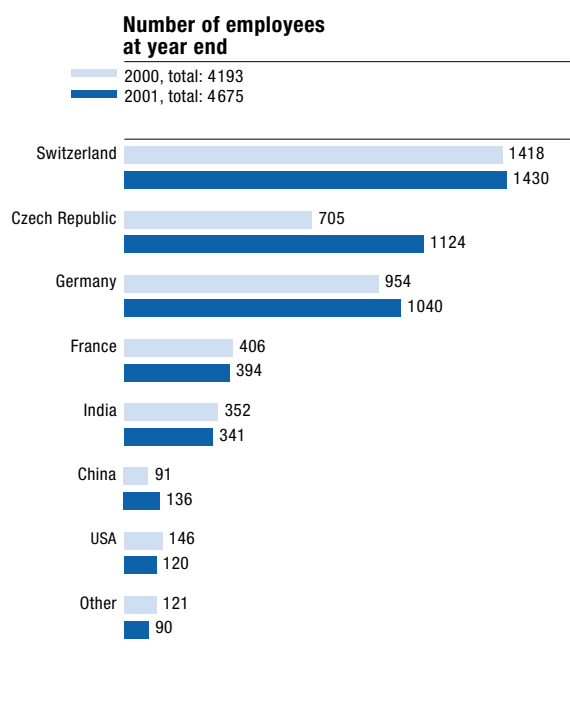
With the acquisition of units from the German-based Suessen Group in the spring of 2001, Rieter Textile Systems took a major stride in the implementation of its strategy to reinforce its activities in the fields of technology components, upgrades and services. These segments are much less subject than the machinery business to the demand cycles which are characteristic for the industry. They contribute to enhanced profitability and continuous growth. In combination with Suessen, Rieter has become one of the world's largest supplier of technology components and upgrade packages for staple fiber machines and also of services for this market segment. Rieter has also improved its innovation base in textile machinery manufacturing and reinforced its market position in the leading spinning processes of ring, rotor and compact spinning. The combined operations of Rieter and Suessen had a good start and resulted in initial joint product developments. The market has reacted favourably to the merger of the two suppliers.

As a first step, Textile Systems acquired Suessen's research and development company together with all patents and industrial property rights and a component manufacturing plant in the Czech Republic. Rieter holds a 19% interest in Suessen's parent company. Textile Systems holds an option to acquire the remaining share capital of this company in stages after the completion of its restructuring and refocusing.

The companies acquired from Suessen had a total workforce of 452 at the end of 2001, 376 of whom were employed in the Czech Republic.

The integration of the units acquired from ICBT in the previous year continued in 2001. With this acquisition, Textile Systems gained access to additional, strategically significant market segments. The division foresees great potential for nonwoven production machinery in particular. New applications and geographical markets are being opened up continuously in this segment. However, this market was characterized by weak demand in the past financial year. Action has been initiated to improve the profitability of the units acquired from Suessen and ICBT.





## Innovative product range

Rieter Textile Systems' strong market position and its customers' interest in its proven and its new products were also apparent in the 2001 financial year at the major industrial trade fairs, such as ITMA Asia in Singapore and the K 2001 Plastics Fair in Düsseldorf. The new R 40 rotor spinning machine, which combines leading technology from Rieter and Suessen, was especially successful on the market. Rieter already launched the second generation of compact spinning machines based on the innovative ComforSpin process in the K 44 machine. Additionally to ComforSpin, Rieter is also offering the Elite process developed by Suessen, expanding the range of applications of compact spinning. Yarns manufactured using the ComforSpin and Elite processes have outstanding effects and enable customers to achieve a significant competitive advantage. Customers confirm that both processes have great potential for the future.

## Outlook

The world market for textile machinery is expected to remain weak in the first six months of 2002. In the second half of the year, Rieter foresees a gradual recovery in the global economy, which should have a positive impact on the market for staple fiber machinery. Textile Systems does not yet expect any significant revival in the market for man-made fiber machinery in 2002. Sales and earnings will probably not reach the level recorded in 2001. By virtue of its flexible structures and the reinforcement of its on-going business – technology components and upgrades – Textile Systems regards itself as well positioned to perform successfully in the current uncertain market environment.

