

# SWISSMETAL

Precision in Copper



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## KEY FIGURES: A FIVE-YEAR OVERVIEW

Consolidated Group (CHF million)	2009	2008 <sup>3</sup>	2007 <sup>2</sup>	2006 <sup>2</sup>	2005 <sup>1</sup>
Gross sales	191.7	324.9	407.0	357.6	198.3
· of which sales of third-party trade products	17.6	22.8	26.4		
Net sales	183.2	312.7	394.2	343.7	190.4
Gross added value sales (plants)*	76.7	113.8	126.1	118.0	103.5
Gross margin**	77.9	132.2	148.5	141.1	109.2
Operating income before depreciation (EBITDA)	-18.2	15.3	28.6	27.6	16.0
Operating income (EBIT)	-30.9	0.8	14.5	10.2	3.4
Result for the year (EAT)	-28.5	-4.0	11.4	4.6	3.3
Total assets	175.4	199.7	236.9	219.1	162.8
Current assets	96.0	113.7	147.8	129.3	94.8
Fixed assets	79.4	86.0	89.1	89.8	68.0
Short-term liabilities	57.6	53.2	52.0	57.9	22.9
Long-term liabilities	26.9	30.1	46.8	34.9	16.5
Shareholders' equity	90.9	116.4	138.1	126.3	123.4
Cash flow from operating activities	2.1	1.5	8.1	33.1	21.1
Capital expenditures	5.6	12.3	19.3	28.4	15.5
Headcount (annual average in full-time equivalents)	640	693	801	879	768
Net debt	37.6	46.6	40.1	34.9	-2.7
Share price as at 31 December (CHF)	9.8	9.5	27.4	26.9	14.3
Highest share price (CHF)	13.2	31.0	32.0	29.0	16.7
Lowest share price (CHF)	6.0	8.5	19.7	14.3	12.3
Earnings per share (EPS; CHF)	-4.3	-1.0	1.7	0.7	0.5
Market capitalization as at 31 December	64.8	62.9	181.5	176.1	93.3

\* Gross added value sales: Gross sales less metal at standard metal costs (production plants)

\*\* Gross margin: Net sales less cost of materials and changes in inventory

<sup>1</sup> Excluding Swissmetal Busch-Jaeger GmbH, Lüdenscheid, and Swissmetal Deutschland Holding GmbH, Schwenningen  
The value from the previous year has been retained.

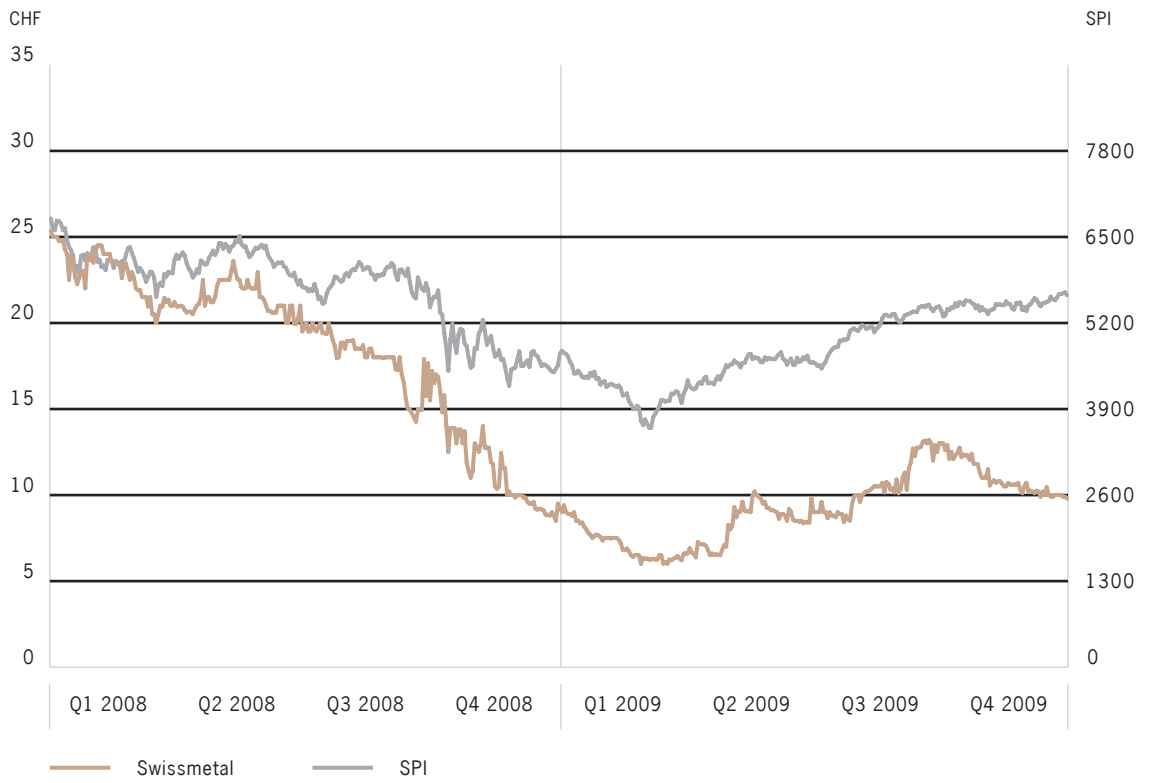
<sup>2</sup> Important changes: including Swissmetal Lüdenscheid GmbH, Lüdenscheid, since February 2006, and Avins Industrial Products Corp., Warren/NJ, since January 2007

<sup>3</sup> This figures include restatement effects 2008 and the prior years' restatement effects in stock revaluation





# SHARE PRICE PERFORMANCE



Dear shareholders,

The very difficult financial year of 2009 is now behind us. It was a year in which we were hit by the full force of the world economic crisis. We experienced a decline in new orders on a hitherto unimaginable scale. No one could have predicted this development, and there were no quick fixes either.

While the first three months of the year saw Swissmetal continue to benefit from orders received in 2008, the full extent of the crisis became clear in the second quarter. Our sales fell dramatically – by up to 50% in some cases – and throughout the remainder of the year failed to recover from this low level. The financial results for 2009 are sobering: for the year as a whole, we achieved sales of only CHF 191.7 million (previous year: CHF 324.9 million). Gross added value sales came to CHF 76.7 million (previous year: CHF 113.8 million) and EBIT to CHF -30.9 million (previous year: CHF 0.8 million).

We reacted very quickly and on all fronts to the slump in sales, pursuing two key objectives: first, there was a need to secure the company's liquidity; second, we sought new ways to stave off the threat of staffing reductions as a result of the dramatic drop in demand and output. Both objectives were achieved: through a rigorous cost-saving exercise, investment freeze and significant inventory reductions, on the one hand, and the blanket introduction of short-time work at all sites on the other. We can now report that, as a result of these measures, we were able to retain all the Group's qualified staff throughout the crisis. These employees will be urgently required once the economy starts expanding again.

At the same time, we laid the foundations for the future. Our aim is to be perfectly poised to emerge from the crisis.

We have been working flat out on our operating performance and will continue to do so in future. Significant improvements have been made to delivery reliability and quality. Throughput rates on our new

extrusion press have been increased considerably, and the press has no longer constituted a bottleneck in our production operations for some time now. Furthermore, our site concept has been finalized and is in the end phase of implementation. The integrated sites at Dornach and Lüdenscheid, with their foundry, press shop and finishing operation, are complemented by the Reconvilier site, which acts as a pure finishing site for our specialties.

We have concentrated our marketing activities worldwide – with the exception of the US – under the Swissmetal brand name once again and focused them on the Swissmetal product line-up. Only in the US our trading operations will remain under the Avins brand name, which is well established there. As part of our regional growth strategy, we have expanded our sales activities in the Asia region through the opening of our office in Hong Kong. We intend to benefit from the strong impetus in the Indian and Chinese markets, where the world economic crisis caused only a minimal slowdown.

Our spending on research and application technology was unaffected by the cost-saving exercise in 2009. The ability to offer innovative products and applications is vital when it comes to achieving lasting success. That is especially true in times of crisis. We have, therefore, continued our projects at an undiminished speed and, in addition, we have boosted our staff numbers once again in order to increase our capability. It was important for us to expand our technical presence vis-à-vis our customers once again.

Our most innovative product – the forward-looking ATMOVA project – achieved its final milestone before market launch. The first buildings to be equipped with bronze roof tiles and heat pumps have withstood the harsh test of winter. We are preparing for market launch in the first quarter of 2010 as scheduled.



The ATMOVA system, which is based on regenerative energy production, clearly demonstrates that successful business and a commitment to the environment go hand in hand at Swissmetal. With CN8, we will offer a very strong material that is highly resistant to wear and tear. Designed for aircraft landing gears, it is the first material in its class to contain no toxic beryllium. Development work in the field of unleaded yet easy to cut brass is highly promising. To replace our old heat plant in Dornach, we are planning a new plant that uses wood chips and is, therefore, CO<sub>2</sub>-neutral. Since December 2009, Swissmetal has also been an active member of the "Metals pro Climate" initiative set up by the non-ferrous metals industry.

The initial success of our measures became evident in the fourth quarter. Order entry is increasing again. At the same time, we have detected signs of an economic recovery.

Therefore, at an operating level, we are starting 2010 with cautious optimism. For the year as a whole, we expect a significant, double-digit rise in sales. Given our considerably improved cost structure compared with the previous year, we would reiterate our expectation of a breakeven result for 2010 at the operating level.

On behalf of all our colleagues on the Board of Directors and Executive Management, we would like to express our heartfelt gratitude to all of our employees for their great efforts and tremendous achievements in the extraordinary year of 2009. We would also like to thank all of our customers, business associates, and not least our shareholders for the confidence that you all have placed in us. We shall continue doing our utmost to deserve your confidence in 2010.

Yours sincerely,

Dr J. Friedrich Sauerländer  
Chairman of the Board  
of Directors

Dr Olaf Schmidt-Park  
CEO

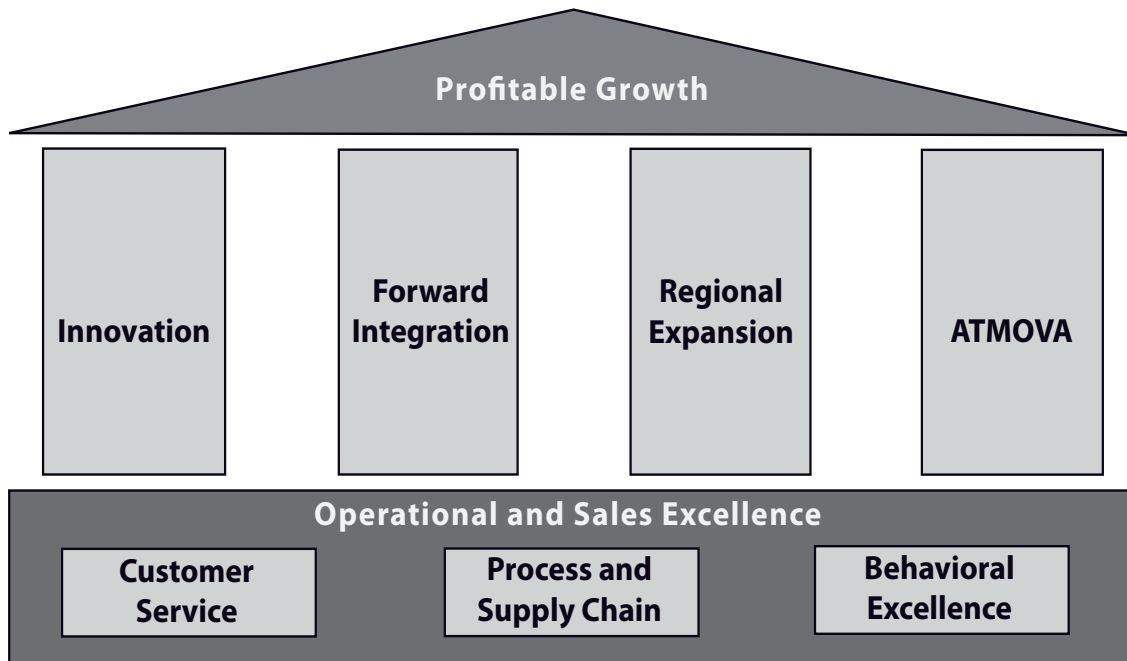


In 2009 the primary management attention is being paid to operational issues such as liquidity management, working capital reduction, operational productivity and cost savings. However, it is in these rough times as well, when the foundations for the future success are laid and the capability to participate in an expected post-recession growth period is being developed. Therefore, the Board of Directors and Management have invested much time and effort in defining the long-term future of our Group.

The change of leadership in May 2009 led to some strategic reconsideration. The result is a new strategic roadmap. Our long-term objective of Profitable Growth rests on four pillars that founded on operational and sales excellence:

**Forward Integration** is a strategic thrust that has become increasingly important. Our customers are requesting us to perform additional working steps on our material, such as machining, drilling, and coating just to name a few. Our customers want to reduce the complexity of their value chain, enabling us to capture a bigger part of it and in some cases transforming our original semi-finished products into technical parts. Such ways of collaboration are becoming increasingly attractive in the oil and aeronautics industry, as well as in the automotive and watch manufacturing business.

**Regional Expansion** is the title of a comprehensive long-term investment plan into our sales and distribution network in selected countries and selected market segments. We've conducted an in-depth market study in India and East Asia, providing us with valuable in-



**Innovation** at Swissmetal is not just about scientific R&D and the invention of new alloys, leading to blockbuster products such as NP6 and CN8, which have been described in a number of Swissmetal's publications. Innovation also happens very often in small, incremental steps; in close collaboration with the customers' technicians, our application engineers relentlessly search and realize improvements to bring more value to the customer. This can happen on the level of metallurgy, finishing and surface treatment, straightness, or even packaging. Our aim is to truly understand our customer's business requirements and the technical challenges that he faces in such a way that we're able to deliver real added value.

sight into the growth potentials that our technology and product range offers in these vibrant economies. We will accelerate our endeavor to build up a local footprint in these markets. These activities are based on our subsidiary in Hong Kong, our long-standing agents in the region and on our Swissmetal brand name, which is very valuable, especially in Asia. We reconsidered our plans for an own production site in India, which is no longer a priority. However, we are still committed to build up a much stronger market presence in Asia, with people who know the cultures of Asia and speak the languages, and who are capable of representing Swissmetal and its products. This, together with the quality of our products will enable us to participate in the strong future growth potential of this region.

**ATMOVA** labels the commercialization, industrialization and internationalization of our very promising new sustainable energy heating system for buildings. To learn more about this very important strategic program read page 13 below.

Under the title of Operational and Sales Excellence, a number of strategic initiatives are in progress.

**Customer Service** is a cross-organizational change initiative, aiming to improve our customer orientation as a core value of our corporate culture at Swissmetal. It addresses our employees at all sites, levels, and departments. We want to make our company more service oriented and customer focused in everything we do.

Under the Title **Process and Supply Chain** a number of measures and projects were kicked-off. The purpose is the invigoration of our technical expertise and know-how in order to further improve our core production processes in terms of quality, reliability, and efficiency.

**Behavioral Excellence** describes the fact that all pillars of our strategic roadmap rest on people, who have understood the message, subscribed to it, are dedicated and motivated, and who believe in our success. We have increased the continuous dialog with our employees on all levels, which allows for more face to face interaction, and we invest more in the retention of key people, the succession planning, knowledge management and people development.

Since September 2009, all marketing and sales activities have been conducted under the Swissmetal brand again. The brand Avins, despite being very well established in the USA, was new to Europe and Asia. In these markets, the name "Swissmetal" is much stronger, and it is positively associated with some of our key corporate values, such as precision, metallurgical competence, and quality. Using our traditional Swiss brand will improve our sales efforts here. The brand Avins will only be continued in the USA.

Based on this strategic roadmap we have compiled and agreed on a 5 years Business Plan, enumerating the yearly targets and listing all the measures and projects that need to be completed in order to meet these targets. Swissmetal has a great potential, made of tradition, technological competence, and commitment to precision and quality. The management team is enthusiastic about making the best out of this potential in the current time of recovery from the recession of 2009.

In 2009, Swissmetal achieved further success in strengthening its technical and metallurgical competence at all of its facilities. A holistic view of all the production processes, from casting to finishing, played a key role.

In Dornach, the final adjustments were successfully implemented to the new Apollo extrusion press to allow for the pressing of special alloys and wires. The press will no longer be a production bottleneck and will be able to turn out nearly the entire product range. The foundry in Dornach is now capable of casting large-diameter bolts from special materials. Due to these measures, an increase of efficiency is the consequence.

Initial preparations were undertaken in the finishing department at the Dornach site for the implementation of initiatives such as lean manufacturing and supply chain management. These programs will be launched imminently and will result not only in production efficiency enhancements and increased customer focus, but also in an improvement in working capital. Subsequently, preparatory lean manufacturing measures have been undertaken in Lüdenscheid.

Swissmetal also pressed forward in 2009 with the modification of its organizational structure to more closely match the process structure. Newly formed multi-site teams are helping us to accommodate more challenging customer demands faster. The primary emphasis has been on shorter and faster decision paths. To this end, new interfaces have been established at various organizational levels within and between the companies that will permanently improve the flow of communication and information.

A constant market presence with innovative or substitute products remains a must, given the growing profusion of interchangeable alloys and standard products and will be the essential foundation for Swissmetal's future development. Swissmetal took advantage of the 2009 economic crisis to fill gaps and expand the company by acquiring new technical capabilities in the form of new hires.

Swissmetal's innovation resulted in the certification of alloys such as CN8 by customers in the aviation industry and their suppliers. This innovative product consolidates Swissmetal's position as a manufacturer of high-quality, high-strength precision alloys, especially among large global customers in the industry. With development work for the aviation sector 80% complete, the economic rewards are expected in the near future.

Swissmetal is making auspicious progress in the development of small, hollow copper sections for use in electrical engineering. Today, the company is the only supplier in the world with the ability to produce small hollow sections in long lengths without undesirable welding seams.

For the near future, energy is one of many sectors that show promise. Writing instruments and electronic applications are off to a strong start, with definite results already achieved on the market. For each location, the existing product range and actions taken have bolstered our market position and laid the cornerstone for an ambitious program in 2010.

The priorities for the current year, 2010, are implementing lean manufacturing and supply chain management across the board at all locations and the further improvement of quality. We will implement targeted, customized programs to further increase customer satisfaction and generate added value for our customers.

For Swissmetal Design Solutions AG and ATMOVA, the 2009 financial year was dominated by the move towards industrial production. The ATMOVA system – comprising roof tiles and cladding units made from high-grade architectural bronze – is manufactured at our own plant and combined with a purpose-made heat pump, thermal store and control system to form an integral heating installation for buildings. Milestones on the path to industrial production included the development, validation and selection of suitable fabrication methods for the tiles and cladding units. Various prototype systems were subjected to an intensive program of tests and measurements, in some cases by external institutes, to determine and check the key system features. The goal of optimum system integration was achieved in close collaboration with our OEMs (Original Equipment Manufacturers), which included SAIA-Burgess AG, SATAG AG and Serto AG.

New installations fitted with the latest-generation ATMOVA roof tiles have delivered outstanding energy efficiency ratings. On-site measurements show the ATMOVA system to achieve an annual thermal output of 800 kWh per sqm, regardless of the weather conditions. Depending on the covered area, the tiles and cladding units can supply energy for 8 kW to 90 kW heat pumps. Feedback from the distributors contracted to install the series-production system was entirely positive, both during and after installation, and provided further ideas for enhancing the industrial design of the tiles.