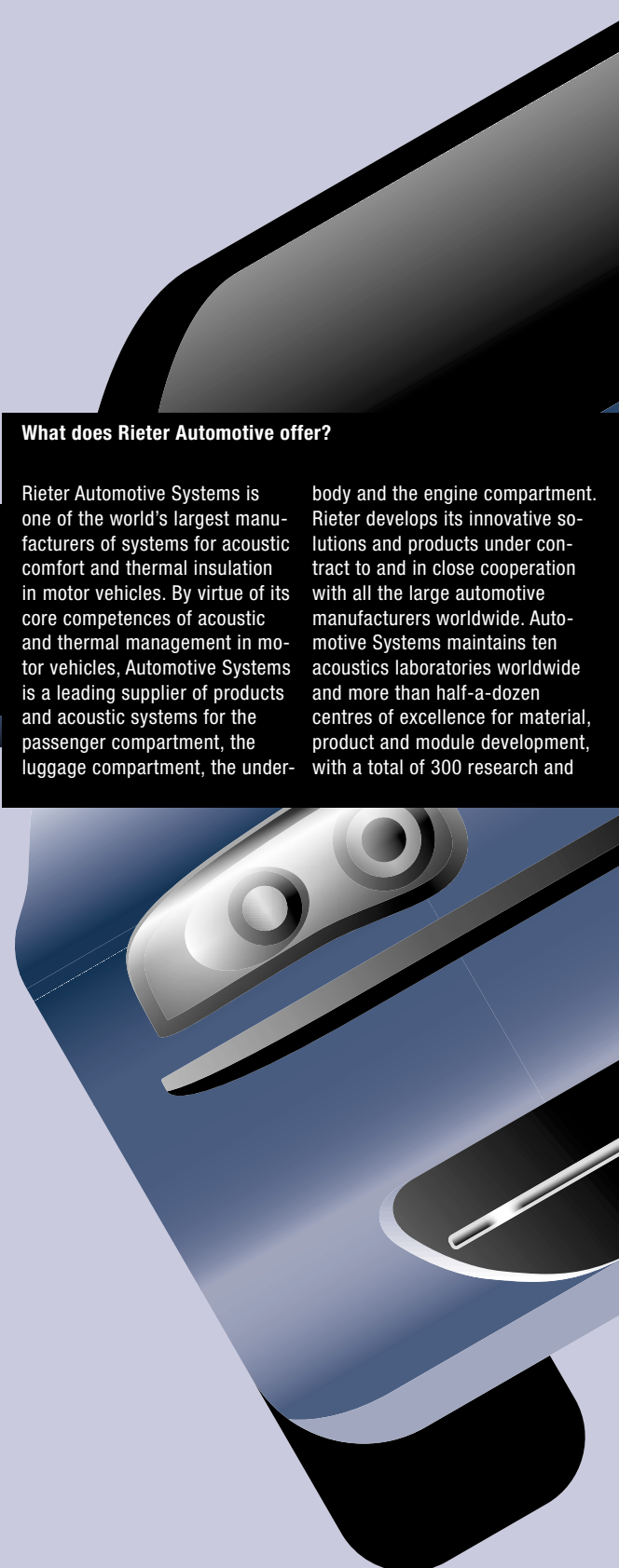


**...WORLDWIDE ASSEMBLY SERVICES COMBINED WITH MANY YEARS OF TEXTILE TESTING KNOW-HOW GUARANTEE A HIGH LEVEL OF USER FRIENDLINESS IN THE INSTALLATION, COMMISSIONING, MAINTENANCE AND SERVICING OF RIETER MACHINERY AND SYSTEMS.**





**DID YOU KNOW?...**

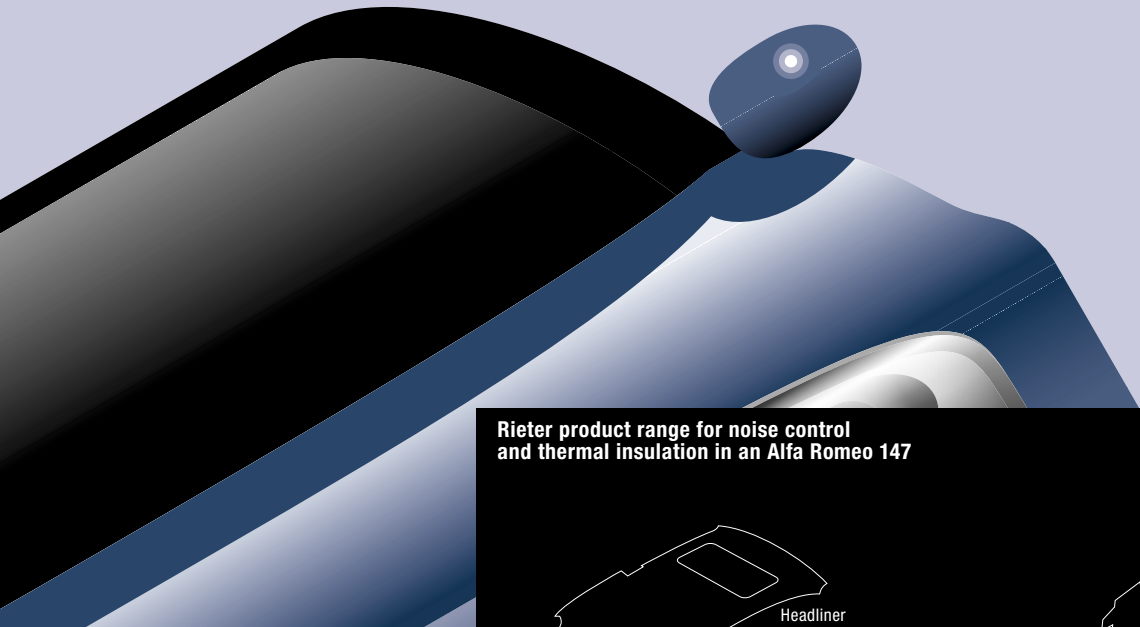


**...THAT RIETER AUTOMOTIVE SYSTEMS  
PRODUCES 8000 DIFFERENT NOISE CONTROL AND  
THERMAL INSULATION COMPONENTS FOR  
MORE THAN 100 TYPES OF VEHICLES?**