A particular merit of the ATMOVA system for its core segments of high-quality architecture and architectural conservation is the use of architectural bronze. Offering a 30-year-plus service life, this material combines extraordinary longevity with a high suitability for use in thermally active building envelopes on account of its conductivity. Architectural bronze also scores well in terms of its carbon footprint due to the high proportion of recycled metal used in its manufacture, and its sustainability credentials are further emphasized by a 100% recyclability at the end of its lifespan. The material's high visual appeal allows the tiles and cladding units to blend seamlessly with the overall building composition and setting – a major concern for architects and clients alike. Swissmetal boasts a track record in the architectural use of bronze that dates back several decades.

The 2009 financial year saw ATMOVA clinch two awards even before its actual market launch. The DesignPlus Award, conferred by trade fair organizer Messe Frank-

furt and the German Design Council, was in recognition of ATMOVA's high design appeal in conjunction with sustainable material use and intelligent functionality. By virtue of its low carbon footprint, ATMOVA also scooped the Design & Technology Award in the newly created CO<sub>2</sub> Efficiency Category at the MATERIALICA trade fair. The MunichExpo jury was particularly impressed by the product's sparing use of natural resources. This prize serves to highlight ATMOVA's unique feature – its perfect marriage of design, material use, and carbon dioxide efficiency.

In 2010, the ATMOVA team will build on the accomplishments of 2009 and before in the development of a long-term, professional market presence in Switzerland and Germany. The team was joined in autumn 2009 by several new colleagues, who are strengthening the sales, marketing, engineering and production activities.

The focus in 2010 will be on sales and marketing. The foundations for this have already been laid through the establishment of our own competence centers in Lucerne and Stuttgart. Further competence centers are planned in 2010 for the Zurich and Munich areas.

In order to capitalize on potential synergies, the Architecture market segment was integrated into Swissmetal Design Solutions AG in the autumn. Both ATMOVA and the classic architecture business are essentially project-based. Future developments will include the upgrading of the existing architectural bronze cladding units so that they can offer the same energy-producing features as the ATMOVA roofing systems. All the groundwork for industrial production has been successfully completed. Despite the relatively high metal costs, ATMOVA cladding units look set to offer a highly competitive and intriguing alternative to the borehole heat exchangers of a similar capacity.

The ATMOVA system stands for building envelope solutions that combine high quality and visual appeal with sustainable energy production. Through its innovation, Swissmetal Design Solutions AG has created a completely new class of applications for Swissmetal alloys. "Designed energy" is an eloquent expression of the unique, dual-purpose mission of Swissmetal Design Solutions AG.



### PRELIMINARY REMARKS

The Swissmetal Group had previously restated individual items for the 2008 financial year. This applies to all the values in the column for the previous year, which are shown after restatement. The effects are shown in the Notes to the Swissmetal Group's Annual Report 2009. (See also Correction of the Financial Report 2008)

### CONSOLIDATED INCOME STATEMENT

**Gross sales and gross added value sales** In 2009, the Swissmetal Group generated consolidated gross sales of CHF 191.7 million (previous year: CHF 324.9 million). The sharp 41% drop in gross sales versus the previous year is largely explained by the difficult global economic situation. Whereas the sales of metals in the course of the stock optimization program had lifted the previous year's gross sales by CHF 7.7 million, there was no such positive effect in 2009.

All of the market segments were affected by the decline in gross sales versus the previous year. The segment Power Generation and Electronics held its ground in relative terms, as did the segment Watches, while the segments Writing Instruments and Traded Products recorded a relative increase. The trading business mainly comprises the sales of third-party traded products by Avins USA Inc, Warren/NJ. Its gross sales amounted to CHF 17.6 million in 2009. Sharp falls were recorded by the segments Decolletage (turned parts) and Industrial Applications. In terms of sales regions, the Avins USA market and the growth markets of India and East Asia made relative gains. In the latter case, a new subsidiary was established specifically to serve this market more effectively. By contrast, gross sales in the traditional markets of Southern Europe, Middle East & Africa, as well as Northern and Eastern Europe, showed a relative decline even if they still account for well over 50% of sales.

The gross added value sales (BBU) of manufacturing plants, in other words the gross sales attributable to the manufacturing plants less metal at standard metal costs, amounted to CHF 76.7 million. This represents a drop of CHF 37.1 million or 33% versus the previous year.

**Operating income (EBIT)** The 2009 gross margin amounted to CHF 77.9 million and was, therefore, CHF 54.2 million or 41% below the previous year: A very mini-

mal increase in metal prices was offset by a sharp reduction in volumes, which was responsible for this decline. Stocks were scaled back through reduced purchasing.

Personnel expenses amounted to CHF 58.2 million in 2009, a decline of CHF 10.1 million or 15%. This includes reimbursements for short-time working. The average headcount fell from 693 to 640 full-time equivalents (685 and 630, respectively, as of 31 December). This was attributable to Swissmetal's industrial restructuring as well as human resource adjustment measures to reduce overheads as a result of the overall economic situation.

Operating and administrative expenses totaled CHF 37.9 million in 2009, CHF 10.6 million less than the previous year. Owing to the large element of fixed costs, operating and administrative expenses did not fall in proportion to the production volumes. Swissmetal generated operating income before depreciation and amortization (EBITDA) of CHF -18.2 million in 2009, which is a decrease of CHF 33.5 million compared with the previous year.

Depreciation totaled CHF 12.7 million in 2009, CHF 1.9 million less than in the previous year. The decline in depreciation was due to the reduced investment activity of recent years.

This resulted in an operating income (EBIT) of CHF -30.9 million, which is a decrease of CHF 31.6 million.

**Result for the year (EAT)** In 2009, the net financial result improved by CHF 3.0 million to CHF -1.3 million compared with the previous year. The main reason for the increase was the positive change in exchange rates, lower volume of factoring and lower variable interest rates.

The non-operating and extraordinary result includes the CHF 0.5 million proceeds from the sale of land in Reconvilier.

The tax result in 2009 totaled CHF 3.2 million, an increase of CHF 3.8 million compared with the previous year. Tax expenses declined due to the deferred tax assets resulting from the loss.

At CHF -28.5 million, earnings after tax (EAT) were CHF 24.5 million lower than in the previous year.

**CONSOLIDATED BALANCE SHEET**

At the Group level, total assets decreased by CHF 24.3 million to CHF 175.4 million in comparison with the prior year, primarily due to the lower current assets.

The CHF 17.6 million (15%) decrease in current assets compared to the previous year mainly stemmed from the volume reduction in stock.

In terms of the fixed assets of CHF 79.4 million (previous year: CHF 86.0 million), the biggest reduction was in intangible assets. As at 31 December 2009, intangible assets amounted to CHF 3.4 million and consisted of goodwill from the acquisition of Swissmetal Lüdenscheid GmbH, Lüdenscheid, in 2006 and of Avins USA Inc., Warren/NJ, in 2007 as well as CHF 0.9 million in software and other intangible assets.

Total liabilities amounting to CHF 84.5 million represented 48% of the total balance sheet. Short-term liabilities increased by CHF 4.4 million (8%) to CHF 57.6 million. Higher metal prices had a crucial influence on this development.

Long-term liabilities amounted to CHF 26.9 million at the end of December 2009, CHF 3.2 million lower than in the previous year. This difference results from repaying a loan for Avins USA Inc. and the increase in environmental provisioning. Compared with the previous year, interest-bearing liabilities declined from CHF 44.1 million to CHF 41.5 million; non interest-bearing liabilities amounted to CHF 43.0 million (previous year: CHF 39.1 million).

Shareholders' equity amounted to CHF 90.9 million after the deduction of the annual loss of CHF -28.5 million, reducing the equity ratio from 58% to 52%.

Net debt totaled CHF 37.6 million as at 31 December 2009 (previous year: CHF 46.6 million).

**CONSOLIDATED CASH FLOW STATEMENT**

Swissmetal generated an operating cash flow of CHF 2.1 million in 2009, CHF 0.6 million more than in the previous year. This was mainly due to the decrease in net working capital, which also partly offset the decline in cash and cash equivalents.

In 2009, Swissmetal invested a net total of CHF 4.9 million in tangible and intangible assets (previous year: CHF 12.3 million), in particular in a number of machine upgrades and IT equipment, as well as own work capitalized for the ATMOVA system of CHF 2.6 million.

Free cash flow in 2009 totaled CHF -2.9 million, an improvement of CHF 7.9 million compared with the previous year, as a result of the decrease in net working capital.





# CORPORATE GOVERNANCE

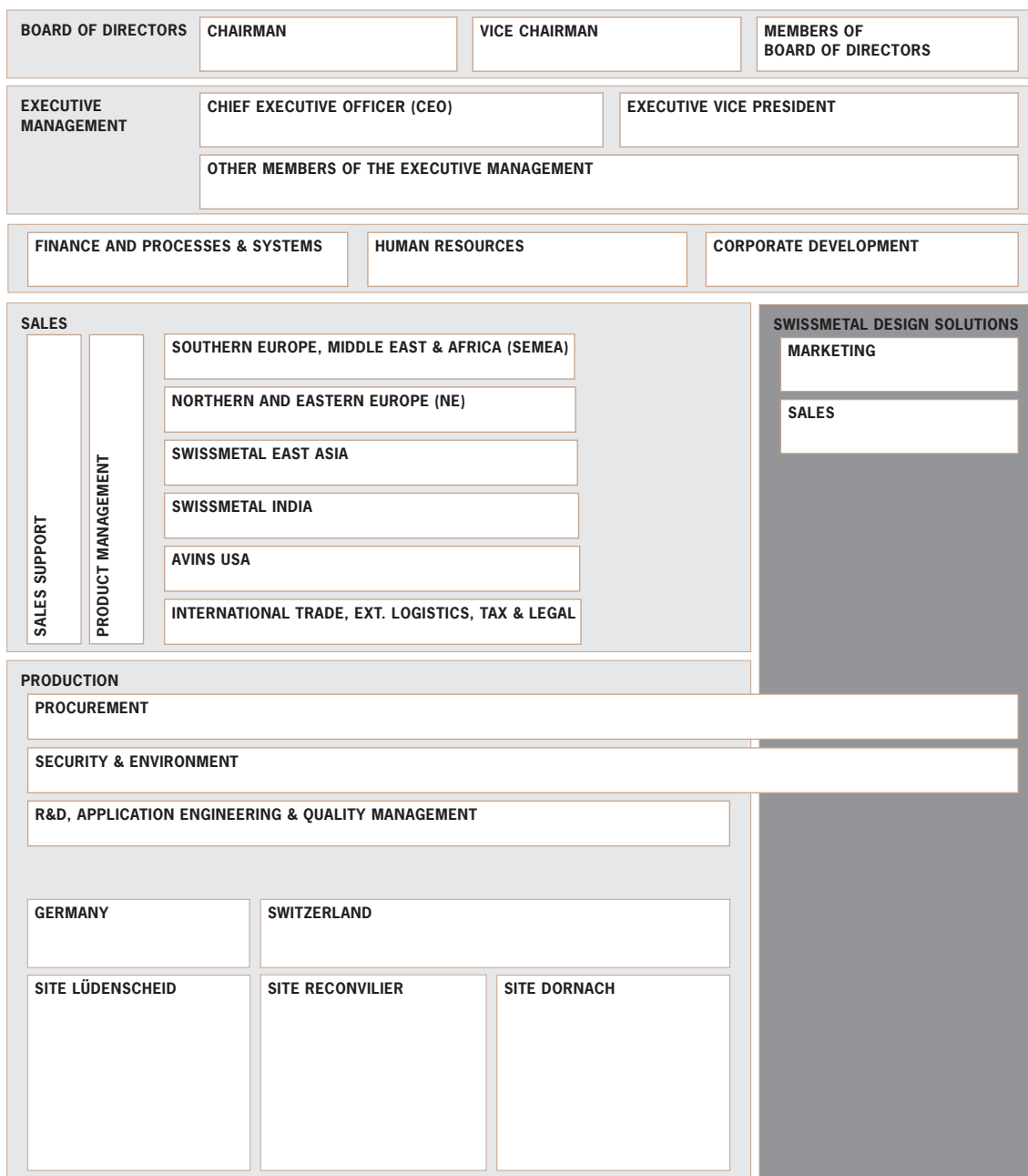
As a listed company, Swissmetal Holding Ltd is subject to the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange (also referred to as the SWX Directive), including its Annex and Commentary.

The Corporate Governance section of the Annual Report precisely follows the structure of the SWX Directive and covers events up to and including 16 April 2010.

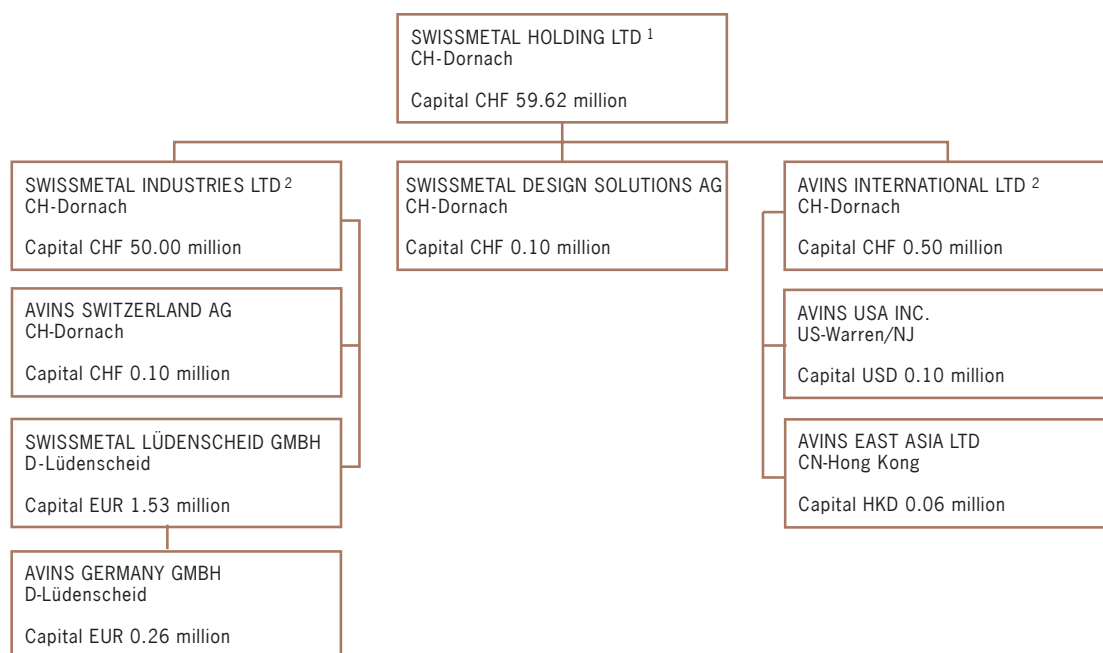
## 1. GROUP STRUCTURE AND SHAREHOLDERS

### 1.1 Group structure

#### Operational Group structure



### Legal Group structure of Swissmetal Holding Ltd



<sup>1</sup> 100% of Swissmetal Industries Ltd, Dornach, Swissmetal Design Solutions AG, Dornach, and Avins International Ltd, Dornach

<sup>2</sup> 100% each of the subsidiaries presented

Swissmetal Holding Ltd, Dornach, is listed on the SIX Swiss Exchange in Zurich (SMET, Swiss security number 257 226; ISIN CH0002572268) and is subject to Swiss law. The share price stood at CHF 9.79 as at 31 December 2009, resulting in a market capitalization of CHF 64.8 million. The scope of the consolidation does not include any listed companies, but only the above mentioned unlisted companies.

**Changes in the consolidation during the 2009 financial year** On 11 May 2009, Avins East Asia Ltd, Hong Kong, China, was founded as a subsidiary of Avins International Ltd, Dornach. As of 1 October 2009, Swissmetal reorganized its sales organization: the operating activities of Avins Switzerland Ltd, Dornach, and Avins Germany GmbH, Lüdenscheid, were merged with Swissmetal Industries Ltd, Dornach, and Swissmetal Lüdenscheid GmbH, Lüdenscheid, respectively. As of 31 December 2009, Avins Switzerland Ltd and Avins Germany GmbH are subsidiaries of Swissmetal Industries Ltd and Swissmetal Lüdenscheid GmbH, respectively. Both Avins companies will be merged with their parent companies in 2010. Then, Avins East Asia Ltd will also become a subsidiary of Swissmetal Industries Ltd.

### 1.2 Significant shareholders

The following shareholders held more than 3% of the capital of Swissmetal Holding Ltd, Dornach, on the balance sheet date of 31 December 2009:

	31.12.2009*	31.12.2008*
Own shares		5.07%
RFP Small & Mid Caps Switzerland (Fund Manager: Caceis Fastnet (Suisse) SA)	4.44%	4.44%
Laxey Partners Ltd	32.90%	32.90%
3V Invest Swiss Small & Mid Cap (Fund Manager: Oppenheim Asset Service S.à r.l. and 3V Asset Management AG)	5.40%	3.13%

\* The percentage figure is referred in the latest published share in the corresponding year.

**1.3 Cross-shareholdings** There are no cross-shareholdings that are subject to disclosure requirements.

## 2. CAPITAL STRUCTURE

**2.1 Capital** As at 31 December 2009, the share capital of Swissmetal Holding Ltd, Dornach, was CHF 59,616,954 (2008: CHF 59,616,954), divided into 6,624,106 (2008: 6,624,106) bearer shares.

### 2.2 Authorized and conditional capital

**Authorized capital** The Annual General Meeting of the listed company Swissmetal Holding Ltd, Dornach, on 30 June 2006, approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to further two years until 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full.

Increases by way of firm underwriting or in fractional amounts are permitted. The issue amount, timing of the dividend entitlement, type of contributions, and possible acquisitions of assets are determined by the Board of Directors.

The Board of Directors is entitled to exclude the subscription right of shareholders and to assign it to third parties if the new shares are to be used to acquire companies, parts of companies or shareholdings, or for the participation of the employees of the company or its subsidiaries.

The Board of Directors regulates the allocation of unexercised subscription rights in the interests of the company. The Board of Directors is empowered to create free shares for employee participation plans and to pay for them out of freely disposable equity.

**Conditional capital** The Annual General Meeting of the listed company Swissmetal Holding Ltd, Dornach, on 16 May 2007 approved the creation of conditional capital. The company's share capital will be increased by a maximum of CHF 22.5 million by the issue of at most 2,500,000 bearer shares, each with a par value of CHF 9.00, to be paid in full, to be granted upon exercise of warrant and conversion rights associated with debenture or similar bonds of the company or Group subsidiaries. Subscription rights for shareholders are excluded.

Shareholders' preferential subscription rights in the case of warrant or convertible bonds may be restricted or excluded by a resolution of the Board of Directors (1) to finance the acquisition of companies, portions of companies or shareholdings or new company capital expenditures or (2) to issue these warrant and conver-

tible bonds on international capital markets.

If such preferential subscription rights are waived, (1) the warrant or convertible bond must be placed with the general public at market conditions, (2) the exercise period must not exceed five years for warrants or ten years for conversion rights from the time of the bond issue, and (3) the issue price for the new shares must be at least equal to the market price at the time of the bond issue.

### 2.3 Changes in capital

**In 2007**, the share capital was increased in two stages: On 10 January 2007 and on 21 May 2007, UMS Swiss Metalworks Holding Ltd, Dornach, increased the stock of shares on issue by 40,000 and 38,550 shares, respectively each with a par value of CHF 9.00, from 6,545,556 shares to 6,624,106 shares, by paying a part of the authorized capital approved at the 2006 General Meeting. (See also section 2.2)

**In 2008**, the share capital of Swissmetal Holding Ltd, Dornach, remained unchanged. However, the Annual General Meeting approved the prolongation of authorized capital. (See also section 2.2)

**In 2009**, the share capital of Swissmetal Holding Ltd, Dornach, remained unchanged.

### 2.4 Shares

Each share is one bearer share and carries one vote. It conveys the right to a proportionate share of net profit and the residual proceeds of liquidation of the company. The Swissmetal Group recognizes only one owner per share. The share is indivisible with respect to the company. The company has issued 6,624,106 shares with a par value of CHF 9.00 each; all shares are fully paid. By amending the Articles of Incorporation, the Annual General Meeting may at any time convert bearer shares into registered shares. Swissmetal Holding Ltd, Dornach, currently has no participation certificates. Of the total 6,624,106 shares issued on 31 December 2009, 5,909 treasury shares (2008: 348,576) are held by the Swissmetal Group.