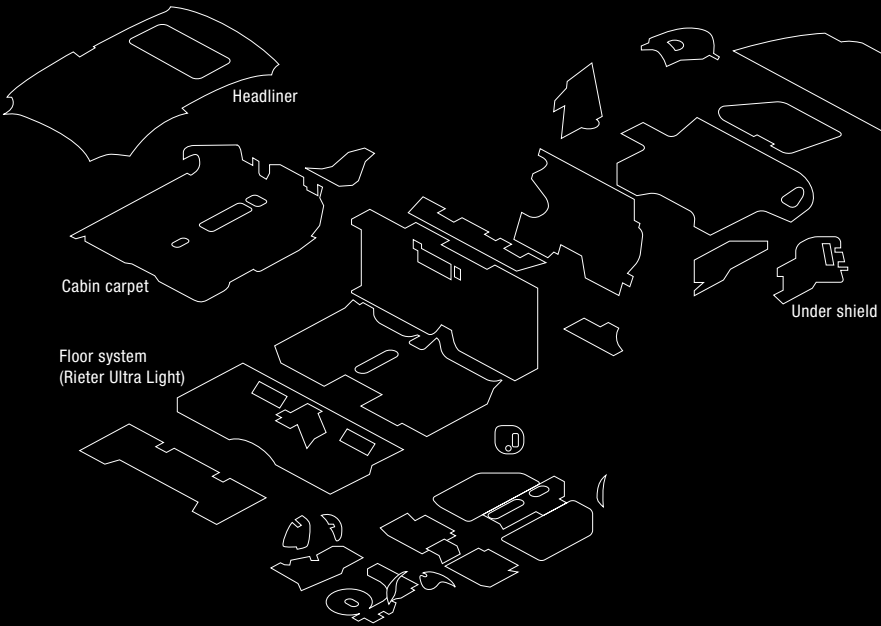
#### **What does Rieter Automotive offer?**

Rieter Automotive Systems is one of the world's largest manufacturers of systems for acoustic comfort and thermal insulation in motor vehicles. By virtue of its core competences of acoustic and thermal management in motor vehicles, Automotive Systems is a leading supplier of products and acoustic systems for the passenger compartment, the luggage compartment, the under-

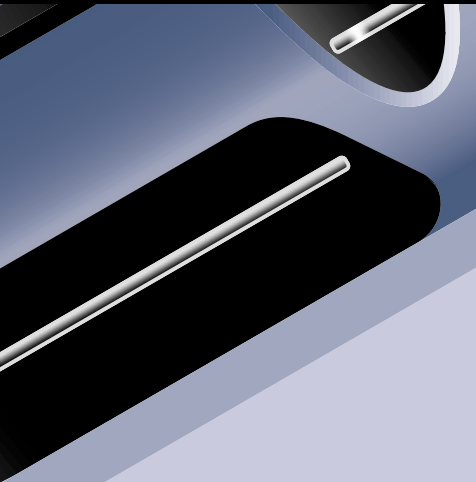
body and the engine compartment. Rieter develops its innovative solutions and products under contract to and in close cooperation with all the large automotive manufacturers worldwide. Automotive Systems maintains ten acoustics laboratories worldwide and more than half-a-dozen centres of excellence for material, product and module development, with a total of 300 research and



**Rieter product range for noise control  
and thermal insulation in an Alfa Romeo 147**



development personnel. Rieter also holds a majority interest in Idea Institute, the Turin-based design, styling and engineering firm. Automotive Systems operates a total of 40 production plants in Europe, North and Latin America and South Africa. The division supports its customers in Asia through cooperative venture partners.



Hoodliner

These vehicle manufacturers  
are customers of Rieter



ACOUSTICS INTEGRATOR NUMBER ONE

## Rieter Automotive Systems

### Divisional chief executive

Matti Paasila

### Products

Systems, products and services for acoustic comfort and thermal insulation in motor vehicles based on fibres, plastics and metals; design, styling and engineering services.

### Sales

1899.9 (1824.9) million CHF

### Operating result before interest and taxes

102.0 (107.2) million CHF

5.5% (6.0%) of corporate output

### Number of employees at year-end

8180 (7922) employees

### Capital expenditure

96.7 (92.6) million CHF

Previous year's figures are in brackets.

“Despite the steep decline in the North American market, Rieter Automotive Systems reported an increase in sales revenues in the 2001 financial year. This growth is due, among other things, to a broad customer base and innovative products. Mainly due to lower capacity utilization at its North American plants, Automotive Systems could not quite reach the previous year's operating result.”

Matti Paasila



## Growth achieved in a difficult market environment

Rieter Automotive Systems is one of the world's largest manufacturers of systems for acoustic comfort and thermal insulation in motor vehicles. By virtue of its core competences of acoustic and thermal management in motor vehicles, Automotive Systems is a leading supplier of products and acoustic systems for the passenger compartment, the luggage compartment, the underbody and the engine compartment. Rieter develops its innovative solutions and products under contract to and in close cooperation with all the large automotive manufacturers worldwide. Automotive Systems maintains ten acoustics laboratories worldwide and more than half-a-dozen centres of excellence for material, product and module development, with a total of 300 research and development personnel. Rieter also holds a majority interest in Idea Institute, the Turin-based design, styling and engineering firm with a staff of some 200. Automotive Systems operates a total of 40 production plants in Europe, North and Latin America and South Africa. The division supports its customers in Asia through cooperative venture partners.

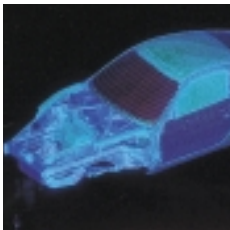
The systems, modules and products developed by Automotive Systems contribute to noise and weight reduction in passenger cars and trucks, as well as enhancing driving comfort and lowering fuel consumption. Environmentally compatible manufacturing and recyclability take high priority in product development.

### Economic slowdown in North America

Trends in Rieter Automotive Systems' two main markets Western Europe and North America, diverged in the 2001 financial year. In Western Europe, the market remained at much the same level as in the previous year, with an output of 16.8 million passenger cars. By contrast, production of passenger cars and light commercial vehicles in the Nafta region declined by some 10% to 15.5 million units, reflecting the overall slowdown in economic activity. The decline was especially steep throughout the year at the three large American manufacturers – Ford, DaimlerChrysler and General Motors – while output by the Japanese and European manufacturers remained at the previous year's level in the first six months. All manufacturers in North America scaled back production in response to the events of September 11 and launched sales campaigns featuring large discounts in order to reduce inventories. Lower stocks provide a positive basis for production figures in 2002. Automotive Systems' American customers had a difficult financial year. The Latin American market recorded marginal growth at a low level (2.1 million vehicles) in 2001.

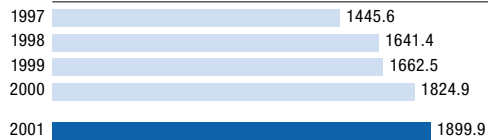
### Growth in difficult markets

Compared with the previous year, Rieter Automotive Systems recorded a 4.1% increase in sales revenues to 1 899.9 million CHF in the 2001 financial year. This corresponds to growth of 7.0% in local currencies. This growth was mainly organic. Idea Institute, the Italian automotive design and engineering firm acquired in August 2000 and consolidated for a full year for the first time in 2001 contributed about one percentage point to the division's sales growth. Due to its broad customer base, innovative products and



### Sales development

CHF million



expertise as an acoustic integrator, together with a good presence among Japanese manufacturers in the USA, Automotive Systems performed better than the market as a whole in western Europe and North America.

The cyclical slowdown in demand for major vehicle models, declining capacity utilization and restructuring costs at American and European production plants had a negative impact on the earnings trend at Automotive Systems. The operating result before interest and taxes in the past financial year amounted to 102.0 million CHF, equivalent to 5.5% of corporate output (107.2 million CHF and 6.0%, respectively, in 2000). Automotive Systems has initiated actions to cut costs further and improve earnings.

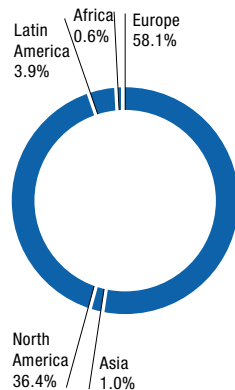
### Cost and quality management

Automotive Systems made further progress in reducing procurement costs through global purchasing management. The division tapped additional cost-cutting potential through new e-initiatives. These efforts enabled pressure on prices to be offset to some extent.

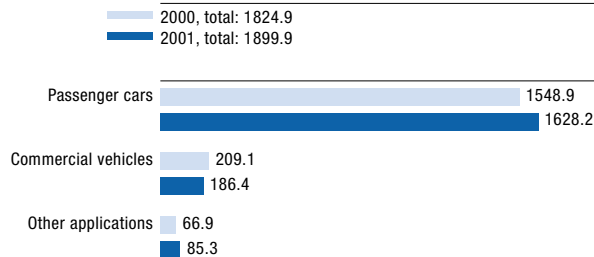
Automotive Systems has launched a productivity enhancement programme in Europe and America. Experience to date is positive, and the program is being expanded. In order to respond to customers' growing needs to reduce development lead times, Automotive Systems has enhanced its expertise in CAD systems, computer-aided acoustic simulation and computer-integrated engineering. The integration into the Automotive Systems Division of the toolmaking activities established in the Rieter Group signifies a further improvement of know-how.