**2.5 Profit sharing certificates** Profit sharing certificates within the meaning of the SWX Directive are a special form of non-voting securities that replace or complement shares. Swissmetal Holding Ltd, Dornach, has not issued any profit sharing certificates.

**2.6 Limitations on transferability** There are no limitations on the transferability of shares.

**2.7 Convertible bonds and options** In the second quarter of 2007 as well as in 2008, the Swissmetal Group established an employee share participation program for the Board of Directors and the Management Circle, which consists of all the management employees including the Executive Management. The company currently has no outstanding convertible bonds or options.

### 3. BOARD OF DIRECTORS

**3.1 Members of the Board of Directors** The Boards of Directors of Swissmetal Holding Ltd, Dornach, and of Swissmetal Industries Ltd, Dornach, are identical.

Composition as at 31 December 2009 No Member of the Board of Directors belongs to the Executive Management of the Swissmetal Group or any of its subsidiaries.

Dr J. Friedrich Sauerländer Born in 1942, Swiss citizen, Member of the Board of Directors since 2004 and Chairman since 2005.

Dr J. Friedrich Sauerländer holds a management degree from the University of St. Gallen (HSG) and a doctorate in economics from the University of Freiburg (Germany). His career began in Australia with the Alusuisse Group. He subsequently assumed a number of management positions with Alusuisse in the USA and Brazil, before moving to the Swiss Eternit Group in 1983 as CEO for Latin America. From 1988, he served on the Group Management of SGS Société de Surveillance Group, as CEO of André & Cie SA/ André Group,

Lausanne, and CEO of Manufacture des Montres Rolex SA, Bienne and as a partner with GEM (Global Estate Managers), Geneva. He is currently on the Board of Directors of SCOR Holding (Switzerland) AG, Zurich. He is also the Chairman of the Foundation Board of Fondation PH Suisse – Partnerships in Health, Céligny and serves on the Foundation Board of Fondation Média et Société, Geneva.

Dr Dominik Koechlin Born in 1959, Swiss citizen, Vice Chairman of the Board of Directors since 2004. Dr Dominik Köchlin holds a doctorate in law from the University of Berne and an MBA from INSEAD Fontainebleau, France. Until 2001, he served several years as a Member of the Swisscom Management Board. Since 2001, he has served on the Board of Trustees of LGT Bank in Liechtenstein and on the Board of Directors of EGL AG, Clariant AG, PHC plc and a number of unlisted companies. He is also a Member of the Board of the University of Basel.

Max Locher Born in 1941, Swiss citizen, Member of the Board of Directors since 2004.

After his apprenticeship in commerce, Max Locher held various positions during his career at the Alusuisse Group. He served as regional delegate of an extrusion plant in France and Project Manager and General Manager of an aluminum extrusion plant in Nigeria. He became Head of Sales in 1977 and served from 1984 to 2005 as General Manager of Aluminium Laufen AG in Liesberg, where he has been Chairman of the Board of Directors since April 2005.

Board of Directors from left to right:

Dr Dominik Köchlin, Dr Roger Bühler, Dr J. Friedrich Sauerländer, Max Locher, Dr Jürg Henz and Ferdinand Stutz



**Dr Roger Bühler** Born in 1972, Swiss citizen, Member of the Board of Directors since 2006.

He holds a degree and doctorate in economics and business administration from the University of Basel and is a CFA Charter Holder. Dr Roger Bühler has extensive experience in corporate finance and investment management. He has been investment director at Laxey Partners Ltd, London and the Isle of Man, since 2003. Previously, he was with Active Value Advisors Ltd, London and Geneva. Between 2000 and 2002 he worked in the merchant banking division of A&A Actienbank in Zurich, and spent 1997 to 2000 in corporate finance at PricewaterhouseCoopers, also in Zurich. He is a director of MachHitech and Laxey Partners. Laxey Partners has a significant shareholding in Swissmetal.

**Dr Jürg Henz** Born in 1962, Swiss citizen, Member of the Board of Directors since 2009.

Dr Jürg Henz studied physics at the ETH Zurich and earned a doctorate, Dr. sc. nat. (ETH), in 1990. His professional career began at Saurer AG in Arbon, where he served as a technical director among other things. In 1997, he was sent to the USA to serve as president and CEO of the subsidiary, Melco Inc. In 2002, he assumed - back in Switzerland - the management of the business unit Embroidery of Saurer AG. In 2007, he became the head of the Oerlikon Saurer business unit. He has held a managing position at Oerlikon Solar AG, Trübbach, since 2008.

**Ferdinand Stutz** Born in 1957, Swiss citizen, Member of the Board of Directors since 2009.

After his apprentice as a pattern maker, Ferdinand Stutz studied foundry technology at the University Duisburg (Germany). He began his career as a production manager at Rieter AG in Winterthur, he managed the area of iron casting at Schubert + Salzer AG, Ingolstadt (Germany), and then became a partner and managing director of Schubert + Salzer Eisenguss GmbH in Leipzig (Germany) following the spin-off and sale in the scope of a MBO. From 1998 to 2009, he served as the CEO of the Georg Fischer Automotive corporate group and as a member of the Executive Committee of Georg Fischer AG, Schaffhausen. Since 2009 he has run his own management consulting company Stutz Improvement AG. He has a number of Board assignments with unlisted companies.

**Changes during the 2009 financial year** On 15 May 2009, Martin Hellweg and Ralph Glassberg left the Board of Directors. The Annual General Meeting elected Dr Jürg Henz (as of 15 May 2009) and Ferdinand Stutz (as of 1 November 2009) as members of the Board of Directors.

**3.2 Other activities and vested interests** Other activities and vested interests, if any, are noted in the biographies of the Members of the Board of Directors.

**3.3 Elections and terms of office** The Board of Directors was entirely elected by the Annual General Meeting. The term of office is one year and will last for all members until the Annual General Meeting for the 2009 financial year on 27 May 2010. Members of the Board of Directors may be elected at any time.

**3.4 Internal organizational structure** The Board of Directors comprises the persons named in section 3.1. Dr J. Friedrich Sauerländer has been Chairman of the Board of Directors since 10 June 2005. Dr Dominik Köchlin has been Vice Chairman since 1 July 2004. Sam V. Furrer has served as the external Secretary of the Board of Directors since 1 July 2004. The Chairman may convene as many meetings as business requires. Each Member of the Board of Directors may also request that the Chairman convene a meeting immediately, stating the reasons. A majority of the Members of the Board of Directors must be present to constitute a quorum for the transaction of business. Resolutions are adopted by a majority of votes cast. Resolutions may also be adopted in writing if no member requests a verbal consultation. The Secretary of the Board of Directors keeps the minutes of the deliberations and resolutions. Resolutions adopted by correspondence are recorded in the minutes.

The Board of Directors and its Chairman are assigned the non-transferable and inalienable duties set out in Articles 716a of the Swiss Code of Obligations. The Board of Directors decides on the allocation of the areas of responsibility (competencies) to the governing bodies of the Group companies, determines the strategy and long-term planning and the associated business plans and decides on the presentation of internal reporting. It also adopts resolutions on investment projects, unbudgeted expenditure and other amounts exceeding CHF 1 million as well as resolutions on the recourse to or repayment of loans over CHF 5 million.

Spread over 2009, the Board of Directors held ten ordinary meetings (2008: 10) lasting an average of three to five hours each as well as two teleconferences (2008: 5) and resolutions adopted by correspondence.

An agenda is prepared for each meeting of the Board of Directors containing the topics regularly discussed by the Board. These include the approval of the minutes, course of business, the current status of pending investment projects in the plants, quarterly pension fund reports and quarterly reports from the



Innovation & Business Development department. In discussing the course of business, the Board of Directors addresses the liquidity planning, current developments in each market segment and regional market, the liquidity situation and the operational situation in the plants. Additionally, further items are added to the agenda as needed, such as status reports on major projects – in 2009 these included development of ATMOVA, Executive Management recruitment, real estate business and changes to the legal entity structure – and current issues where decisions are needed, such as investments that were not yet under consideration at the time the budget was approved. All the Board of Directors' topics are generally discussed in the presence of the responsible Member of the Executive Management. The latter also generally submits proposals for decisions. When discussing matters internal to the Board of Directors and human resources matters at the Executive Management level, the Board meets on its own. Depending on the matter at hand, external advisers may be invited to attend Board meetings.

Two Sub-Committees have been founded, an Audit Committee and a Finance Committee.

The Charter of the Audit Committee sets out the duties and powers of the Audit Committee, which consists of Dr Dominik Köchlin (Chairman), Dr J. Friedrich Sauerländer and Dr Roger Bühler. The Audit Committee monitors the financial and accounting processes and systems of the Swissmetal Group, evaluates the independence and effectiveness of the external auditors and ensures the flow of communication between management, the finance department, auditors, and Board of Directors. The Audit Committee makes appropriate recommendations to the Board of Directors.

The Committee's main tasks are:

- discussing the annual financial statements with management;
- monitoring compliance with statutory accounting regulations and the accounting standards used by the company;
- reviewing the scope and planning of the external audit;
- making recommendations concerning the selection and remuneration of the external auditors;
- monitoring the effectiveness and suitability of the financial and accounting systems and the internal audit and submitting recommendations to the Board of Directors;
- submitting a proposal to the Board of Directors in the event of over-indebtedness pursuant to Article 725 of the Swiss Code of Obligations.

The Audit Committee has been given the following decision-making powers:

- review of the professional qualifications of the auditors within the meaning of Article 727b of the Swiss Code of Obligations;
- establishment of the measures and rules to avoid insider dealing;
- approval of guidelines and rules concerning the publication of price-sensitive information;
- approval of the strategic audit and inspection plan;
- preparation of risk management guidelines;
- basic tax issues;
- initial appointment and remuneration of the external auditors, who are then put forward for election by the Annual General Meeting following their approval by the Board of Directors.

In 2009, the Audit Committee met on six occasions (2008: four), four physical meetings as well as two teleconferences. The agenda contained the streamlining of the closing process, the ICS processes as well as occurring financial matters. Any topics normally dealt with by the Audit Committee, but arising between meetings, were discussed by the Board of Directors and recorded in separate minutes with the relevant citations.

The Board of Directors decided to form a Finance Committee consisting of Dr J. Friedrich Sauerländer, Dr Roger Bühler, Dr Dominik Köchlin and Dr Olaf Schmidt-Park. The mandate of the Finance Committee is to analyze M&A opportunities for the Swissmetal Group whenever such opportunities become apparent, derive conclusions and bring forward recommendations to the Board of Directors. Since the Finance Committee is only a discussion body and does not make any formal decisions, no formal structures (Chairman, Vice-Chairman, regular meeting schedules etc.) have been established, and no extra compensation is rewarded to its members. The Finance Committee may engage external advisors (such as financial advisors) for its activities.

Discussions have primarily taken place in telephone conferences and in written form. The Finance Committee had no formal meetings. All decisions related to M&A issues have been made by the whole Board of Directors during the regular Board meetings.

The allocation of duties and powers among the Board of Directors and the Executive Management is set out primarily in the Organizational Regulations and their Annex on the Allocation of Powers. Members of the Executive Management always attend meetings of the Board of Directors and the Sub-Committee if expert knowledge from their areas is sought.

**3.5 Areas of responsibility** The Board of Directors has delegated the operational management of the company and the operational leadership of the Swissmetal Group to the CEO and the Executive Management. The delineation of duties and powers among the Board of Directors, CEO, Executive Management and other management personnel is governed by the Organizational Regulations and their Annexes. Operational management comprises all business management tasks not reserved to the Board of Directors by law, the Articles of Incorporation, the Organizational Regulations, their Annex and any specific resolutions of the Board of Directors.

The CEO is appointed by the Board of Directors. Together with the Executive Management and within the scope of the strategy approved by the Board of Directors, he is responsible for the operational management of the company and of the Swissmetal Group. He chairs the Executive Management, which comprises the senior managers required for the conduct of business. He is accountable for the Swissmetal Group's earnings and is, among other things, responsible for drafting the corporate strategy and implementing it once it has been approved by the Board of Directors.

The other Members of the Executive Management, who number six as of 31 December 2009 are nominated by the CEO, appointed by the Board of Directors and report to the CEO. After Greg Himstead had left the company as of 31 July 2009, the Chief Sales Officer's position was vacant as of 31 December 2009 and is held by the CEO ad interim. The other Members of the Executive Management, which comprises the senior managers needed for the conduct of business, are, together with the CEO and within the scope of the strategy approved by the Board of Directors, responsible for operational management of the company and of the Swissmetal Group. The Members of the Executive Management are further responsible for business relevant to their respective departments. They are authorized to delegate responsibility and are required to approve the rules governing the scope of authority within their respective departments as appropriate; these rules must be approved by the Board of Directors. The Members of the Executive Management meet every week; these meetings last, alternatingly, one and three hours, respectively.

Executives, i.e. individuals with direct management responsibility or advanced technical responsibilities, together with the Executive Management make up the Management Circle, which generally meets every third month at each plant separately where current strategic and operational topics are discussed, guidelines

for management conduct are devised and objectives are set for general operational collaboration.

**3.6 Information and control instruments** The Executive Management informs the Board of Directors of the strategic and operational developments at every Board meeting. The monthly Management Report on the current financial and operational indicators serves as the basis for discussion of the course of business. The management report contains an executive summary providing the Board of Directors with a written review of the previous month. The other pages present time series charts of new orders, sales and outstanding orders.

Information prepared for the meetings of the Board of Directors is submitted about one week in advance. At the Board of Directors meeting, those Members of the Executive Management who are invited to attend according to the agenda often deliver verbal reports.

In autumn, a budget and a business plan are set up that have to be approved by the Board of Directors.

Twice a year, the external auditors (PricewaterhouseCoopers AG, Basel) draft a Management Letter to the attention of the Audit Committee, the Board of Directors and the Executive Management containing recommendations for improvements.



#### 4. EXECUTIVE MANAGEMENT

**4.1 Members of the Executive Management** The following reflects the status of the Swissmetal Group as at 31 December 2009. Members of the Executive Management have a permanent contract of employment and are responsible for all the tasks related to operational management that are not exclusively reserved for the Board of Directors.

Dr Olaf Schmidt-Park Born in 1961, German citizen, CEO of the Swissmetal Group since May 2009.

Dr Olaf Schmidt-Park studied chemical engineering at the Technical University Hanover (Germany) and subsequently earned a doctorate in chemical engineering at the Technical University Berlin (Germany). His professional career began at Bayer AG in Krefeld-Uerdingen (Germany) as a project manager in product and process development. In 1998, he assumed the general management of Bayer Shanghai Pigments Ltd (China) in 1998 and developed it into a profitable production site. In 2002, he switched to Bayer Business Services Ltd. as a Key Account Manager in Leverkusen (Germany). As of 2004, he was the president and CEO of H.C.Starck, Inc., Newton, USA.

Volker Suchordt Born in 1947, German citizen, Member of the Executive Management since February 2006 in his capacity as Executive Vice President Own Manufactured Products and Quality, Safety and Environment.

Volker Suchordt studied metal science at the universities of Dortmund and Bochum with a focus on metallurgy and metalworking technologies. He has many years of experience in copper semi-finished goods, acquired at the VDM wire, band and coin plant, Swissmetal Busch-Jaeger and the Thyssen Krupp-VDM wire plant. Most recently, he restructured Busch-Jaeger Metallwerk GmbH, now Swissmetal Lüdenscheid GmbH, into a highly competitive provider of high-grade specialty products.

Joachim Blatter Born in 1959, German citizen, Chief Financial Officer (CFO) and Member of Executive Management since October 2008; Head of Processes & Systems since April 2009.

Joachim Blatter studied Economics at the University of Freiburg (Breisgau) and the University of Collogne. In 1997, he graduated as a Certified Management Accountant (CMA) and in 2006 as a Certified Financial Manager (CFM) at the Institute of Management Accountants in Montvale/NJ, USA. During the course of his

Executive Management from left to right:

Sam V. Furrer, Joachim Blatter, Dr Olaf Schmidt-Park, Jean-Pierre Tardent, Martin Heuschkel, Laura Rossini and Volker Suchordt



career, Joachim Blatter had various functions in the financial sector at the corporate as well as operational levels in international groups working in the metal industry. He worked last at Alcan as CFO for the Alcan Singen GmbH and as CFO and Managing Director for the Alcan Holdings Germany.

**Martin Heuschkel** Born in 1962, French citizen, SVP Swissmetal Design Solutions and Member of Executive Management since July 2007.

Martin Heuschkel holds a bachelor's degree in electrical engineering from Basel Technical University, an MBA from the Simon Graduate School of Business at the University of Rochester in New York and an Executive MBA from the University of Berne. Before joining the Swissmetal Group, he worked for five years for a Swiss management consultancy on international projects, seven years as the CTO of an international logistics group and four years in the IT and security systems department of a major Swiss bank. From 2005 to June 2007 he was also responsible for quality, safety and environmental protection and from December 2003 to March 2009 he was also SVP IT, Processes & Systems at Swissmetal. He is also Vice Chairman of the Board of Directors of Swiss Data Safe AG in Amsteg.

**Sam V. Furrer** Born in 1966, Swiss citizen, Chief Development Officer (CDO) and Member of Group Management since July 2004, Member of Executive Management since July 2007.

Sam V. Furrer holds a degree in management from the University of St. Gallen. He has worked for Arthur D. Little and other consulting firms in strategy development and implementation, change management and enterprise development. During his consulting career he acquired extensive expertise in various industries including petroleum, cement, postal services, electronics and telecommunications. In addition to his work as CDO, Sam V. Furrer was Head of Human Resources from July 2004 to January 2006.

**Laura Rossini** Born in 1970, Swiss and Italian citizen, Head of Human Resources and Member of Group Management since January 2006, Member of Executive Management since July 2007.

Laura Rossini studied foreign languages with a focus on law and business at the Free University of Cologne. She then completed a number of advanced training programs in human resources, which is the field in which she has been working for the past 14 years. She has solid human resources experience both in strategic matters (assessment, recruitment, management development) at international industrial groups such as Hilti

and Holcim as well as in operational matters as the Head of human resources at a smaller industrial manufacturer. She joined the Swissmetal Group in March 2005 in a staff position as the HR Manager of Development and Projects, before becoming Head of Human Resources in January 2006.

**Jean-Pierre Tardent** Born in 1954, Swiss citizen, SVP R&D, Application Engineering and Quality Management and Member of Group Management since July 2004, Member of the Executive Management since January 2009.

Jean-Pierre Tardent holds a degree in materials science from EPFL Lausanne and began his career with the Swissmetal Group in 1982. He first managed research projects, prior to moving on to become an operating metallurgist, Head of Research and Development at the Reconvilier plant and Head of Technical Marketing. He possesses substantial experience in copper alloys and their applications as well as manufacturing processes. During the last three years, he was responsible for the market qualification of the most recent product innovations for highly demanding industries such as aircraft manufacturer, oil drilling and connector industry. In addition, he has managed the product manager team since 2008.

**Changes during the 2009 financial year** On 15 May 2009, Martin Hellweg, CEO, left the company. Since then, Dr Olaf Schmidt-Park has been holding this position. Concurrently, he was the Chief Sales Officer ad interim since Greg Himstead had left the company as of 31 July 2009. Furthermore Jean-Pierre Tardent became a Member of the Executive Management as of 1 January 2009.