**Sales by geographical region 2001**



**Sales by product group CHF million**



Additional Automotive Systems' production plants were certified for compliance with environmental, safety and quality standards in the past financial year. Four more locations were awarded the ISO 14001 certificate. US joint venture Rieter Magee received the "Supplier of the Year" quality award from General Motors for the ninth year in succession. Only six companies worldwide can equal this run of success by Rieter Magee.

### Powerful innovative thrust

Further potential applications were developed for the Rieter Ultra Light acoustic system in 2001. This system enables weight to be reduced considerably while maintaining a high level of acoustic comfort. Weight reduction is one of the major challenges facing vehicle manufacturers. Following initial successes in America (Chrysler Minivan) and Europe (Fiat Punto and Alfa 147), Rieter Ultra Light is now in demand from Japanese customers. Rieter Ultra Light is a core component of Rieter's strategy as a supplier of integrated acoustic systems in vehicles and as a development partner for the automotive industry. Ultra Light solutions already account for some 10% of Rieter's sales.

Automotive Systems has again been voted into the final round of the Pace Award contest with the "Rieter Underfloor Module", an innovation in the underfloor segment. The Pace Award is the most prestigious innovation award in the automotive industry. It was presented to Automotive Systems in 2000 for Rieter Ultra Light.

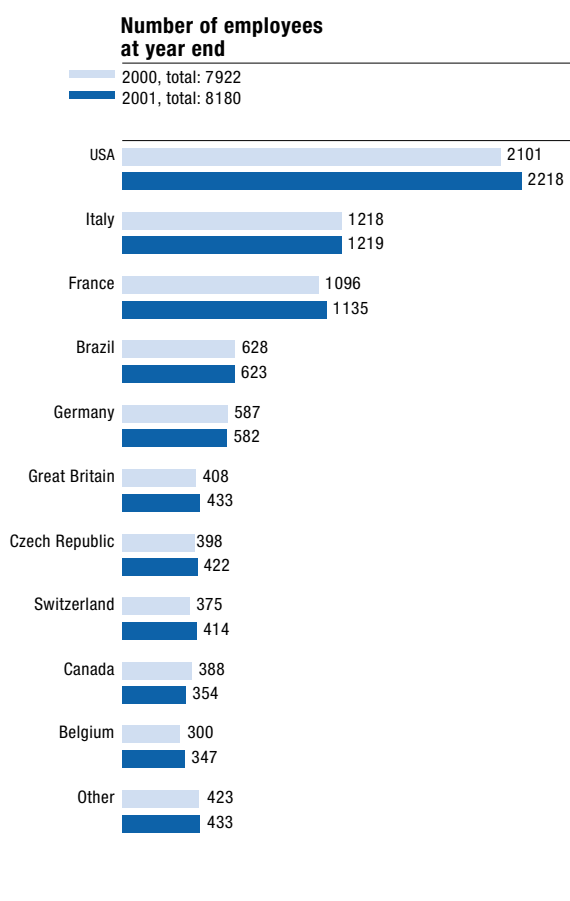
In June 2001, Automotive Systems held the "Rieter Automotive Conference" in Zurich for the 15th time. This scientific symposium takes place every two years. Acoustics specialists from car manufacturers and Rieter report on the latest developments in this field and make presentations on joint projects. This event was again very well attended. An acoustics symposium was organized for our Japanese customers in Tokyo in collaboration with our Japanese joint venture partner Nittoku.





**...VEHICLES WITHOUT SOUND-INSULATING MATERIALS  
ARE SIMPLY INCONCEIVABLE NOWADAYS.  
NOISE LEVELS WOULD BE SEVERAL TIMES HIGHER.**





## Idea Institute

In 2001, Rieter Automotive Systems pursued further joint projects with Idea Institute, in which a majority holding was acquired in the summer of 2000. With Rieter's support, the Italian automotive design and engineering firm launched activities in France with a view to establish a presence in this major national market.

Restructuring in the Italian automotive industry had a negative impact on the trend of business at Idea Institute in 2001, this influenced earnings at Rieter Automotive Systems negatively. In the current year Idea Institute is recording a significantly higher level of orders and a broader customer base.

## Outlook

Rieter Automotive Systems will continue to develop its overall acoustics expertise for the passenger compartment, the engine compartment and the luggage compartment in 2002, and focus especially on new carpet and underfloor modules. Rieter Automotive Systems will also continue to work on new applications of Rieter Ultra Light and other acoustic and thermal management projects. A new plant for the production of carpet systems is being established in Canada. Automotive Systems expects vehicle output in both its main markets, Western Europe and North America, to decline in the current financial year. Due to the economic conditions, sales by Automotive Systems are likely to be lower than in 2001. The division has already made adjustments to its production capacity and initiated other actions in order to improve profitability in response to the reductions in the market. Rieter Automotive Systems is aiming to maintain earnings at the previous year's level, despite the decline in sales revenues.

# 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 <sup>1</sup> )	2001 CHF million	% *	2000 CHF million	% *
<b>Sales</b>	<b>(1)</b>	<b>3 170.2</b>		<b>2 931.0</b>	
Sales deductions		-129.9		-113.6	
Change in semi-finished and finished goods		-18.0		21.3	
Own work capitalized		3.1		3.1	
<b>Corporate output</b>		<b>3 025.4</b>	<b>100.0</b>	<b>2 841.8</b>	<b>100.0</b>
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
<b>Operating result before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>337.1</b>	<b>11.1</b>	<b>323.3</b>	<b>11.4</b>
Depreciation and amortization	(3)	-133.2	4.4	-123.8	4.4
<b>Operating result before interest and taxes (EBIT)</b>		<b>203.9</b>	<b>6.7</b>	<b>199.5</b>	<b>7.0</b>
Financial expense		-28.9		-33.0	
Financial income	(4)	0.4		44.7	
Other expenses/income		-2.1		-7.5	
<b>Profit before taxes</b>		<b>173.3</b>	<b>5.7</b>	<b>203.7</b>	<b>7.2</b>
Taxes	(5)	-62.1		-57.7	
<b>Net profit</b>		<b>111.2</b>	<b>3.7</b>	<b>146.0</b>	<b>5.1</b>
* 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 <sup>2</sup>		31.22 <sup>2</sup>	
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 <sup>2</sup>		26.89 <sup>2</sup>	

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

<sup>2</sup> Shares held by the company are not included in the average number of shares.

## Consolidated balance sheet

		December 31 2001 CHF million	December 31 2000 CHF million
	(Notes)		
<b>Assets</b>			
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
<b>Fixed assets</b>		<b>1 044.9</b>	<b>966.6</b>
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
<b>Current assets</b>		<b>1 283.8</b>	<b>1 462.1</b>
<b>Assets</b>		<b>2 328.7</b>	<b>2 428.7</b>
<b>Shareholders' equity and liabilities</b>			
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
<b>Shareholders' equity</b>		<b>907.8</b>	<b>919.6</b>
in % of total shareholders' equity and liabilities		39.0	37.9
<b>Minority interests</b>	(13)	<b>82.4</b>	<b>74.8</b>
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
<b>Current liabilities</b>		<b>900.7</b>	<b>873.3</b>
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
<b>Long-term liabilities</b>		<b>437.8</b>	<b>561.0</b>
<b>Liabilities</b>		<b>1 338.5</b>	<b>1 434.3</b>
<b>Shareholders' equity and liabilities</b>		<b>2 328.7</b>	<b>2 428.7</b>

## Consolidated statement of cash flows

	(Notes)	2001 CHF million	2000 CHF million
<b>Net profit</b>		111.2	146.0
Depreciation of tangible fixed assets		123.7	116.8
Amortization of goodwill/financial assets		11.2	8.9
<b>Cash flow</b>		<b>246.1</b>	<b>271.7</b>
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
<b>Cash provided by operations</b>		<b>248.4</b>	<b>316.4</b>
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
<b>Cash used for investing activities</b>		<b>-187.7</b>	<b>-259.5</b>
<b>Free cash flow</b>		<b>60.7</b>	<b>56.9</b>
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
<b>Cash provided by financing activities</b>		<b>-149.1</b>	<b>-44.2</b>
Changes in bases of valuation, currency effects and consolidation items		-8.6	6.4
<b>Change in liquid funds</b>		<b>-97.0</b>	<b>19.1</b>
<b>Liquid funds at beginning of year</b>		<b>418.0</b>	<b>398.9</b>
<b>Liquid funds at end of year</b>		<b>321.0</b>	<b>418.0</b>
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
<b>At December 31, 1999</b>	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
<b>At January 1, 2000</b>	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
<b>At December 31, 2000</b>	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
<b>At January 1, 2001</b>	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
<b>At December 31, 2001</b>	<b>45.7</b>	<b>27.2</b>	<b>741.7</b>	<b>93.2</b>	<b>907.8</b>

## Exchange rates for currency translation

		Average annual rates		Year-end rates at Dec. 31	
		2001 CHF	2000 CHF	2001 CHF	2000 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
<b>Total</b>	<b>3 170.2</b>	<b>2 931.0</b>

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
<b>Total</b>	<b>203.9</b>	<b>199.5</b>

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
<b>Total</b>	<b>2 328.7</b>	<b>2 428.7</b>

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
<b>Total</b>	<b>1 338.5</b>	<b>1 434.3</b>

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
<b>Total</b>	<b>153.6</b>	<b>243.0</b>

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
<b>Total</b>	<b>133.2</b>	<b>125.6</b>