**Changes since 31 December 2009** Dr Volker Helling Born 1962, German citizen, Chief Sales Officer and Member of Executive Management since March 2010. Dr Volker Helling studied metallurgy and material engineering, with an emphasis on casting, at the Technical University of Aachen (RWTH) in Germany and received his doctorate in 1995 at the Foundry Institute of the same university. Following his studies he began his career at Georg Fischer Automotive in Singen where he managed various projects in the areas of production and administration. In 1997, he moved up to management as Head of Quality Management. In 1999, he took over the management of the company's Garching site, an aluminum foundry located north of Munich. In mid-2003, he went on to become Sales Manager in the Iron Technology Unit at Georg Fischer Automotive which comprised a total of four

sites. Following this, in 2006 he took over the lead position in Key Account Management where he was responsible for approximately half of all sales at Georg Fischer Automotive. Since April 2009, Dr Volker Helling has been active in purchasing, including provider assessment and support.

**4.2 Other activities and vested interests** Other activities and vested interests, if any, are noted in the biographies of the Members of the Executive Management.

**4.3 Management agreements** There are no management agreements within the meaning of the SWX Directive.

## 5. COMPENSATION, SHAREHOLDINGS, AND LOANS

**5.1 Content and method of determining compensation and shareholding programs** The Board of Directors determines the appropriate compensation for its members as a group, using the risks and size of the Swissmetal Group compared to other enterprises as criteria. The Members of the Board of Directors of the Swissmetal Group receive directors' fees and their expenses are reimbursed. Members of the Executive Management and the other Members of the Management Circle receive a salary, reimbursement of expenses (in accordance with the regulations on expenses) and a performance-related bonus (in accordance with the rules of the bonus program) based on the change in value added. Thus, the amount of the variable pay component is tied to a defined Group target.

The aim of the bonus program is to tie the variable compensation for participants in the plan to the long-term increase in the value of the Swissmetal Group. The concept is based on the value added principle and a plan that lasts several years in line with shareholder expectations. The main advantage of the value added concept is that it not only measures growth in sales and profitability, but also takes account of the resources used for these increases and the additional capital costs involved. The Management Circle receives a variable salary component in addition to the fixed salary, that is stipulated in the contract of employment. The amount to be paid out depends on the change in the value added in the current financial year and the past financial years and on Swissmetal Group's budget/business plan. The multiplier for calculating the amount available for bonus payments is computed from the increase in value per financial year. The available amount is credited to a bonus bank and only partially paid out.

Any balance is carried forward to the next year. It is possible for the bonus for a financial year to be negative if there is negative value added. This has the effect of (partially) neutralizing any positive balance in the bonus bank and of less, or nothing at all, being paid out. Thus, the company takes account of both positive and negative fluctuations in business performance and ensures that variable compensation contains a long-term component. The Swissmetal bonus plan is long-term oriented. The target bandwidth for the variable bonus is 15% to 30% of the fixed salary, depending on the level of responsibility.

The Board of Directors determines key figures in relation to the available bonus amount and based on the business plan (consolidated figures).

These were determined for 2006 to 2010 in January 2006. In 2008, some key figures have been revised. The Board of Directors uses the services of an external consultancy specializing in compensation programs in devising and updating the bonus program.

The Board of Directors and Executive Management regard it as desirable for executives to personally own Swissmetal shares.

The Board of Directors launched an employee share ownership program in the second quarter of 2007 as well as in the second quarter of 2008. The Board of Directors and the Members of the Management Circle may subscribe different quantities of shares under preferential terms. These shares are locked in for two years. The program was not repeated in 2009, however, it may be repeated in 2010. The Executive Management is again working with external consultants in implementing this program.

**5.2/5.3 Compensation for active members of the Board of Directors and of the Executive Management** Total remuneration paid or deferred in the 2009 financial year breaks down as follows:

<b>Board of Directors: Compensation 2009 (CHF)</b>	<b>Dr J. Friedrich Sauerländer</b> Chairman	<b>Dr Dominik Köchlin</b> Vice chairman	<b>Martin Hellweg<sup>7</sup></b> Member and Delegate	<b>Max Locher</b> Member	<b>Ralph Glassberg<sup>8</sup></b> Member	<b>Dr Roger Bühler</b> Member	<b>Ferdinand Stutz</b> Member	<b>Dr Jürg Henz</b> Member	<b>Total BoD</b>
<b>Compensation (cash)</b>									
<b>Pay (fixed)</b>									
Chairman of BoD <sup>1</sup>	100,000								100,000
Vice Chairman of the BoD <sup>1</sup>		75,000							75,000
Member of the BoD <sup>1</sup>			0	50,000	18,750	50,000	8,333	31,250	158,333
Chairman of the AC <sup>1</sup>		15,000							15,000
Member of the AC <sup>1</sup>	15,000					15,000			30,000
Executive function			1,046,948		158,665				1,205,613
<b>Pay (variable)</b>									
Sirius bonus			0						0
Other bonuses <sup>2</sup>					103,170				103,170
<b>Shares/Options<sup>3</sup></b>									
Shares <sup>4</sup>			203,200						203,200
<b>Remuneration for additional work</b>									
Additional services above and beyond regular duties <sup>5</sup>	75,000			5,000			22,917		102,917
<b>Total compensation (cash)</b>	<b>190,000</b>	<b>90,000</b>	<b>1,250,148</b>	<b>55,000</b>	<b>280,585</b>	<b>65,000</b>	<b>31,250</b>	<b>31,250</b>	<b>1,993,233</b>
<b>Compensation (non-cash)</b>									
Bonus bank opening balance									
Bonus bank pay-out (negative value) and deduction (positive value), respectively									
Bonus bank closing balance									
Benefits in kind <sup>3</sup>			24,983						24,983
Social insurances <sup>6</sup>	8,747	5,445	106,790	1,929	34,664	0	1,891	1,891	161,357
<b>Total compensation (non-cash)</b>	<b>8,747</b>	<b>5,445</b>	<b>131,773</b>	<b>1,929</b>	<b>34,664</b>	<b>0</b>	<b>1,891</b>	<b>1,891</b>	<b>186,340</b>
<b>Total compensation</b>	<b>198,747</b>	<b>95,445</b>	<b>1,381,921</b>	<b>56,929</b>	<b>315,249</b>	<b>65,000</b>	<b>33,141</b>	<b>33,141</b>	<b>2,179,573</b>

<sup>1</sup> In 2009, the Board of Directors compensations are not paid out but accrued.

<sup>2</sup> Ralph Glassberg did not participate in the Sirius bonus program.

<sup>3</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>4</sup> Shares have been allotted in special cases based on individual merit.

<sup>5</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

<sup>6</sup> Employer's share

<sup>7</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

<sup>8</sup> In addition to compensation for his service on the Board of Directors, Ralph Glassberg received compensation as the CEO of Avins USA Inc., Warren/NJ.

**Note on the bonus bank:** The lines "Nordstern bonus" and "Bonus bank pay-out (negative value) and deduction (positive value), respectively" have to be looked at together. The first line shows how much is paid out for the respective year. Adding up both lines yields the expense for the respective year. A negative balance in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively" now means that this amount was withdrawn from the bonus bank and not charged to expenses (valid for 2008). A positive balance would mean that the bonus bank increased in the respective year and the target could be more than exceeded. In 2009, there

<b>Board of Directors: Compensation 2008 (CHF)</b>	<b>Dr J. Friedrich Sauerländer</b> Chairman	<b>Dr Dominik Köchlin</b> Vice Chair- man	<b>Martin Hellweg<sup>6</sup></b> Member and Delegate	<b>Max Locher</b> Member	<b>Ralph Glassberg<sup>7</sup></b> Member	<b>Dr Roger Bühler</b> Member	<b>Total BoD</b>
<b>Compensation (cash)</b>							
<b>Pay (fixed)</b>							
Chairman of BoD	100,000						100,000
Vice Chairman of the BoD		75,000					75,000
Member of the BoD			0	50,000	50,000	50,000	150,000
Chairman of the AC		15,000					15,000
Member of the AC	15,000					15,000	30,000
Executive function			415,992		81,875		497,867
<b>Pay (variable)</b>							
Nordstern bonus			0				0
Other bonuses <sup>1</sup>					95,737		95,737
<b>Shares /Options<sup>2</sup></b>							
Advantage from share purchase at a reduced price <sup>3</sup>	10,550	10,550	63,300				84,400
<b>Remuneration for additional work</b>							
Additional services above and beyond regular duties <sup>4</sup>	60,000						60,000
<b>Total compensation (cash)</b>	<b>185,550</b>	<b>100,550</b>	<b>479,292</b>	<b>50,000</b>	<b>227,612</b>	<b>65,000</b>	<b>1,108,004</b>
<b>Compensation (non-cash)</b>							
Bonus bank opening balance			95,216				
Bonus bank pay-out (negative value) and deduction (positive value), respectively			-95,216				-95,216
Bonus bank closing balance			0				
Benefits in kind <sup>2</sup>			28,889		2,816		31,705
Pension expenses <sup>5</sup>	8,324	5,964	75,416	1,747	34,749	0	126,200
<b>Total compensation (non-cash)</b>	<b>8,324</b>	<b>5,964</b>	<b>9,089</b>	<b>1,747</b>	<b>37,565</b>	<b>0</b>	<b>62,689</b>
<b>Total compensation</b>	<b>193,874</b>	<b>106,514</b>	<b>488,381</b>	<b>51,747</b>	<b>265,177</b>	<b>65,000</b>	<b>1,170,693</b>

<sup>1</sup> Ralph Glassberg did not participate in the Nordstern bonus program.

<sup>2</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>3</sup> The shares of the regular share ownership program may be purchased at a subsidized price and are locked in for two years. Additional shares have been allotted in special cases based on individual merit.

<sup>4</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

<sup>5</sup> Employer's share

<sup>6</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

<sup>7</sup> In addition to compensation for his service on the Board of Directors, Ralph Glassberg receives compensation as the CEO of Avins USA Inc., Warren/NJ.

is no value in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively", but the line Bonus bank closing balance" is negative. It is to be offset with future bonuses.

No loans or credits were extended to the Members of the Board of Directors, nor was any compensation paid to those individuals closely linked to the Board of Directors other than that already mentioned.

Executive Management: Compensation 2009 (CHF)	Individual with the highest compensa- tion: CEO <sup>7</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
<b>Compensation (cash)</b>				
<b>Pay (fixed)</b>				
Member	1,046,948	191,096	1,574,871	2,812,915
<b>Pay (variable)</b>				
Sirius bonus	0	0	0	0
Other bonuses <sup>1</sup>	0	103,125	82,931	186,056
<b>Shares/options<sup>2</sup></b>				
Shares <sup>3</sup>	203,200			203,200
Shares (salary portion) <sup>3</sup>		16,485	37,924	54,409
<b>Remuneration for additional work</b>				
Additional services above and beyond regular duties			10,008	10,008
<b>Total compensation (cash)</b>	<b>1,250,148</b>	<b>310,706</b>	<b>1,705,734</b>	<b>3,266,588</b>
<b>Compensation (non-cash)</b>				
Bonus bank opening balance			0	0
Bonus bank pay-out (negative value) and deduction (positive value), respectively <sup>4</sup>	0	0	[-1,791,546]	[-1,791,546]
Bonus bank closing balance			-1,791,546	-1,791,546
Benefits in kind	24,983	46,702	49,992	121,677
Pension expenses <sup>5</sup>	106,790	35,028	258,931	400,749
<b>Total compensation (non-cash)</b>	<b>131,773</b>	<b>81,730</b>	<b>308,923</b>	<b>522,426</b>
<b>Total compensation</b>	<b>1,381,921</b>	<b>392,436</b>	<b>2,014,657</b>	<b>3,789,014</b>

Loans/credits 2009 (CHF)	Individual with highest compensation: CEO <sup>7</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
Loans <sup>6</sup>	0	0	27,291	27,291
<b>Loans</b>	<b>0</b>	<b>0</b>	<b>27,291</b>	<b>27,291</b>

<sup>1</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>2</sup> There are no outstanding options.

<sup>3</sup> Shares have been allotted in special cases based on individual merit. In addition, shares have been paid as part of salary.

<sup>4</sup> The negative Bonus Bank balance is not owed to the Swissmetal Group, it will only be offset with future bonuses; therefore, it is not added to the total compensation (non-cash).

<sup>5</sup> Employer's share

<sup>6</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>7</sup> Martin Hellweg does not receive additional compensation for his service on the Board of Directors.

**Note on the bonus bank:** The lines "Nordstern bonus" and "Bonus bank pay-out (negative value) and deduction (positive value), respectively" have to be looked at together. The first line shows how much is paid out for the respective year. Adding up both lines yields the expense for the respective year. A negative balance in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively" now means that this amount was withdrawn from the bonus bank and not charged to expenses (valid for 2008). A positive balance would mean that the bonus bank increased in the respective year and the target could be more than exceeded. In 2009,



<b>Executive Management: Compensation 2008 (CHF)</b>	<b>Individual with the highest compensation: CEO<sup>6</sup></b>	<b>Other Executive Management Members</b>	<b>Total</b>
<b>Compensation (cash)</b>			
<b>Pay (fixed)</b>			
Member	415,992	1,374,787	1,790,779
<b>Pay (variable)</b>			
Nordstern bonus	0	0	0
Other bonuses <sup>1</sup>		120,407	120,407
<b>Shares/options<sup>2</sup></b>			
Advantage from share purchase at a reduced price <sup>3</sup>	63,300	126,600	189,900
<b>Remuneration for additional work</b>			
Additional services above and beyond regular duties		10,008	10,008
<b>Total compensation (cash)</b>	<b>479,292</b>	<b>1,631,802</b>	<b>2,111,094</b>
<b>Compensation (non-cash)</b>			
Bonus bank opening balance	95,216	168,161	263,377
Bonus bank pay-out (negative value) and deduction (positive value), respectively	-95,216	-168,161	-263,377
Bonus bank closing balance	0	0	0
Benefits in kind	28,889	86,240	115,129
Pension expenses <sup>4</sup>	75,416	255,075	330,491
<b>Total compensation (non-cash)</b>	<b>9,089</b>	<b>173,154</b>	<b>182,243</b>
<b>Total compensation</b>	<b>488,381</b>	<b>1,804,956</b>	<b>2,293,337</b>
<b>Loans/credits 2008 (CHF)</b>			
Loans <sup>5</sup>		231,889	231,889
<b>Total loans/credits</b>		<b>231,889</b>	<b>231,889</b>

<sup>1</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>2</sup> There are no outstanding options.

<sup>3</sup> The shares of the regular share ownership program may be purchased at a subsidized price and are locked in for two years. Additional shares have been allotted in special cases based on individual merit.

<sup>4</sup> Employer's share

<sup>5</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>6</sup> Martin Hellweg does not receive additional compensation for his service on the Board of Directors.

there is no value in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively", but the line Bonus bank closing balance" is negative. It is to be offset with future bonuses.

Loans have been granted to some executive members to purchase shares. The loans are for a term of four years with an annual interest charge based on market conditions. The locked-in shares acquired with these loans serve as security. There are no other loans to the Members of the Executive Management.

**5.4 Compensation for former members of governing bodies** No compensation or severance payments went to former Members of the Board of Directors or Executive Management who left during or before 2009; they only received their contractual or agreed notice entitlements.

**5.5 Share allotment in the year under review** As of 31 December 2009, any existing share allotment has been resolved.

**5.6 Ownership of financial instruments** The number of shares held by each Member of the Board of Directors or Executive Management is given below:

Number of shares (votes)	2009	2008
<b>Dr J.Friedrich Sauerländer</b> Chairman of the BoD	5,000	5,000
<b>Dominik Köchlin</b> Vice chairman	3,000	3,000
<b>Max Locher</b> Member	801	801
<b>Ralph Glasberg</b> Member	-	133,333
<b>Roger Bühler*</b> Member	0	0
<b>Dr Jürg Henz</b> Member	0	-
<b>Ferdinand Stutz</b> Member	0	-
<b>Martin Hellweg</b> CEO (leaving 15 May 2009)	-	60,000
<b>Dr Olaf Schmidt-Park</b> CEO (entry 15 May 2009)	1,762	-
<b>Volker Suchordt</b> EVP Own Manufactured Products and Quality, Safety and Environment	3,000	18,000
<b>Greg Himsted</b> SVP Head of Sales and Marketing	-	10,500
<b>Joachim Blatter</b> Chief Financial Officer	3,445	9,000
<b>Martin Heuschkel</b> SVP Design Solutions	0	1,500
<b>Sam V. Furrer</b> Chief Development Officer	6,000	9,000
<b>Laura Rossini</b> SVP Human Resources	535	1,000
<b>Jean-Pierre Tardent</b> SVP R&D, Application Engineering and Quality Management	1,527	-

\* The major shareholder Laxey Partners is not a closely linked party in the meaning of the SWX Directive in respect of its representative on the Board of Directors. For that reason, the number of shares it holds is not included. (See also section 1.2 Significant shareholders)

Other than these shares, there are no other outstanding financial instruments for the purposes of the SWX Directive.



## 6. SHAREHOLDERS' PARTICIPATION

### 6.1 Voting rights restrictions and representation

The bearer of a share who presents the share or is otherwise authenticated as the owner in a manner prescribed by the Board of Directors is entitled to exercise the right of voting vis-à-vis the company. A shareholder may designate another shareholder to represent his or her shares.

**6.2 Statutory quorums** The Annual General Meeting adopts resolutions and carries out votes by an absolute majority of the voting shares represented, unless the provisions of Article 704 of the Swiss Code of Obligations stipulate otherwise.

**6.3 Convocation of the general meeting of shareholders** The Annual General Meeting is held each year within six months of the end of the financial year. The Annual General Meeting is convened by the Board of Directors or if necessary by the auditors, liquidators or creditors' representatives. The Annual General Meeting is convened through a notice in the Swiss Official Gazette of Commerce no later than 20 days before the date of the meeting. The notice to attend must state the items to be discussed and the proposals of the Board of Directors and of shareholders who have requested that an Annual General Meeting be held or an item be placed on the agenda.

An Extraordinary General Meeting is held if the Board of Directors deems it useful or necessary or on the petition of one or more shareholders who jointly represent at least one-tenth of the company's share capital.

**6.4 Agenda** The rules set out in the Articles of Incorporation on the inclusion in the agenda of items to be discussed at the Annual General Meeting do not differ in any way from those laid down by law. Thus, shareholders must submit proposals in sufficient time for them to be sent with the invitation and within the same statutory period, i.e. 20 days before the Annual General Meeting.

**6.5 Inscriptions into the share register** Since Swissmetal Holding Ltd, Dornach, does not issue registered shares, there are no entries made in the share register.

## 7. CHANGES OF CONTROL AND DEFENSE MEASURES

**7.1 Duty to make an offer** The Swissmetal Group has not adopted any defense measures against takeover attempts. The governing bodies are of the opinion that the best defense is an appropriate share valuation and reliance on free market forces rather than depending on the measures that generally have a negative long-term impact on the share price. The company's Articles of Incorporation do not contain either an opting-up or an opting-out clause. This means that the obligation to make an offer prescribed by the Swiss Stock Exchange Act is triggered if a shareholder or a group of shareholders acting jointly acquires more than one-third of the outstanding shares.

**7.2 Clauses on changes of control** Although the Swissmetal Group attaches fundamental importance to paying bonuses for successes, it does not compensate failure to achieve results by, for example, paying golden handshakes in the event of severance. Swissmetal executives can expect substantial rewards for exceptional performance, but will not receive inappropriate "parachutes".

Accordingly, the company awards performance related bonuses for clearly defined goals that further the implementation of the Group's strategy. The Swissmetal Group rewards progress in this area by awarding performance-related bonuses. In connection with this, the Board of Directors agreed to bonuses of various sizes with the seven Members of the Executive Management. These bonuses would be paid out in the event of an acquisition, merger or similar transaction as recognition of the recipient's outstanding achievements. The bonuses are geared to the attainment of the defined target and the achievements of the recipient. Performance-dependent bonuses payable to the recipients mentioned above may reach a maximum total of CHF 0.9 million as of 31 December 2009. The size of the bonus to be awarded depends partly on the recipient's current salary and partly on the value of the transaction.

## 8. AUDITORS

**8.1 Duration of the mandate and term of office of the lead auditor** PricewaterhouseCoopers AG, Basel, has held the auditor's mandate for the Swissmetal Group since 1986. Since 2008, Dr Daniel Suter was the lead auditor for the annual financial statements. The auditors are appointed by the Annual General Meeting for a period of one year.

**8.2 Auditing fees** The total auditing fees charged by the auditors in the year under review was CHF 343,576 (2008: CHF 388,000).

**8.3 Additional fees** The fees for various tax services for Swissmetal Holding Ltd, Dornach, or one of its subsidiaries amounted to CHF 400,639 for the year under review (2008: CHF 439,866).

**8.4 Supervisory and control instruments pertaining to the audit** The Audit Committee of the Board of Directors reviews the independence and performance of the external auditors and makes recommendations to the Board of Directors. The auditors submit regular reports to the Executive Management and the Board of Directors containing the results of its work and recommendations. The Board of Directors is aided by the audit plan concerning audit strategy/procedure, the two Management Letters (one after the preliminary audit and one after the final audit), the Report to the Board of Directors and the Auditors' Reports.

Among the issues discussed with the Audit Committee are the audit procedure, milestones, and key audit findings. A meeting is held with the Board of Directors to discuss the annual financial statements prior to their approval by this body. In 2009, at least one representative of the auditors attended five (2008: four) meetings of the Audit Committee and two (2008: four) meetings of the Board of Directors.

## 9. INFORMATION POLICY

The Swissmetal Group regularly informs shareholders and investors of its business activities and the general state of the industry through press releases, conferences upon the release of the annual financial statements, analyst conferences, the annual report, half-year reports, and the provision of background information.

Further information is available at:  
[www.swissmetal.com](http://www.swissmetal.com)





# FINANCIAL REPORT 2009

SWISSMETAL GROUP

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Unless explicitly stated otherwise, all of the values are in CHF thousands. The Swissmetal Group prepares its consolidated financial statements in accordance with Swiss GAAP FER; the single entity financial statements of Swissmetal Holding Ltd are prepared in accordance with the Swiss Code of Obligations.

# CONSOLIDATED INCOME STATEMENT

SWISSMETAL GROUP

	Notes	2009		2008*	
		CHF 000	%	CHF 000	%
<b>Gross sales</b>	<b>01</b>	<b>191,668</b>	<b>245.8</b>	<b>324,871</b>	<b>245.8</b>
Deductions from gross sales		-8,454	-10.8	-12,179	-9.2
<b>Net sales</b>	<b>02</b>	<b>183,214</b>	<b>235.0</b>	<b>312,692</b>	<b>236.6</b>
Cost of materials and changes in stock	03	-105,266	-135.0	-180,518	-136.6
<b>Gross margin</b>	<b>04</b>	<b>77,948</b>	<b>100.0</b>	<b>132,174</b>	<b>100.0</b>
Other operating income	05	2,651	3.4	1,994	1.5
Own work capitalized	06	2,659	3.4	1,987	1.5
Personnel expenses	07	-58,224	-74.7	-68,292	-51.7
Operating and administrative expenses	08	-43,209	-55.4	-52,521	-39.7
<b>Operating income before depreciation (EBITDA)</b>		<b>-18,175</b>	<b>-23.3</b>	<b>15,342</b>	<b>11.6</b>
Depreciation on property, plant and equipment	09	-9,926	-12.7	-11,521	-8.7
Depreciation on intangible assets	09	-2,757	-3.6	-3,043	-2.3
<b>Operating income (EBIT)</b>		<b>-30,858</b>	<b>-39.6</b>	<b>778</b>	<b>0.6</b>
Financial result	10	-1,310	-1.7	-4,279	-3.2
<b>Ordinary result</b>		<b>-32,168</b>	<b>-41.3</b>	<b>-3,501</b>	<b>-2.6</b>
Non-operating result	11	536	0.7	22	0.0
Extraordinary result	12	0	0.0	195	0.1
<b>Earnings before taxes (EBT)</b>		<b>-31,632</b>	<b>-40.6</b>	<b>-3,284</b>	<b>-2.5</b>
Taxes	13	3,155	4.1	-668	-0.5
<b>Result for the year (EAT)</b>		<b>-28,477</b>	<b>-36.5</b>	<b>-3,952</b>	<b>-3.0</b>

\* After restatement

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes

**CONSOLIDATED BALANCE SHEET**  
SWISSMETAL GROUP

ASSETS	Notes	31.12.2009		31.12.2008*	
		CHF 000	%	CHF 000	%
<b>Current assets</b>					
Cash and cash equivalents	14	5,720	3.3	8,205	4.1
Securities	15	281	0.2	155	0.1
Notes receivable and cheques		39	0.0	4	0.0
Trade accounts receivable	16	25,985	14.8	21,297	10.7
Other receivables	17	8,708	4.9	12,838	6.4
Stock	18	53,939	30.8	69,111	34.6
Prepaid expenses and accrued income	19	1,372	0.8	2,018	1.0
<b>Total current assets</b>		<b>96,044</b>	<b>54.8</b>	<b>113,628</b>	<b>56.9</b>
<b>Fixed assets</b>					
Property, plant and equipment	20	73,508	41.9	77,327	38.7
Financial assets	21	2,476	1.4	2,581	1.3
Intangible assets	20	3,374	1.9	6,117	3.1
<b>Total fixed assets</b>		<b>79,358</b>	<b>45.2</b>	<b>86,025</b>	<b>43.1</b>
<b>TOTAL ASSETS</b>		<b>175,402</b>	<b>100.0</b>	<b>199,653</b>	<b>100.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
	Notes	CHF 000	%	CHF 000	%
<b>Short-term liabilities</b>					
Interest-bearing liabilities	23	24,656	14.1	24,486	12.3
Trade accounts payable	24	19,652	11.2	18,439	9.2
Other liabilities	25	6,046	3.4	3,985	2.0
Accrued expenses and prepaid income	26	4,166	2.4	2,933	1.5
Provisions	27	3,041	1.7	3,313	1.6
<b>Total short-term liabilities</b>		<b>57,561</b>	<b>32.8</b>	<b>53,156</b>	<b>26.6</b>
<b>Long-term liabilities</b>					
Loan	28	16,892	9.6	19,656	9.8
Other liabilities	25	0	0.0	13	0.0
Provisions	27	10,003	5.7	10,399	5.3
<b>Total long-term liabilities</b>		<b>26,895</b>	<b>15.3</b>	<b>30,068</b>	<b>15.1</b>
<b>Total liabilities</b>		<b>84,456</b>	<b>48.1</b>	<b>83,224</b>	<b>41.7</b>
<b>Shareholders' equity</b>					
Share capital	29	59,617	34.0	59,617	29.9
Capital reserves		34,350	19.6	37,568	18.8
Own shares		-60	0.0	-6,436	-3.2
Cumulated exchange rate translation differences		-2,831	-1.6	-2,667	-1.3
Retained earnings		-130	-0.1	28,347	14.1
<b>Total shareholders' equity</b>		<b>90,946</b>	<b>51.9</b>	<b>116,429</b>	<b>58.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>175,402</b>	<b>100.0</b>	<b>199,653</b>	<b>100.0</b>

\* After restatement

# CONSOLIDATED CASH FLOW STATEMENT

SWISSMETAL GROUP

CHF 000	2009	2008*
<b>Cash flow from operating activities</b>		
Result for the year	-28,477	-3,952
Depreciation on property, plant and equipment and intangible assets	12,686	14,564
Change in provisions	906	340
Other non-cash income statement items	-1,064	-528
<b>Cash flow before change in net current assets</b>	<b>-15,949</b>	<b>10,424</b>
Change in securities	-126	0
Change in trade accounts receivable	-4,723	6,717
Change in other receivables, prepaid expenses and accrued income	4,776	-1,687
Change in stock	15,172	-719
Change in trade accounts payable	1,213	-6,786
Change in other short-term liabilities and accrued expenses and prepaid income	1,715	-6,453
<b>Total cash flow from operating activities</b>	<b>2,078</b>	<b>1,496</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment**	-5,610	-12,196
Disposal of property, plant and equipment	576	55
Acquisition of intangible assets	0	-112
Change in long-term financial assets	105	0
<b>Total cash flow from investing activities</b>	<b>-4,929</b>	<b>-12,253</b>
<b>Free cash flow</b>	<b>-2,851</b>	<b>-10,757</b>
<b>Cash flow from financing activities</b>		
Increase in liabilities to banks	-2,594	2,730
Change in own shares	2,967	-4,698
<b>Total cash flow from financing activities</b>	<b>373</b>	<b>-1,968</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>-7</b>	<b>-135</b>
<b>Net change in cash and cash equivalents</b>	<b>-2,485</b>	<b>-12,860</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>8,205</b>	<b>21,065</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>5,720</b>	<b>8,205</b>

\* After restatement

\*\* This item includes CHF 2.6 million (previous year: CHF 1.7 million) development costs for the ATMOVA system.



# STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

SWISSMETAL GROUP

CHF 000	Share capital	Capital reserves <sup>1</sup>	Own shares	Cumulated exchange rate translation differences	Retained earnings <sup>2</sup>	Total <sup>3</sup>
<b>Balance as at 1 January 2008</b>	<b>59,617</b>	<b>38,842</b>	<b>-3,012</b>	<b>155</b>	<b>42,503</b>	<b>138,105</b>
Restatement effects					-11,704	-11,704
<b>Balance as at 1 January 2008 (after restatement)</b>	<b>59,617</b>	<b>38,842</b>	<b>-3,012</b>	<b>155</b>	<b>30,799</b>	<b>126,401</b>
Purchase of own shares			-5,805			-5,805
Sale of own shares		-1,274	2,381			1,107
Result for the year					-3,952	-3,952
Restatement effects					1,500	1,500
Exchange rate translation differences <sup>4</sup>				-2,822		-2,822
<b>Balance as at 31 December 2008</b>	<b>59,617</b>	<b>37,568</b>	<b>-6,436</b>	<b>-2,667</b>	<b>28,347</b>	<b>116,429</b>
Purchase of own shares			-181			-181
Sale of own shares		-3,218	6,557			3,339
Result for the year					-28,477	-28,477
Exchange rate translation differences				-164		-164
<b>Balance as at 31 December 2009</b>	<b>59,617</b>	<b>34,350</b>	<b>-60</b>	<b>-2,831</b>	<b>-130</b>	<b>90,946</b>

<sup>1</sup> Includes retained statutory reserves and shareholders' equity transaction costs

<sup>2</sup> Includes the profits from the initial and subsequent consolidation, unappropriated retained earnings, the effect from the first-time application of Swiss GAAP FER 16 (Pension Plans) and the result for the period

<sup>3</sup> In 2009 and 2008, there are no minority interests

<sup>4</sup> This figure includes the translation difference of CHF 1.2 million regarding a loan with equity character. (See also Correction of the annual report 2008)

As at 31 December 2009, the share capital of Swissmetal Holding Ltd, Dornach, remained unchanged at CHF 59,616,954 (2008: CHF 59,616,954), divided into 6,624,106 (2008: 6,624,106) bearer shares of nominal CHF 9.00. Capital reserves amounting to CHF 34.4 million. There are CHF 57.2 million non-distributable reserves for the individual companies. Retained earnings contain the restatement effects as of 1 January and 31 December 2008. (See also Correction of the annual report 2008)

Own shares	Number	Average price (CHF)
<b>Balance as of 1 January 2008</b>	<b>145,000</b>	<b>31.81</b>
Sale to employees	-7,192	23.05
Purchase	241,166	22.65
Sale to employees (share participation program)*	-36,900	21.10
Sale to employees	-11,000	14.28
Purchase	17,502	19.96
<b>Balance as of 1 January 2009</b>	<b>348,576</b>	<b>23.06</b>
Purchase	17,354	9.33
Sale	-6,501	9.48
Sale to employees	-35,000	6.73
Sale to employees (as a portion of salary)	-20,540	9.36
Sale	-300,000	9.50
Purchase from employee	2,020	9.22
<b>Balance as of 31 December 2009</b>	<b>5,909</b>	<b>10.13</b>

\* Shares in connection with the participation program have been sold to the employees for half the price per share. The other half was paid by Swissmetal.

The General Meeting that was held on 16 May 2007 approved the creation of conditional capital. The share capital can be increased by an amount not exceeding CHF 22.5 million by issuing not more than 2,500,000 bearer shares, each with a par value of CHF 9.00.

The General Meeting that was held on 30 June 2006 approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years, in fact until the 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full.

In the position "Own shares" an additional CHF 6.4 million were deducted in accordance with Swiss GAAP FER 24, due to the net sale of 342,667 own shares in 2009 (previous year: net purchase of 203,576 shares).

In 2008, the own shares were held for potential prospective acquisitions as well as for the employee share participation program. At the end of 2009, Swissmetal Group held 5,909 own shares (previous year: 348,576). In 2008, a total of 258,668 own shares were purchased and 55,092 shares were granted to employees, thereof 36,900 shares for the share participation program. In 2009, a total of 17,354 shares were purchased and a net number of 32,980 shares were granted to employees. Furthermore, 20,540 shares were granted to employees as a portion of salary, and 306,501 shares were sold.

At present, no derivative instruments on own shares are outstanding.

The consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and the notes) as of 31 December 2009 have been approved by the Board of Directors of the Swissmetal Group on 16 April 2010.

### SCOPE OF CONSOLIDATION

All companies in which Swissmetal Holding Ltd, Dornach, has more than a 50% interest are included in the consolidation.

The scope of consolidation as of 31 December 2009 comprised the following companies:

- Swissmetal Holding Ltd, Dornach, Switzerland
- Swissmetal Industries Ltd, Dornach, Switzerland, with plants in Reconvilier and Dornach (wholly owned)
- Swissmetal Lüdenscheid GmbH, Lüdenscheid, Germany (wholly owned)
- Avins Germany GmbH, Lüdenscheid, Germany (wholly owned)
- Avins International Ltd, Dornach, Switzerland (wholly owned)
- Avins USA Inc. (formerly Avins Industrial Products Corporation), Warren/NJ, USA (wholly owned)
- Swissmetal Design Solutions Ltd, Dornach, Switzerland (wholly owned)
- Avins Switzerland Ltd, Dornach, Switzerland (wholly owned)
- Avins East Asia Ltd, Hong Kong, China (wholly owned)

On 11 May 2009, Avins East Asia Ltd, Hong Kong, China, was founded as a subsidiary of Avins International Ltd, Dornach.

### PRINCIPLES OF CONSOLIDATION

The consolidated annual financial statements give a true and fair view of the financial position, the results of operations and cash flows are in accordance with the entire Swiss GAAP FER framework.

Equity is consolidated in accordance with the purchase method (revaluation method). In the case of an acquisition, the assets acquired and liabilities assumed are revalued at their acquisition date's fair values in accordance with Group-wide policies. The goodwill thereby acquired is capitalized in the consolidated financial statements. In applying the full consolidation method, the assets, liabilities and equity, as well as expenses and income of the consolidated companies are fully recognized. The minority interests' share in the equity and profit or loss of the respective company are recognized separately in the balance sheet and income statement under "Minority interests". Receivables and liabilities as well as income and expenses between the consolidated companies have been eliminated. The intercompany profits on inventories are eliminated. As a rule, unconsolidated investments in affiliates are recognized using the equity method.

### PRINCIPLES OF VALUATION

The assets, liabilities and the equity of the Swissmetal Group are valued in accordance with the entire Swiss GAAP FER framework and therefore, due to our assessment, based on the going concern principle and on a "true and fair view" (cost less operationally required adjustments). Deferred taxes on untaxed reserves are calculated using the future expected tax rates and are recognized as provisions.

**Stock** The method for valuing stocks is adjusted to the operating requirements. Production companies value raw and own manufactured (metal content) metals using the LIFO principle (last-in-first-out) existing as of the balance sheet date. Stocks of trading companies are recognized at average cost. Stocks are recognized on a full-cost basis. The spare parts, tools as well as auxiliary and operating materials are not capitalized.

**Provisions** All recognizable and measurable risks of loss have been taken into account by provisions in accordance with Swiss GAAP FER 23.

**Foreign currencies** Income and expenses in the individual Group companies are recognized using the respective daily or hedged rate of exchange. Assets and liabilities in foreign currency are recognized using the respective year-end rates. Exchange rate gains or losses on cash and cash equivalents are recognized in the income statement. Gains and losses from receivables and liabilities, after adjusting for open hedges, are likewise recognized in the income statement.

The balance sheets of foreign Group companies are translated using the current rate method at the year-end rates as of 31 December 2009 and 31 December 2008, respectively. Translation differences from loans with equity character are recorded in the exchange rate translation differences within equity.

The income statements of foreign Group companies are translated using the average annual rates. The translation adjustments are recognized directly in shareholders' equity as foreign currency translation differences.

CHF	2009		2008	
	Balance sheet	Income statement	Balance sheet	Income statement
1 EUR	1.488	1.510	1.489	1.587
1 USD	1.038	1.086	1.056	1.083
1 GBP	1.653	1.696	1.529	2.001
1 HKD	0.134	0.140	n.a	n.a

**Maturities** Receivables and liabilities with an economic life of more than 12 months are classified as non-current. Portions of non-current items that become due within 12 months are reclassified as current.

**Research and development** Research and development costs are generally expensed through income statement with the exception of the ATMOVA development costs. These costs are capitalized as assets under constructions.

**Provisions for doubtful accounts** Provisions for doubtful accounts are comprised of individual adjustments as well as a global allowance of 3% (based on experience) of the balance of unsecured receivables and are directly deducted from accounts receivable.

#### Property, plant and equipment and intangible assets

**Capitalization principles** Property, plant and equipment and intangible assets are capitalized at cost. Operationally required depreciation is deducted from this amount. Assets exceeding the cost of CHF 5,000 per project and whose expected useful life is more than one year are capitalized.

**Depreciation** The depreciation reflects the reduction in the value of fixed assets due to utilization and aging and is carried out based on business criteria. The corresponding rates are:

Land and buildings	Years	%
Land		
Buildings, solid structure – plants	25	4.0
Buildings, solid structure – office buildings	40	2.5
Buildings, light weight – plants	10	10.0
Buildings, light weight – office buildings	20	5.0
Residential buildings	50	2.0
Infrastructure	33	3.0

Technical equipment, machines, plant and office furnishings	Years	%
Fabrication machinery and equipment (average useful life)	10	10.0
Fabrication machinery and equipment (short useful life)	5	20.0
Logistical resources	5	20.0
Major equipment (presses, casting equipment)	20	5.0
Infrastructure (average useful life)	10	10.0
Infrastructure (short useful life)	5	20.0
Office equipment and furniture	5	20.0
IT equipment (mainframes, servers, and printers)	5	20.0
IT equipment (PCs, desktop printers, etc.)	3	33.3
Vehicles (warehouse and passenger vehicles)	5	20.0
Vehicles (trucks)	8	12.5

Intangible assets	Years	%
Software	3	33.3
Customer Relationship	5	20.0
Non-compete agreement	2	50.0
Trademark/Trade name	5	20.0
Goodwill	5	20.0

If the useful life that is actually expected is shorter than the above rates, then the shorter expected useful life is applied.

**Impairment** Property, plant and equipment and intangible assets are subjected to an impairment test if there are indications. If the carrying value of an asset exceeds its recoverable amount, there is an impairment. In this case, the carrying value must be reduced to the recoverable amount and the impairment charged to the income statement. The recoverable amount is calculated as value in use that corresponds to the present value of the expected future cash flows.