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

### 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
<b>Total</b>	<b>3 170.2</b>	<b>2 931.0</b>

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
<b>Total</b>	<b>2 328.7</b>	<b>2 428.7</b>

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
<b>Total</b>	<b>153.6</b>	<b>243.0</b>

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
<b>Total</b>	<b>12 977</b>	<b>12 232</b>

## 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
<b>Total change in sales</b>	<b>239.2</b>	<b>495.6</b>

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
<b>Total</b>	<b>889.8</b>	<b>842.0</b>

## 3. Depreciation and amortization

CHF m	2001	2000
Tangible fixed assets	123.7	116.8
Goodwill	9.5	7.0
<b>Total</b>	<b>133.2</b>	<b>123.8</b>

## 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
<b>Total</b>	<b>0.4</b>	<b>44.7</b>

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
<b>Total</b>	<b>62.1</b>	<b>57.7</b>

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
<b>Total income taxes</b>	<b>53.5</b>	<b>49.1</b>

## 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
<b>Deferred taxes, net</b>	<b>11.4</b>	<b>3.2</b>

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
<b>Deferred taxes, net</b>	<b>47.0</b>	<b>49.7</b>

## 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 <sup>1</sup>	Data processing equipment	Vehicles and furniture <sup>2</sup>	Machinery and tools under construction	Total fixed assets
<b>At December 31, 1999</b>	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
<b>At December 31, 2000</b>	<b>259.7</b>	<b>337.3</b>	<b>20.3</b>	<b>16.8</b>	<b>49.6</b>	<b>683.7</b>
Accumulated depreciation	234.7	837.7	48.8	62.5	0.0	1 183.7
<b>Cost at December 31, 2000</b>	<b>494.4</b>	<b>1 175.0</b>	<b>69.1</b>	<b>79.3</b>	<b>49.6</b>	<b>1 867.4</b>
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 <sup>3</sup>	0.6	0.6	-0.1	-0.1	0.3	1.3
<b>At December 31, 2001</b>	<b>252.5</b>	<b>338.1</b>	<b>17.6</b>	<b>15.4</b>	<b>58.8</b>	<b>682.4</b>
Accumulated depreciation	249.1	855.9	54.7	61.2	0.0	1 220.9
<b>Cost at December 31, 2001</b>	<b>501.6</b>	<b>1 194.0</b>	<b>72.3</b>	<b>76.6</b>	<b>58.8</b>	<b>1 903.3</b>

<sup>1</sup> Including machinery and operating facilities.

<sup>2</sup> Including pilot machines.

<sup>3</sup> 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
<b>Total</b>	<b>252.5</b>	<b>259.7</b>

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**

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

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

**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
<b>Total</b>	<b>321.0</b>	<b>418.0</b>

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
<b>Total</b>	<b>304.6</b>	<b>318.0</b>

## 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
<b>Total</b>	<b>264.9</b>	<b>239.9</b>
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
<b>Provisions at December 31, 1999</b>	<b>51.5</b>	<b>59.4</b>	<b>94.9</b>	<b>205.8</b>
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
<b>Provisions at December 31, 2000</b>	<b>60.2</b>	<b>52.4</b>	<b>80.2</b>	<b>192.8</b>
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
<b>Provisions at December 31, 2001</b>	<b>59.0</b>	<b>47.4</b>	<b>79.7</b>	<b>186.1</b>

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
<b>Total</b>	<b>272.2</b>	<b>243.9</b>

**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
<b>Additions</b>	<b>16.7</b>	<b>141.4</b>
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
<b>Expense recognized in the income statement</b>	<b>7.6</b>	<b>6.9</b>

**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
<b>Net assets at Dec. 31</b>	<b>23.4</b>	<b>23.4</b>

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
<b>Net assets at Dec. 31</b>	<b>23.4</b>	<b>23.4</b>

**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
<b>Total</b>	<b>1.8</b>	<b>4.9</b>

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.

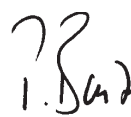
These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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
<b>Income</b>			
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
<b>Total income</b>		<b>58 826 186</b>	<b>128 218 298</b>
<b>Expenditure</b>			
Financial expense	(4)	19 928 093	17 127 803
Administration expense		2 767 689	2 801 832
Depreciation, provisions	(5)	–	63 000 000
<b>Total expenditure</b>		<b>22 695 782</b>	<b>82 929 635</b>
<b>Net profit</b>		<b>36 130 404</b>	<b>45 288 663</b>