**Deferred tax assets** Deferred tax assets arising from losses carry forward are generally capitalized only if it is probable that they can be realized in the future through sufficient taxable profits.

#### EMPLOYEE BENEFIT OBLIGATIONS

The Swissmetal Group bears the costs of the pensions for all the employees and their surviving dependents as required by local legislations.

In this regard, all the significant pension plans are subject to Swiss law. The pension liabilities and related pension assets are held in legally independent foundations. The organization, management and financing of the pension plans follow the Swiss occupational pensions law (BVG/LPP), the foundation charters and the respective by-laws. The pension liabilities are regularly reassessed by pension fund experts.

The Group companies Swissmetal Lüdenscheid GmbH, Lüdenscheid, Avins USA Inc., Warren/NJ, and Avins Germany GmbH, Lüdenscheid, do not operate independent staff pension funds. Therefore, the appropriate provisions are recognized in the consolidated balance sheet.

### CORRECTION OF THE FINANCIAL REPORT 2008

The following four tables show the effects of the restatements described below (the numbers refer to the corresponding title in this section). Tables in the notes are adapted to the restatement, if necessary.

Balance sheet as of 1 January 2008 CHF 000	Notes	Value before restatement	Restatement	Value after restatement
Current assets	02	147,796	-15,472	132,324
Fixed assets		89,143		89,143
<b>Total assets</b>		<b>236,939</b>	<b>-15,472</b>	<b>221,467</b>
Short-term liabilities		51,979		51,979
Long-term liabilities	02	46,855	-3,768	43,087
<b>Total liabilities</b>		<b>98,834</b>	<b>-3,768</b>	<b>95,066</b>
Shareholders' equity	02	138,105	-11,704	126,401
<b>Total liabilities and shareholders' equity</b>		<b>236,939</b>	<b>-15,472</b>	<b>221,467</b>

Income statement 2008 CHF 000	Notes	Value before restatement	Restatement	Value after restatement
Gross sales		324,871		324,871
of which sales of third-party trade products		22,781		22,781
Deductions from gross sales		-12,179		-12,179
<b>Net sales</b>		<b>312,692</b>	<b>0</b>	<b>312,692</b>
Cost of materials and changes in stock	02	-186,273	5,755	-180,518
<b>Gross margin</b>		<b>126,419</b>	<b>5,755</b>	<b>132,174</b>
Personnel expenses	04	-66,292	-2,000	-68,292
Operating expenses	02, 06	-48,916	376	-48,540
<b>Operating income before depreciation (EBITDA)</b>		<b>11,211</b>	<b>4,131</b>	<b>15,342</b>
Depreciation on property, plant and equipment	03	-10,521	-1,000	-11,521
Depreciation on intangible assets		-3,043		-3,043
<b>Operating income (EBIT)</b>		<b>-2,353</b>	<b>3,131</b>	<b>778</b>
Financial result		-4,279		-4,279
<b>Ordinary result</b>		<b>-6,632</b>	<b>3,131</b>	<b>-3,501</b>
Non-operating and extraordinary result		217		217
<b>Earnings before taxes (EBT)</b>		<b>-6,415</b>	<b>3,131</b>	<b>-3,284</b>
Taxes	02, 03, 04, 06	-91	-577	-668
<b>Result after taxes (EAT)</b>		<b>-6,506</b>	<b>2,554</b>	<b>-3,952</b>

Balance sheet as of 31 December 2008 CHF 000	Notes	Value before restatement	Restatement	Value after restatement
Current assets	02	122,771	-9,143	113,628
Fixed assets	03	87,025	-1,000	86,025
<b>Total assets</b>		<b>209,796</b>	<b>-10,143</b>	<b>199,653</b>
Short-term liabilities		53,156		53,156
Long-term liabilities	02, 03	32,561	-2,493	30,068
<b>Total liabilities</b>		<b>85,717</b>	<b>-2,493</b>	<b>83,224</b>
Shareholders' equity	02, 03, 04	124,079	-7,650	116,429
<b>Total liabilities and shareholders' equity</b>		<b>209,796</b>	<b>-10,143</b>	<b>199,653</b>

<b>Cash flow Statement 2008</b> CHF 000	Notes	Value before restatement	Restatement	Value after restatement
<b>Cash flow before change in net current assets</b>	<b>02, 03, 04</b>	<b>7,260</b>	<b>3,164</b>	<b>10,424</b>
Change of net current assets	02, 03, 04	-5,764	-3,164	-8,928
<b>Cash flow from operating activities</b>		<b>1,496</b>	<b>0</b>	<b>1,496</b>
Cash flow from investing activities		-12,253		-12,253
<b>Free cash flow</b>		<b>-10,757</b>	<b>0</b>	<b>-10,757</b>
<b>Cash flow from financing activities</b>		<b>-1,968</b>		<b>-1,968</b>
Effect of exchange rate on cash and cash equivalents		-135		-135
Net change in cash and cash equivalents		-12,860		-12,860
Cash and cash equivalents as at 1 January		21,065		21,065
Cash and cash equivalents as at 31 December		8,205		8,205

**1 – Segment reporting** The segment reporting was incomplete and is adapted as follows:

- The number of business segments has to be increased and be in line with the publication on the homepage.
- Net sales have to be disclosed in the operational and geographical segments as figures.

The tables below illustrate the segment reporting for 2008:

Operational segments	CHF 000	2008 %	CHF 000	2007 %
Power Generation and Electronics	113,795	36.4	149,854	38.0
Writing Instruments	36,121	11.6	49,197	12.5
Watches	13,077	4.1	15,599	4.0
Decolletage and Industrial Applications	106,991	34.2	133,816	33.9
Traded Products	21,906	7.0	25,562	6.5
Other*	20,802	6.7	20,220	5.1
<b>Total net sales</b>	<b>312,692</b>	<b>100.0</b>	<b>394,248</b>	<b>100.0</b>

\*contains Transportation, Designed Energy and Architecture as well as metal sales

Geographical segments	CHF 000	2008 %	CHF 000	2007 %
Southern Europe, Middle East & Africa	118,967	38.0	152,591	38.7
Northern & Eastern Europe	95,825	30.7	131,861	33.5
Avins USA	50,037	16.0	60,827	15.4
East Asia	20,442	6.6	25,108	6.4
India	19,689	6.3	19,888	5.0
Other	7,732	2.4	3,973	1.0
<b>Total net sales</b>	<b>312,692</b>	<b>100.0</b>	<b>394,248</b>	<b>100.0</b>

**2 – Stocks** In contrast to the annual report for the fiscal year 2008, Swissmetal changed the stock valuation method to the LIFO system, thereby no longer considering purchase and delivery obligations. The previously used valuation method was incorrect, because, considering the purchase and delivery commitments, the lower value between cost and market was not applied and, therefore, the disclosed stock value was too high. This does not affect the risk management that is handled the same as under the previous method.

This error results in the following restatement effects for 2008: In the balance sheet as of 1 January 2008, the current assets decreased by CHF 15.5 million, long-term liabilities decreased by CHF 3.8 million and shareholders' equity decreased by CHF 11.7 million. In the income statement 2008, cost of materials and changes in stock decreased by CHF 5.8 million, operating expenses (derivative financial instruments) decreased by CHF 0.6 million and taxes increased by CHF 1.5 million. In the balance sheet as of 31 December 2008, the current assets decreased by CHF 9.1 million, long-term liabilities decreased by CHF 2.2 million and shareholders' equity decreased by CHF 6.9 million. The cash flows from operating activities are not affected.

**3 – Impairment test** As of 31 December 2008, the carrying amount of the equity was significantly higher than the market capitalization. Due to this indicator, the recoverable amount had to be determined for the cash generating unit Swiss legal entities without Swissmetal Design Solutions AG.

According to Swiss GAAP FER, different scenarios for the future cash flows generated by the assets can be calculated and then assessed by using probabilities. In respect to the risks associated with ATMOVA, two alternative impairment tests were calculated. The more likely one was weighted with a probability of 70%, and the second one, in the view of the Executive Management and the Board of Directors as the less likely scenario, was given a probability of 30%. This calculation showed an impairment need of CHF 1.0 million.



This error results in the following restatement effects for 2008: In the income statement 2008, the depreciation increased by CHF 1.0 million and the taxes decreased by CHF 0.2 million. In the balance sheet as of 31 December 2008, the fixed assets decreased by CHF 1.0 million, long-term liabilities decreased by CHF 0.2 million and shareholder's equity by CHF 0.8 million.

**4 – Social plan of Reconvilier** The provision regarding the social plan of Reconvilier has been posted into the retained earnings. Instead, it should have been posted through the income statement.

This error results in the following restatement effects for 2008: In the income statement 2008, the personnel expenses increased by CHF 2.0 million, whereas taxes decreased by CHF 0.5 million. In the balance sheet as of 31 December 2008, retained earnings increased by CHF 1.5 million.

**5 – Exchange rate differences** The rule to capture the exchange rate differences on long-term intragroup loans with equity character in the equity has been adapted one year too early.

This error results in the following restatement effects for 2008: In the income statement 2008, the financial result decreased by CHF 1.2 million and in the balance sheet as of 31 December 2008, the retained earnings decreased by CHF 1.2 million.

Due to the change of Swiss GAAP FER 30 regarding the capturing of these exchange rate differences the previous year has to be restated again resulting in the original disclosure.

**6 – Miscellaneous** Furthermore, the position taxes contained taxes other than those on income, which were reclassified to operating expenses in the amount of CHF 0.2 million in 2008.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

SWISSMETAL GROUP

**1 – Gross sales** In the year 2009, gross sales of CHF 191.7 million (previous year CHF 324.9 million) were generated. While in the previous year CHF 7.7 million of the sale was attributable to the sale of metals as a part of the stock-optimization program, and there was no sale of metals in 2009. The decrease reflects the overall decreased business activities over the whole year. The third party trading products mainly coming from Avins USA Inc., Warren/NJ, contributed CHF 17.6 million (previous year: CHF 22.8 million) in sales in the year under review.

**2 – Net sales** Deductions from gross sales slightly decreased to CHF 8.5 million. Net sales remained constant compared to the underlying gross sales. Net sales contain the following breakdown into business segments:

Operational segments	CHF 000	2009 %	CHF 000	2008 %
Power Generation and Electronics	64,696	35.3	113,795	36.4
Writing Instruments	32,587	17.8	36,121	11.6
Watches	7,872	4.3	13,077	4.1
Decolletage and Industrial Applications	50,719	27.7	106,991	34.2
Traded Products	16,793	9.1	21,906	7.0
Other*	10,547	5.8	20,802	6.7
<b>Total net sales</b>	<b>183,214</b>	<b>100.0</b>	<b>312,692</b>	<b>100.0</b>

\*contains Transportation, Designed Energy and Architecture as well as metal sales

The sales are spread over the following geographical segments:

Geographical segments	CHF 000	2009 %	CHF 000	2008 %
Southern Europe, Middle East & Africa	64,273	35.1	118,967	38.0
Northern & Eastern Europe	51,021	27.9	95,825	30.7
Avins USA	35,028	19.1	50,037	16.0
East Asia	15,795	8.6	20,442	6.6
India	17,097	9.3	19,689	6.3
Other	0	0.0	7,732	2.4
<b>Total net sales</b>	<b>183,214</b>	<b>100.0</b>	<b>312,692</b>	<b>100.0</b>

The sales regions Avins USA, East Asia and India have relatively grown compared to the traditional regions Southern Europe, Middle East & Africa and Northern & Eastern Europe containing Switzerland and Germany, respectively. This is explained with the low business activities in the traditional regions.

**3 – Cost of materials and changes in stock** The cost of materials and changes in stock decreased by CHF 75.3 million to CHF 105.3 million compared to the previous year. This is mainly attributable to the lower metal quantity compared to the previous year.

**4 – Gross margin** The gross margin in 2009 amounted to CHF 77.9 million and was CHF 54.2 million below the previous year. This decrease reflects the overall decreased business activities over the whole year and the slight increase in metal price.

**5 – Other operating income** Other operating income totaled CHF 2.7 million (previous year: CHF 2.0 million). This particularly includes the income that arose from metal purchasing process, reversal of provision and reimbursements from insurance companies.

**6 – Own work capitalized** Own work capitalized consists of work by the company's own staff for capital expenditures in plant, property and equipment; and stood at CHF 2.7 million due to the capitalization of the ATMOVA system (previous year: CHF 2.0 million).

**7 – Personnel expenses** In 2009, personnel expenses amounted to CHF 58.2 million, which reflects a decrease of CHF 10.1 million. Personnel expenses include the short-time work reimbursement of CHF 4.3 million for 2009.

The average headcount decreased from 693 to 640 full-time equivalents. This fall in headcount is mainly due to the effect of the downsizing measures in Swissmetal's overhead staff.

The ratio of personnel expenses to gross margin has increased from 52% in 2008 to 75% in 2009 because of the lower business activities compared to the previous year.

### 8 – Operating and administrative expenses

CHF 000	2009	2008*
Energy	9,501	12,517
Operating materials	18,049	23,468
Administrative expenses	10,787	12,615
Other expenses	4,872	3,921
<b>Total operating and administrative expenses</b>	<b>43,209</b>	<b>52,521</b>

\* After restatement

In 2009, the operating and administrative expenses amounted to CHF 43.2 million (previous year: CHF 52.5 million).

The energy costs primarily reflect the high fixed costs in relation to the small business activities.

The cost for operating materials decreased due to the reduced business activities.

Administrative expenses which include, among other things, costs for insurance, information technology, communication and consulting, decreased in 2009 by CHF 1.8 million to CHF 10.8 million.

The other expenses of CHF 4.9 million (previous year: CHF 3.9 million) comprise travel and related expenses; rental costs as well as capital and other taxes.

**9 – Depreciation** Depreciation totaled CHF 12.7 million, which reflects a decrease of CHF 1.9 million compared to the previous year (CHF 14.6 million), which was mainly caused by the impairment of CHF 1.0 million in the prior year and the low investment activities.

The amortization of goodwill arising from the acquisition of Swissmetal Lüdenscheid GmbH, Lüdenscheid, amounts to CHF 1.0 million (previous year: CHF 1.0 million); the amortization of goodwill arising from the acquisition of Avins USA Inc., Warren/NJ, amounts to CHF 0.5 million (previous year: CHF 0.5 million). (See also Property, plant and equipment and intangible assets)

### 10 – Financial result

CHF 000	2009	2008
Financial income	530	464
Financial expenses	-2,084	-2,973
Exchange rate differences	244	-1,770
<b>Financial result</b>	<b>-1,310</b>	<b>-4,279</b>

The net financial result increased by CHF 3.0 million to CHF -1.3 million compared to the previous year. The main reason for this increase is the exchange rate difference that increased by CHF 2.0 million. The financial expenses have been lowered in the year-on-year comparison due to a lower factoring volume and lower variable interest rates.

The average interest of 3.9% (short-term and long-term, without factoring) has decreased by 1.3 percentage points from its prior-year level.

### 11 – Non-operating result

CHF 000	2009	2008
Non-operating income	537	28
Income from sale of plant and equipment	484	28
Other non-operating income	53	0
Non-operating expenses	-1	-6
<b>Non-operating result</b>	<b>536</b>	<b>22</b>

In 2009, non-operating income from sale of plant and equipment amounted to CHF 0.5 million (previous year: CHF 28 thousands).

**12 – Extraordinary result** In 2009, the extraordinary result amounts to zero (previous year: CHF 0.2 million).

**13 – Taxes** Tax result totalled CHF 3.2 million, which is an increase of CHF 3.8 million compared to the previous year with CHF -0.7 million. The average tax rate is 20.8%. (See also Financial assets)

The tax result increased mainly due to deferred taxes as a consequence of the negative result for the year.

**14 – Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totaled CHF 5.7 million (previous year CHF 8.2 million), which represents a decrease compared to 31 December 2008 of CHF 2.5 million. (See also Consolidated cash flow statement)

**15 – Securities** Securities slightly increased to CHF 0.3 million compared to the previous year.

**16 – Trade accounts receivable** Trade accounts receivable have increased by CHF 4.7 million compared to the previous year to CHF 26.0 million. This is seen in connection with higher metal prices at year-end and late payments due to the tight liquidity situation of our customers. The value adjustments (individual and lump-sum bad debts) amounted to CHF 2.0 million as of 31 December 2009, compared with CHF 3.8 million the year before. A part of the trade accounts receivable was ceded and, therefore, derecognized in the balance sheet of the Swissmetal Group. In the year 2009, gross accounts receivable amounted to CHF 28.0 million (previous year: CHF 32.3 million), of which CHF 12.8 million was ceded on 31 December 2009 (previous year: CHF 21.5 million). (See also Contingent liabilities and Credit line)

**17 – Other receivables** As of 31 December 2009, other receivables totaled CHF 8.7 million (previous year: CHF 12.8 million). Other receivables are composed primarily of VAT credits (CHF 3.3 million), receivables that arose in connection with the refinancing in 2004 (CHF 3.6 million net) and other receivables from public institutions.

**18 – Stock** Stock breakdown as follows:

CHF 000	31.12.2009	31.12.2008*
Raw metals	11,389	21,267
Own makes – metal content	24,765	20,075
Own makes – value added	9,206	14,703
Trade products	8,545	13,032
Other stock	34	34
<b>Total stock</b>	<b>53,939</b>	<b>69,111</b>

\* After restatement

Stock levels at the manufacturing plants have been reduced by 2,400 tonnes from 11,300 tonnes in the previous year to 9,200 tonnes through active lean management.

The total stock balance decreased from CHF 69.1 million by CHF 15.2 million to CHF 53.9 million. The value of the metals (raw metals and own manufactured metal content) per tonne has increased from CHF 3,635 in 2008 to CHF 3,913 in 2009. This particularly reflects the combination of the following effects: As the volumes of the lower-priced share of the stock at the Swiss plants decreased, the average value of total stock rose. As a result, this effect has slightly offset the volume decrease effect.

The market value of the own manufactured stock totaled CHF 75.1 million as of 31 December 2009, which represented an increase of CHF 19.1 million compared to the previous year (CHF 56.0 million). The difference between market value and book value amounted to CHF 29.7 million (previous year: zero). (See also Principles of valuation)

**19 – Prepaid expenses and accrued income** Prepaid expenses and accrued income amounted to CHF 1.4 million as of 31 December 2009, which is a decrease of CHF 0.6 million compared to the previous year.

## 20 – Property plant equipment and intangible assets

CHF 000	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under construction*	Intangible assets	Total 2009
<b>2009 Statement of changes in tangible and intangible assets</b>							
<b>Acquisition value</b>							
<b>Balance as at 1 January</b>	<b>5,825</b>	<b>76,464</b>	<b>256,553</b>	<b>9,411</b>	<b>3,819</b>	<b>16,644</b>	<b>368,716</b>
Acquisition finance lease			117	452			569
Acquisition		62	811	6	4,731		5,610
Disposals		-86	-4,215	-379			-4,680
Transfers of assets		61	814	36	-911		0
Change in scope of consolidation							0
Currency translation adjustments			-15	-28		-91	-134
<b>Balance as at 31 December</b>	<b>5,825</b>	<b>76,501</b>	<b>254,065</b>	<b>9,498</b>	<b>7,639</b>	<b>16,553</b>	<b>370,081</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 January</b>	<b>3</b>	<b>60,624</b>	<b>205,086</b>	<b>9,032</b>	<b>0</b>	<b>10,527</b>	<b>285,272</b>
Depreciation finance lease			0	0			0
Regular depreciation		1,393	8,379	156		2,758	12,686
Disposals			-4,209	-379			-4,588
Transfers of assets							0
Change in scope of consolidation							0
Currency translation adjustments		-2	-63			-106	-171
<b>Balance as at 31 December</b>	<b>3</b>	<b>62,015</b>	<b>209,193</b>	<b>8,809</b>	<b>0</b>	<b>13,179</b>	<b>293,199</b>
<b>Carrying amount</b>							
as at 1 January	5,822	15,840	51,467	379	3,819	6,117	83,444
as at 31 December	5,822	14,486	44,872	689	7,639	3,374	76,882
<b>Fire insurance values</b>							
as at 31 December		293,485	363,705	10,011			667,201

\* Column "Assets under construction" includes CHF 2.6 million (previous year: 1.7 million) development costs for the ATMOVA system.