## Balance sheet of Rieter Holding Ltd.

At December 31, before appropriation of profit			
	(Notes)	December 31, 2001 CHF	December 31, 2000 CHF
<b>Assets</b>			
Investments in and loans to subsidiaries	(6)	676 090 475	604 111 244
<b>Fixed assets</b>		<b>676 090 475</b>	<b>604 111 244</b>
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
<b>Receivables</b>		<b>69 235 830</b>	<b>54 698 090</b>
<b>Liquid funds</b>	(10)	<b>165 667 939</b>	<b>243 080 588</b>
<b>Current assets</b>		<b>234 903 769</b>	<b>297 778 678</b>
<b>Total assets</b>		<b>910 994 244</b>	<b>901 889 922</b>
<b>Shareholders' equity and liabilities</b>			
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
<b>Shareholders' equity</b>		<b>400 509 809</b>	<b>389 557 539</b>
Short-term liabilities	(16)	222 545 332	258 899 860
Accrued liabilities	(17)	5 860 603	2 423 423
<b>Current liabilities</b>		<b>228 405 935</b>	<b>261 323 283</b>
Bonds	(18)	264 909 100	239 909 100
Loans from subsidiaries		6 069 400	0
Provisions	(19)	11 100 000	11 100 000
<b>Long-term liabilities</b>		<b>282 078 500</b>	<b>251 009 100</b>
<b>Liabilities</b>		<b>510 484 435</b>	<b>512 332 383</b>
<b>Total shareholders' equity and liabilities</b>		<b>910 994 244</b>	<b>901 889 922</b>

## 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
<b>Total</b>	<b>676.1</b>	<b>604.1</b>

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
<b>Total</b>	<b>165.7</b>	<b>243.1</b>

### 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
<b>Total</b>	<b>193.6</b>	<b>230.3</b>

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
<b>Total</b>	<b>222.5</b>	<b>258.9</b>

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
<b>Total</b>	<b>264.9</b>	<b>239.9</b>

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
<b>At the disposal of the annual general meeting</b>	<b>57 511 581</b>	<b>60 677 211</b>
<b>Proposal</b>		
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
<b>Net profit at the disposal of the annual general meeting</b>	<b>57 511 581</b>	<b>60 677 211</b>

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.

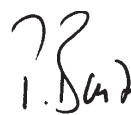
These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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 %
<b>Total:</b>				
– 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	
<b>Foreign investors:</b>				
– 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
<b>Securities code 367144</b> (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		
<b>Bonds</b>		
Securities code 1236261 (Reuters: CH 1236261=S)	CHF million	
<b>4% bonds, maturing 2007</b>	125.0	Annual interest payments on June 21
Securities code 723666 (Reuters: CH 723666=S)	CHF million	
<b>1½% convertible bonds, maturing 2002</b>	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 <sup>1</sup>	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 <sup>2</sup>	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 <sup>1</sup>	8.60	7.50	7.50	7.50
– of which capital repayment	CHF		5.00				
Gross yield on registered shares	high	in %	1.7 <sup>1</sup>	1.4	1.5	1.3	2.0
	low	in %	2.5 <sup>1</sup>	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.

<sup>1</sup> Proposed by the board of directors (page 58).

<sup>2</sup> Per-share data for 1997 to 1999 restated to reflect 2-for-1 share split.

## Review – 1997 to 2001

		2001	2000	1999	1998	1997
<b>Consolidated income statement</b>						
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
<b>Consolidated balance sheet</b>						
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
<b>Number of employees at year-end</b>		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
<b>Switzerland</b>	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%				•
<b>Argentina</b>	Rieter Automotive Argentina S.A., Córdoba	ARS	7 070 000	95%		•	•	
<b>Belgium</b>	Rieter Automotive Belgium N.V., Genk	EUR	1 797 228	100%		•	•	
<b>Brazil</b>	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%		•		
<b>China</b>	Rieter Changzhou Textile Instruments Co. Ltd., Changzhou	RMB	6 000 000	100%				•
<b>Germany</b>	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%	•			
<b>France</b>	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%	•	•	•	•
<b>Great Britain</b>	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%	•	•	•	
<b>Hong Kong</b>	Rieter Asia (Hong Kong) Ltd., Hongkong	HKD	1 000	100%		•		
<b>India</b>	Lakshmi Machine Works Ltd., Coimbatore <sup>1</sup>	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%		•		
<b>Italy</b>	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%	•			•
<b>Canada</b>	Rieter Automotive Mastico Ltd., Ontario	CAD	381 000	100%	•	•	•	
<b>Netherlands</b>	Rieter Automotive Nederland B.V., Weert	EUR	2 042 010	100%		•	•	
<b>Portugal</b>	Rieter Componentes para Veículos Lda., Setúbal	EUR	598 557	87%		•	•	
<b>Spain</b>	Saifa-Keller S.A., Barcelona <sup>1</sup>	ESP	141 000 000	49%	•	•	•	
<b>Taiwan</b>	Rieter Asia (Taiwan) Ltd., Taipei	TWD	5 000 000	100%		•		
<b>Czech Republic</b>	Rieter CZ a.s., Ústí nad Orlicí	CZK	982 169 000	100%	•	•	•	•
	Novibra Boscovice s.r.o., Boscovice	CZK	40 000 000	100%	•	•	•	
<b>USA</b>	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%	•	•	•	

<sup>1</sup> Non-consolidated investments in associated companies.

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