The asset class "Buildings" included buildings not required for operations with a carrying value of CHF 0.4 million as of 31 December 2009 (previous year: CHF 0.4 million). Land without building amounted to a book value of CHF 3.2 million.

Assets of CHF 0.6 million have been bought with finance lease contracts, mainly for the ATMOVA production and IT equipment close to the year-end. Therefore, there was no depreciation in 2009.

Intangible assets decreased by CHF 2.7 million to CHF 3.4 million and consisted of CHF 2.5 million in goodwill from the acquisition of Swissmetal Lüdenscheid GmbH, Lüdenscheid, in 2006 and of Avins USA Inc., Warren/NJ, in 2007 as well as CHF 0.9 million in software and other intangible assets.

A new impairment test was made for 2009. Due to this test, no impairment adjustment was necessary in 2009. The impairment of 2008 is not reversed. (See Statement of changes in tangible and intangible assets)

CHF 000	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under construction	Intangible assets	Total 2008
<b>2008 Statement of changes in tangible and intangible assets</b>							
<b>Acquisition value</b>							
<b>Balance as at 1 January</b>	<b>6,237</b>	<b>69,961</b>	<b>231,377</b>	<b>9,769</b>	<b>29,121</b>	<b>16,774</b>	<b>363,239</b>
Acquisition		284	312	18	11,582	112	12,308
Disposals	-27		-4,113	-307			-4,447
Transfers of assets		6,363	29,759		-36,827	705	0
Change in scope of consolidation							0
Currency translation adjustments	-385	-144	-782	-69	-57	-947	-2,384
<b>Balance as at 31 December</b>	<b>5,825</b>	<b>76,464</b>	<b>256,553</b>	<b>9,411</b>	<b>3,819</b>	<b>16,644</b>	<b>368,716</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 January</b>	<b>3</b>	<b>59,239</b>	<b>199,675</b>	<b>9,135</b>	<b>0</b>	<b>7,870</b>	<b>275,922</b>
Regular depreciation		1,411	8,868	242		3,043	13,564
Restatement			1,000				1,000
Disposals			-4,113	-306			-4,419
Transfers of assets			-35			35	0
Change in scope of consolidation							0
Currency translation adjustments		-26	-309	-39		-421	-795
<b>Balance as at 31 December</b>	<b>3</b>	<b>60,624</b>	<b>205,086</b>	<b>9,032</b>	<b>0</b>	<b>10,527</b>	<b>285,272</b>
<b>Carrying amount</b>							
as at 1 January	6,234	10,722	31,702	634	29,121	8,904	87,317
as at 31 December	5,822	15,840	51,467	379	3,819	6,117	83,444
<b>Fire insurance values</b>							
as at 31 December		270,783	358,127	9,857			638,767

**21 – Financial assets** The financial assets amounted to a total of CHF 2.5 million in 2009 and are mainly composed of deferred taxes of CHF 2.2 million and the employer contribution reserves of CHF 0.1 million. As of 31 December 2009, the total valuable fiscal loss carry-forward totaled CHF 14.3 million and can be claimed at least up until the end of 2013.

In the prior year, the total amount of CHF 2.6 million was composed of deferred taxes of CHF 2.4 million, the assets from employer contribution reserves of CHF 0.1 million, and loans of CHF 0.1 million.

**22 – Assets from employer contribution reserves and pension funds** The situation in the Swiss employee benefit funds is as follows:

<b>Economic benefits/obligation and pension expense</b>							
<b>CHF 000</b>	<b>Surplus/deficit pursuant to Swiss GAAP FER 26 (Basis 31.12.2008)</b>	<b>Company's economic liability**</b>	<b>Change from prior year or recognized in income during the fiscal year</b>	<b>Contribution concerning the business period without ECR</b>	<b>Pension expense included in personnel expenses</b>		
	<b>31.12.2009</b>	<b>31.12.2009</b>	<b>31.12.2008</b>			<b>2009</b>	<b>2008</b>
Welfare funds/pension plans	1,156	0	0	0	0	0	0
Pension plans*	-20,279	-560	0	560	1,937	2,497	1,880
<b>Total</b>	<b>-19,123</b>	<b>-560</b>	<b>0</b>	<b>560</b>	<b>1,937</b>	<b>2,497</b>	<b>1,880</b>

\* There is an undercapitalization in the pension plan for 2009. The coverage rate is at approximately 96% according to the provisional financial statements.

\*\* Although Swissmetal Industries Ltd, Dornach, has no economic obligation to take measures for the refinancing, it decided to contribute together with the retirees to recapitalize it. Therefore, Swissmetal has posted a provision for contributions for financial reconstructions for 2010 of CHF 0.6 million.

As at the balance sheet date, the economic benefits from employer contribution reserves (ECR) divested to the Swiss pension funds were as follows:

<b>Employer contribution reserves (ECR)</b>							
<b>CHF 000</b>	<b>Nominal value</b>	<b>Use of ECR waived</b>	<b>Other provisions</b>	<b>Discount</b>	<b>Balance sheet</b>	<b>Balance sheet</b>	<b>Earnings from ECR included in personnel expenses 2009</b>
	<b>31.12.2009</b>	<b>31.12.2009</b>	<b>31.12.2009</b>	<b>31.12.2009</b>	<b>31.12.2009</b>	<b>31.12.2008</b>	
Welfare funds/pension plans	148	-63	0	0	85	148	-63
<b>Total</b>	<b>148</b>	<b>-63</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>148</b>	<b>-63</b>

<b>Pension plan contribution (CHF 000)</b>	<b>2009</b>	<b>2008</b>
Regulatory employee contributions	1,937	1,880
Regulatory employer's contributions	1,937	1,880

The employer's contributions are included in the personnel expenses.

### 23 – Interest-bearing liabilities (short-term)

<b>Credit type (CHF 000)</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Bank loans	15,770	14,555
Compulsory stockpile loans	1,940	2,940
Mortgage loans	6,680	6,680
Liabilities to employee benefit foundations	266	311
<b>Total interest-bearing liabilities (short-term)</b>	<b>24,656</b>	<b>24,486</b>

The short-term interest-bearing liabilities remained nearly the same compared to the previous year. The compulsory stockpile loan decreased by CHF 1.0 million, whereas the bank loans increased by CHF 1.2 million. The remaining decrease is due to the liabilities to employee benefit foundations. (See also Loans (long-term))

The agreement concerning the compulsory stockpile loan with the Swiss federal government provides for one last repayment of CHF 1.9 million in 2010.

**24 – Trade accounts payable** Trade accounts payable to suppliers increased by CHF 1.2 million to CHF 19.7 million compared to the prior year.



**25 – Other liabilities** Other liabilities amount to a total of CHF 6.0 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 4.0 million). The other liabilities, therefore, consist of holiday and overtime credits of CHF 2.9 million, liabilities against the pension funds of CHF 1.0 million and miscellaneous liabilities of CHF 2.1 million.

**26 – Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 4.2 million represents an increase of CHF 1.2 million year-on-year. This item includes accruals for invoices not yet received of CHF 1.6 million, auditing services and additional costs in connection with the annual report of CHF 1.5 million, complaints of CHF 0.5 million, accruals for annual discounts and commissions of CHF 0.2 million as well as derivative financial liabilities of CHF 0.4 million.

### 27 – Provisions

CHF 000	Guarantees	Restructuring	Environment	Other	Pension liabilities	Deferred taxes	Total
<b>Book value as at 1.1.2008</b>	<b>587</b>	<b>2,000</b>	<b>1,858</b>	<b>566</b>	<b>1,478</b>	<b>10,046</b>	<b>16,535</b>
Restatement						-3,768	-3,768
<b>Book value as at 1.1.2008</b>	<b>587</b>	<b>2,000</b>	<b>1,858</b>	<b>566</b>	<b>1,478</b>	<b>6,278</b>	<b>12,767</b>
Addition			500	1,536	211	959	3,206
Utilization	-581			-319			-900
Reversal	-6			-290		-1,700	-1,996
Restatement						1,275	1,275
Currency translation adjustments				-7	-151	-482	-640
<b>Book value as at 1.1.2009</b>	<b>0</b>	<b>2,000</b>	<b>2,358</b>	<b>1,486</b>	<b>1,538</b>	<b>6,330</b>	<b>13,712</b>
Addition			2,750	373	1,445		4,568
Utilization			-3	-561			-564
Reversal				-640		-4,013	-4,653
Currency translation adjustments				-3	-5	-11	-19
<b>Book value as at 31.12.2009</b>	<b>0</b>	<b>2,000</b>	<b>5,105</b>	<b>655</b>	<b>2,978</b>	<b>2,306</b>	<b>13,044</b>

The provision schedule shows the total of the short-term and long-term provisions. The provisions for deferred taxes and environment are considered to be long-term provisions. The category "Other" and "Pension liabilities" contain both time horizons. Overall, CHF 10.0 million is attributable to long-term and CHF 3.0 million to short-term provisions (previous year: CHF 10.4 million and CHF 3.3 million, respectively).

The environment contains provisions for environmental protection measures of net CHF 5.1 million, an increase of CHF 2.8 million compared to the previous year. (See also Environment)

### 28 – Loan (long-term)

CHF 000	31.12.2009	31.12.2008
Bank loan	5,242	6,336
Mortgage loans	11,650	13,320
<b>Total loans</b>	<b>16,892</b>	<b>19,656</b>
Average interest rate in the years ending on	3.90%	5.80%

Bank loan amounts to CHF 5.2 million (previous year CHF 6.3 million) and corresponds to the bank loan of Avins USA Inc., Warren/NJ that could be reduced during 2009.

On 31 December 2009, CHF 11.7 million (previous year CHF 13.3 million) of that mortgage loan had been drawn, whereas CHF 6.7 million are reclassified in the short-term part. The collateral for that mortgage line is mainly the Dornach site. (See also Contingent liabilities and credit line as well as Interest-bearing liabilities (short-term))

**29 – Shareholders' equity** For detailed information, please see the statement of changes in the consolidated shareholders' equity.

## OTHER EXPLANATORY NOTES

### SWISSMETAL GROUP

**30 – Equity interests** As of the balance sheet date, the following shareholders hold more than 3% of the capital in Swissmetal Holding Ltd, Dornach:

	31.12.2009*	31.12.2008*
Own Shares		5.07%
RFP Small & Mid Caps Switzerland (Fund Manager: Caceis Fastnet (Suisse) SA)	4.44%	4.44%
Laxey Partners Ltd	32.90%	32.90%
3V Invest Swiss Small & Mid Cap (Fund Manager: Oppenheim Asset Service S.à r.l. and 3V Asset Management AG)	5.40%	3.13%

\* The percentage figure is referred to the latest published share in the corresponding year.

### 31 – Contingent liabilities and credit line

2009		2008	
Guarantee obligations vis-à-vis third parties	CHF 000	Book value of assets used as collateral	CHF 000
Guarantee liabilities	5,640	Stock	2,200
		Fixed assets	2,646
<b>Total guarantee liabilities vis-à-vis third parties</b>	<b>5,640</b>	<b>Total</b>	<b>4,846</b>
Guarantee liabilities	5,640	Stock	2,200
		Fixed assets	2,646
<b>Total guarantee liabilities vis-à-vis third parties</b>	<b>5,640</b>	<b>Total</b>	<b>4,846</b>

The guarantee liabilities and the book value of assets used as collateral remained constant on a year-on-year comparison.

2009				2008	
Credit line (CHF 000)	secured	claimable maximum	claimed	Book value of assets used as collateral (CHF 000)	
Factoring	21,952	4,116	2,060	Trade accounts receivable*	
Bank loan	6,228	6,228	5,242	Assets	14,922
Warehouse facility	31,904	24,952	17,961	Stock	41,408
Compulsory stockpile loan	1,940	1,940	1,940	Stock	6,052
Mortgage loan	18,330	18,330	18,330	Assets**	49,808
<b>Total</b>	<b>80,354</b>	<b>55,566</b>	<b>45,533</b>	<b>Total</b>	<b>112,190</b>
Factoring	46,371	12,039	10,981	Trade accounts receivable*	
Bank loan	6,336	6,336	6,336	Assets	19,927
Warehouse facility	31,912	16,874	15,156	Stock	33,026
Compulsory stockpile loan	2,940	2,940	2,940	Stock	3,269
Mortgage loan	20,000	20,000	20,000	Fixed assets	47,941
<b>Total</b>	<b>107,559</b>	<b>58,189</b>	<b>55,413</b>	<b>Total</b>	<b>104,163</b>

\* Trade accounts receivable do not count as coverage, but are ceded (see also Trade accounts receivable)

\*\* Fixed assets, receivables in connection with refinancing 2004 and the prospective sale of land

The overall credit line that could have been used based on the contracts as at 31 December 2009, amounted to CHF 55.6 million and decreased by CHF 2.6 million compared to the previous year. Thereof, CHF 45.5 million or 82% (previous year: CHF 55.4 million, respectively 95%) were used as at the end of 2009. The carrying value of the collaterals underlying these credit lines increased in the period under review from CHF 104.2 million to CHF 112.2 million by CHF 8.0 million.

The assets used as collateral as at 31 December 2009 include assets of the Avins USA Inc., Warren/NJ, the stock at the production sites at the Swiss and German locations held as collateral for the warehouse facility, metal inventories at the Swiss locations as collateral for the compulsory stockpile loan and mainly a piece of property as collateral for the mortgage.

The level of the factoring and warehouse facilities fluctuates depending on the value of the receivables and the warehouse stocks; hence, the line of maximum available credit of CHF 53.9 million amounts to CHF 29.1 million as at the end of 2009.

Utilization of the line of credit requires adherence to certain key financial covenants and includes the normal credit provisions.

**32 – Financial obligations from operating leases** The future obligations from operating lease agreements are as follows:

Leased assets 2009 (CHF 000)						
Maturity	2010	2011	2012	2013	2014 and later	Total
Vehicles	270	176	120	87	26	679
Office space	139	38	39	41		257
<b>Total</b>	<b>409</b>	<b>214</b>	<b>159</b>	<b>128</b>	<b>26</b>	<b>936</b>

Leased assets 2008 (CHF 000)						
Maturity	2009	2010	2011	2012	2013 and later	Total
Vehicles	325	224	166	107	88	910
Office space	81	29	3	3		116
<b>Total</b>	<b>406</b>	<b>253</b>	<b>169</b>	<b>110</b>	<b>88</b>	<b>1,026</b>

The total operating lease obligation decreased by CHF 0.1 million. The leasing obligations for office space result from the Avins USA Inc., Warren/NJ.

### 33 – Hedges

2009			
CHF 000	Contract value	Valuation at the balance sheet closing rate	Positive (+)/negative (-) replacement value
Sale metal forwards	-2,417	-2,681	-264
Sale foreign exchange	-133	-129	4
<b>Total replacement value</b>	<b>-2,550</b>	<b>-2,810</b>	<b>-260</b>

2008			
CHF 000	Contract value	Valuation at the balance sheet closing rate	Positive (+)/negative (-) replacement value
Sale metal forwards	-1,741	-889	852
Sale foreign exchange	-7,778	-7,440	338
Purchase foreign exchange	2,428	2,293	-135
<b>Total replacement value</b>	<b>-7,091</b>	<b>-6,036</b>	<b>1,055</b>

The contract value is understood as the total amount underlying the transaction. Transactions open on the balance sheet date are recognized at market value. At the balance sheet date, a derivative leads to an asset or a liability at the actual values. An asset corresponds to the amount that the accounting organization would maximally lose in case of the failure of a counterparty. A liability corresponds to the amount that the counterparty would lose if the accounting organization would not fulfil the demands of the deal. The purpose of derivatives is hedging.

According to Swiss GAAP FER 27 an amount of CHF 0.5 million is recognized under accrued expense for the unrealized loss from derivative financial instruments as of 31 December 2009.

### 34 – Environment

Swiss plants at Dornach and Reconvilier In 2003, Ernst & Young AG, Zurich conducted an extensive review and assessment of the Swissmetal Group's operating and retired assets and locations. The environmental risks were assessed and quantified by SIUM Engineering AG (now U-Tech Zaugg), Thun.

The Group's sites at Dornach (Canton of Solothurn) and Reconvilier (Canton of Berne) are considered to be contaminated. Provided that the law remains the same and there are no changes of use, no material financial consequences should be expected for the Swissmetal Group. Further risks that could incur costs cannot be excluded in the future on account of changes in legal practice. It should be noted that a change in use or plans for construction may entail remediation measures.

The investigation of the surroundings of the Dornach plant in close cooperation with the environmental authorities of the Canton of Solothurn and the neighboring Canton of Basel-Landschaft as part of the "P3 Project" was completed on schedule. Thus, the plots could be classified in the different zones. The consequences for the Swissmetal Group are still under investigation. Therefore, the provision has been kept constant at CHF 0.9 million.

Furthermore, in December 2005, a provision of CHF 0.5 million was made for the environmental studies of the surroundings of the Reconvilier plant. Due to the results of the samples, the provision has been increased by CHF 1.0 million.

Parts of the environmental impact assessment for the Dornach site (new press plant) were brought forth and the necessary measures undertaken. The results of the environmental impact assessment became available during the financial year 2007. Hence, the necessary remediation measures have been started in 2007. In 2009, the requirements of the environmental administration established a concept and offers for its implementation which have been taken. Based on this, the provision for the environmental impact assessment was increased by CHF 1.0 million from CHF 0.5 million to CHF 1.5 million.

The existing groundwater examination program as part of the environmental impact assessment in Dornach has been in close coordination with the cantonal authorities according to the plan; no contamination limits have been exceeded to date. The groundwater monitoring program has been renewed.

Finally, a provision of CHF 0.8 million for further environmental measures are contained in the financial statements 2009.

German plant, Lüdenscheid The environmental regulations and conditions for approval – as per Bundes-Emissions-Schutz-Gesetz Abwasser (Federal Immission Control Waste Water Act), §§ 58, 60 of the Landeswassergesetz NRW (Water Act of the State of North-Rhine Westphalia) in conjunction with § 18 of the Wasserhaushaltsgesetz (Water Resources Act) – are regularly examined and their observance monitored by independent institutions (technical control board [TÜV], Institute for Materials and Environmental Analysis).

**35 – Research and development** Direct research and development expenses totaled CHF 3.5 million in 2009 (previous year: CHF 2.4 million), thereof CHF 2.6 million (previous year: CHF 1.7 million) were capitalized due to the present development stage of the ATMOVA system and CHF 0.9 million (previous year: CHF 0.7 million) recognized in the income statement. Personnel costs of CHF 1.6 million (previous year: CHF 0.9 million) accounted for the largest portion of the research and development expenses. In addition, research and development expenses attributable to the various production departments are estimated at CHF 1.0 million (previous year: CHF 1.8 million).



**36 – Compensations and transactions with related parties** For the years 2009 and 2008, the members of the Board of Directors gained the following compensation, respectively:

<b>Board of Directors: Compensation 2009 (CHF)</b>	<b>Dr J. Friedrich Sauerländer</b> Chairman	<b>Dr Dominik Köchlin</b> Vice chairman	<b>Martin Hellweg<sup>7</sup></b> Member and Delegate	<b>Max Locher</b> Member	<b>Ralph Glassberg<sup>8</sup></b> Member	<b>Dr Roger Bühler</b> Member	<b>Ferdinand Stutz</b> Member	<b>Dr Jürg Henz</b> Member	<b>Total BoD</b>
<b>Compensation (cash)</b>									
<b>Pay (fixed)</b>									
Chairman of BoD <sup>1</sup>	100,000								100,000
Vice Chairman of the BoD <sup>1</sup>		75,000							75,000
Member of the BoD <sup>1</sup>			0	50,000	18,750	50,000	8,333	31,250	158,333
Chairman of the AC <sup>1</sup>		15,000							15,000
Member of the AC <sup>1</sup>	15,000					15,000			30,000
Executive function			1,046,948		158,665				1,205,613
<b>Pay (variable)</b>									
Sirius bonus			0						0
Other bonuses <sup>2</sup>					103,170				103,170
<b>Shares/Options<sup>3</sup></b>									
Shares <sup>4</sup>			203,200						203,200
<b>Remuneration for additional work</b>									
Additional services above and beyond regular duties <sup>5</sup>	75,000			5,000			22,917		102,917
<b>Total compensation (cash)</b>	<b>190,000</b>	<b>90,000</b>	<b>1,250,148</b>	<b>55,000</b>	<b>280,585</b>	<b>65,000</b>	<b>31,250</b>	<b>31,250</b>	<b>1,993,233</b>
<b>Compensation (non-cash)</b>									
Bonus bank opening balance									
Bonus bank pay-out (negative value) and deduction (positive value), respectively									
Bonus bank closing balance									
Benefits in kind <sup>3</sup>			24,983						24,983
Social insurances <sup>6</sup>	8,747	5,445	106,790	1,929	34,664	0	1,891	1,891	161,357
<b>Total compensation (non-cash)</b>	<b>8,747</b>	<b>5,445</b>	<b>131,773</b>	<b>1,929</b>	<b>34,664</b>	<b>0</b>	<b>1,891</b>	<b>1,891</b>	<b>186,340</b>
<b>Total compensation</b>	<b>198,747</b>	<b>95,445</b>	<b>1,381,921</b>	<b>56,929</b>	<b>315,249</b>	<b>65,000</b>	<b>33,141</b>	<b>33,141</b>	<b>2,179,573</b>

<sup>1</sup> In 2009, the Board of Directors compensations are not paid out but accrued.

<sup>2</sup> Ralph Glassberg did not participate in the Sirius bonus program.

<sup>3</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>4</sup> Shares have been allotted in special cases based on individual merit.

<sup>5</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

<sup>6</sup> Employer's share

<sup>7</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

<sup>8</sup> In addition to compensation for his service on the Board of Directors, Ralph Glassberg received compensation as the CEO of Avins USA Inc., Warren/NJ.

**Note on the bonus bank:** The lines "Sirius bonus" and "Bonus bank pay-out (negative value) and deduction (positive value), respectively" have to be looked at together. The first line shows how much is paid out for the respective year. Adding up both lines yields the expense for the respective year. A negative balance in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively" now means that this amount was withdrawn from the bonus bank and not charged to expenses (valid for 2008). A positive balance would mean that the bonus bank increased in the respective year and the target could be more than exceeded. In 2009, there is no

<b>Board of Directors: Compensation 2008 (CHF)</b>	<b>Dr J. Friedrich Sauerländer Chairman</b>	<b>Dr Dominik Köchlin Vice Chair- man</b>	<b>Martin Hellweg<sup>6</sup> Member and Delegate</b>	<b>Max Locher Member</b>	<b>Ralph Glassberg<sup>7</sup> Member</b>	<b>Dr Roger Bühler Member</b>	<b>Total BoD</b>
<b>Compensation (cash)</b>							
<b>Pay (fixed)</b>							
Chairman of BoD	100,000						100,000
Vice Chairman of the BoD		75,000					75,000
Member of the BoD			0	50,000	50,000	50,000	150,000
Chairman of the AC		15,000					15,000
Member of the AC	15,000					15,000	30,000
Executive function			415,992		81,875		497,867
<b>Pay (variable)</b>							
Nordstern bonus			0				0
Other bonuses <sup>1</sup>					95,737		95,737
<b>Shares /Options<sup>2</sup></b>							
Advantage from share purchase at a reduced price <sup>3</sup>	10,550	10,550	63,300				84,400
<b>Remuneration for additional work</b>							
Additional services above and beyond regular duties <sup>4</sup>	60,000						60,000
<b>Total compensation (cash)</b>	<b>185,550</b>	<b>100,550</b>	<b>479,292</b>	<b>50,000</b>	<b>227,612</b>	<b>65,000</b>	<b>1,108,004</b>
<b>Compensation (non-cash)</b>							
Bonus bank opening balance			95,216				
Bonus bank pay-out (negative value) and deduction (positive value), respectively			-95,216				-95,216
Bonus bank closing balance			0				
Benefits in kind <sup>2</sup>			28,889		2,816		31,705
Pension expenses <sup>5</sup>	8,324	5,964	75,416	1,747	34,749	0	126,200
<b>Total compensation (non-cash)</b>	<b>8,324</b>	<b>5,964</b>	<b>9,089</b>	<b>1,747</b>	<b>37,565</b>	<b>0</b>	<b>62,689</b>
<b>Total compensation</b>	<b>193,874</b>	<b>106,514</b>	<b>488,381</b>	<b>51,747</b>	<b>265,177</b>	<b>65,000</b>	<b>1,170,693</b>

<sup>1</sup> Ralph Glassberg did not participate in the Nordstern bonus program.

<sup>2</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>3</sup> The shares of the regular share ownership program may be purchased at a subsidized price and are locked in for two years. Additional shares have been allotted in special cases based on individual merit.

<sup>4</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

<sup>5</sup> Employer's share

<sup>6</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

<sup>7</sup> In addition to compensation for his service on the Board of Directors, Ralph Glassberg received compensation as CEO of Avins USA Inc., Warren/NJ.

value in the line "Bonus bank pay-out (negative value) and deduction (positive value), respectively", but the line "Bonus bank closing balance" is negative. It is to be offset with future bonuses.

No loans or credits were extended to Members of the Board of Directors, nor was any compensation paid to individuals closely linked to the Board of Directors other than that already mentioned.

For the years 2009 and 2008, the members of the management received the following compensation, respectively:

Executive Management: Compensation 2009 (CHF)	Individual with the highest compensa- tion: CEO <sup>7</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
<b>Compensation (cash)</b>				
<b>Pay (fixed)</b>				
Member	1,046,948	191,096	1,574,871	2,812,915
<b>Pay (variable)</b>				
Sirius bonus	0	0	0	0
Other bonuses <sup>1</sup>	0	103,125	82,931	186,056
<b>Shares/options<sup>2</sup></b>				
Shares <sup>3</sup>	203,200			203,200
Shares (as a portion of salary) <sup>3</sup>		16,485	37,924	54,409
<b>Remuneration for additional work</b>				
Additional services above and beyond regular duties			10,008	10,008
<b>Total compensation (cash)</b>	<b>1,250,148</b>	<b>310,706</b>	<b>1,705,734</b>	<b>3,266,588</b>
<b>Compensation (non-cash)</b>				
Bonus bank opening balance			0	0
Bonus bank pay-out (negative value) and deduction (positive value), respectively <sup>4</sup>	0	0	[-1,791,546]	[-1,791,546]
Bonus bank closing balance			-1,791,546	-1,791,546
Benefits in kind	24,983	46,702	49,992	121,677
Pension expenses <sup>5</sup>	106,790	35,028	258,931	400,749
<b>Total compensation (non-cash)</b>	<b>131,773</b>	<b>81,730</b>	<b>308,923</b>	<b>522,426</b>
<b>Total compensation</b>	<b>1,381,921</b>	<b>392,436</b>	<b>2,014,657</b>	<b>3,789,014</b>

Loans/credits 2009 (CHF)	Individual with high- est compensation: CEO <sup>7</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
Loans <sup>6</sup>	0	0	27,291	27,291
<b>Loans</b>	<b>0</b>	<b>0</b>	<b>27,291</b>	<b>27,291</b>

<sup>1</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>2</sup> There are no outstanding options.

<sup>3</sup> Shares have been allotted in special cases based on individual merit. In addition, shares have been paid as part of salary.

<sup>4</sup> The negative Bonus Bank balance is not owed to the Swissmetal Group, it will only be offset with future bonuses; therefore, it is not added to the total compensation (non-cash).

<sup>5</sup> Employer's share

<sup>6</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>7</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

The loans are for a term of four years with an annual interest charge based on market conditions. The locked-in shares acquired with these loans serve as security. There are no other loans to Members of the Executive Management.



<b>Executive Management: Compensation 2008 (CHF)</b>	<b>Individual with the highest compensation: CEO<sup>6</sup></b>	<b>Other Executive Management Members</b>	<b>Total</b>
<b>Compensation (cash)</b>			
<b>Pay (fixed)</b>			
Member	415,992	1,374,787	1,790,779
<b>Pay (variable)</b>			
Nordstern bonus	0	0	0
Other bonuses <sup>1</sup>		120,407	120,407
<b>Shares/options<sup>2</sup></b>			
Advantage from share purchase at reduced price <sup>3</sup>	63,300	126,600	189,900
<b>Remuneration for additional work</b>			
Additional services above and beyond regular duties		10,008	10,008
<b>Total compensation (cash)</b>	<b>479,292</b>	<b>1,631,802</b>	<b>2,111,094</b>
<b>Compensation (non-cash)</b>			
Bonus bank opening balance	95,216	168,161	263,377
Bonus bank pay-out (negative value) and deduction (positive value), respectively	-95,216	-168,161	-263,377
Bonus bank closing balance	0	0	0
Benefits in kind	28,889	86,240	115,129
Pension expenses <sup>4</sup>	75,416	255,075	330,491
<b>Total compensation (non-cash)</b>	<b>9,089</b>	<b>173,154</b>	<b>182,243</b>
<b>Total compensation</b>	<b>488,381</b>	<b>1,804,956</b>	<b>2,293,337</b>
<b>Loans/credits 2008 (CHF)</b>			
Loans <sup>5</sup>		231,889	231,889
<b>Total loans/credits</b>		<b>231,889</b>	<b>231,889</b>

<sup>1</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>2</sup> There are no outstanding options.

<sup>3</sup> The shares of the regular share ownership program may be purchased at a subsidized price and are locked in for two years. Additional shares have been allotted in special cases based on individual merit.

<sup>4</sup> Employer's share

<sup>5</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>6</sup> Martin Hellweg did not receive additional compensation for his service on the Board of Directors.

The members of the Board of Directors and of the management own the following number of shares:

Number of shares (votes)	2009	2008
<b>Dr J. Friedrich Sauerländer</b> Chairman of the BoD	5,000	5,000
<b>Dominik Köchlin</b> Vice chairman	3,000	3,000
<b>Max Locher</b> Member	801	801
<b>Ralph Glasberg</b> Member	-	133,333
<b>Roger Bühler*</b> Member	0	0
<b>Dr Jürg Henz</b> Member	0	-
<b>Ferdinand Stutz</b> Member	0	-
<b>Martin Hellweg</b> CEO (leaving 15 May 2009)	-	60,000
<b>Dr Olaf Schmidt-Park</b> CEO (entry 15 May 2009)	1,762	-
<b>Volker Suchordt</b> EVP Own Manufactured Products and Quality, Safety and Environment	3,000	18,000
<b>Greg Himsted</b> SVP Head of Sales and Marketing	-	10,500
<b>Joachim Blatter</b> Chief Financial Officer	3,445	9,000
<b>Martin Heuschkel</b> SVP Design Solutions	0	1,500
<b>Sam V. Furrer</b> Chief Development Officer	6,000	9,000
<b>Laura Rossini</b> SVP Human Resources	535	1,000
<b>Jean-Pierre Tardent</b> SVP R&D, Application Engineering and Quality Management	1,527	-

\* The major shareholder Laxey Partners is not a closely linked party in the meaning of the SWX Directive in respect of its representative on the Board of Directors. For that reason, the number of shares that it holds is not included.

### 37 – Risk assessment disclosure

Financial risk assessment and management is an integral part of the Swissmetal Group-wide company risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment, including changes in accounting policy, significant accounting matters, and items requiring significant management judgement and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the relevant accounting and treasury functions. Regular reporting on the review of the financial risk management is performed by the relevant accounting and controlling functions.

The major financial risks that are identified, which are, therefore, the most critical accounting policies consist of liquidity, metal price changes and valuation, accounting for acquisitions, intangible assets and impairments.

### 38 – Events occurring after the balance sheet date

The following significant event occurred after the balance sheet date: None





To the general meeting of  
Swissmetal Holding Ltd (Swissmetal Group), Dornach

## **Report of the statutory auditor on the consolidated financial statements**

As statutory auditor, we have audited the consolidated financial statements of Swissmetal Holding Ltd (Swissmetal Group), which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 38 to 66), for the year ended 31 December 2009.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

### *Report on other legal requirements*

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Basel, 16 April 2010

PricewaterhouseCoopers AG

Dr Daniel Suter	Matthias Rist
Audit expert	Audit expert
Auditor in charge	



# FINANCIAL REPORT 2009

SWISSMETAL HOLDING LTD

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The accounts are prepared in accordance with Swiss law (Swiss Code of Obligations) and the company's Article of Incorporation.

# INCOME STATEMENT

SWISSMETAL HOLDING LTD

		2009	2008
	Notes	CHF 000	CHF 000
Income from subsidiaries	01	0	0
Other income		0	3
<b>Total operating income</b>		<b>0</b>	<b>3</b>
Operating and administrative expenses	02	-1,067	-675
Other expenses from third parties	03	-152	-51
Other expenses from subsidiaries	03	-100	-100
<b>Operating income before depreciation (EBITDA)</b>		<b>-1,319</b>	<b>-823</b>
Depreciation		-22,634	0
<b>Operating income (EBIT)</b>		<b>-23,953</b>	<b>-823</b>
Financial result	04	-70	-5,068
Extraordinary result	05	0	196
<b>Earnings before taxes (EBT)</b>		<b>-23,023</b>	<b>-5,695</b>
Taxes	06	-7	-1
<b>Result for the year (EAT)</b>		<b>-24,030</b>	<b>-5,696</b>

EBITDA: Earnings before interest, taxes, depreciation and amortization

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes



**BALANCE SHEET**  
SWISSMETAL HOLDING LTD

ASSETS	Notes	31.12.2009		31.12.2008	
		CHF 000	%	CHF 000	%
<b>Current assets</b>					
Cash and cash equivalents		994	1.1	24	0.0
Securities	07	61	0.1	3,314	2.9
Other receivables	08	3,560	3.9	3,618	3.1
Current accounts from subsidiaries	09	7,407	8.2	7,137	6.2
<b>Total current assets</b>		<b>12,022</b>	<b>13.3</b>	<b>14,093</b>	<b>12.2</b>
<b>Fixed assets</b>					
Investment in subsidiaries	10	78,652	86.7	101,286	87.8
<b>Total fixed assets</b>		<b>78,652</b>	<b>86.7</b>	<b>101,286</b>	<b>87.8</b>
<b>TOTAL ASSETS</b>		<b>90,674</b>	<b>100.0</b>	<b>115,379</b>	<b>100.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
	Notes	CHF 000	%	CHF 000	%
<b>Current liabilities</b>					
Trade accounts payable	11	37	0.0	14	0.0
Current account to subsidiaries	11	527	0.6	2,010	1.8
Other liabilities		18	0.0	15	0.0
Accrued expenses and prepaid income	12	791	0.9	10	0.0
Provisions for taxes		1	0.0	0	0.0
<b>Total current liabilities</b>		<b>1,374</b>	<b>1.5</b>	<b>2,049</b>	<b>1.8</b>
<b>Total liabilities</b>		<b>1,374</b>	<b>1.5</b>	<b>2,049</b>	<b>1.8</b>
<b>Shareholders' equity</b>					
Share capital	13	59,617	65.7	59,617	51.7
General statutory reserves		43,752	48.3	43,752	37.9
Reserve for own shares	14	60	0.1	8,036	6.9
Available earnings		-14,129	-15.6	1,925	1.7
· Retained earnings		9,901	10.9	7,621	6.6
· Result for the year (EAT)		-24,030	-26.5	-5,696	-4.9
<b>Total shareholders' equity</b>		<b>89,300</b>	<b>98.5</b>	<b>113,330</b>	<b>98.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>90,674</b>	<b>100.0</b>	<b>115,379</b>	<b>100.0</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SWISSMETAL HOLDING LTD

CHF 000	Share capital	General statutory reserves	Reserves for own shares	Available earnings	Total shareholders' equity
<b>Balance as at 1 January 2008</b>	<b>59,617</b>	<b>43,752</b>	<b>4,612</b>	<b>11,045</b>	<b>119,026</b>
Reallocation from reserves for own shares			3,424	-3,424	0
Result for the year				-5,696	-5,696
<b>Balance as at 1 January 2009</b>	<b>59,617</b>	<b>43,752</b>	<b>8,036</b>	<b>1,925</b>	<b>113,330</b>
Reallocation from reserves for own shares			-7,976	7,976	0
Result for the year				-24,030	-24,030
<b>Balance as at 31 December 2009</b>	<b>59,617</b>	<b>43,752</b>	<b>60</b>	<b>-14,129</b>	<b>89,300</b>

Own shares	Number	Average price (CHF)*
<b>Balance as of 1 January 2008</b>	<b>145,000</b>	<b>31.81</b>
Sale to employees	-7,192	23.05
Purchase	241,166	22.65
Sale to employees (share participation program)	-36,900	21.10
Sale to employees	-11,000	14.28
Purchase	17,502	19.96
<b>Balance as of 1 January 2009</b>	<b>348,576</b>	<b>23.06</b>
Purchase	17,354	9.33
Sale	-6,501	9.48
Sale to employees	-35,000	6.73
Sale to employees (as a portion of salary)	-20,540	9.36
Sale	300,000	9.50
Purchase from employee	2,020	9.22
<b>Balance as of 31 December 2009</b>	<b>5,909</b>	<b>10.13</b>

\* as part of the reserve for own shares

In 2008, the own shares were held for potential prospective acquisitions as well as for the employee share participation program. At the end of 2009, Swissmetal Group held 5,909 own shares (previous year: 348,576). In 2008, a total of 258,668 own shares were purchased and 55,092 shares were granted to employees, thereof 36,900 shares for the share participation program. In 2009, a total of 17,254 shares were purchased and a net number of 32,980 shares were granted to employees. Furthermore, 20,540 shares were granted to employees as a portion of salary, 306,501 shares were sold.

At the present, no derivative instruments on own shares are outstanding.

In accordance with the legal requirements, the reserve for own shares has been decreased in 2009 by CHF 8.0 million (previous year: CHF 3.4 million). This amount corresponds to the acquisition costs of the own shares.

The General Meeting that was held on 16 May 2007 approved the creation of conditional capital. The share capital will be increased by an amount not exceeding CHF 22.5 million by issuing not more than 2,500,000 bearer shares, each with a par value of CHF 9.00.

At the end of 2008, the company held 348,576 shares that are recognized at the year-end price of CHF 9.50 per share (in the position "Securities" 2007: 145,000 shares at a price of CHF 27.40 per share). The change in value was recognized in the income statement (see also Financial result). The General Meeting on 30 June 2006 approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years, in fact until the 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full.

In the financial year 2009, the share capital remained the same as in 2008, meaning 6,624,106 shares, each with a par value of CHF 9.00.

**NOTES TO THE INCOME STATEMENT**

**1 – Income from subsidiaries** In 2009, the company did not incur any income from subsidiaries. As in the previous year, Swissmetal Industries Ltd, Dornach, Swissmetal Design Solutions Ltd, Dornach, and Avins International Ltd, Dornach, did not distribute a dividend.

**2 – Operating and administrative expenses** The operating and administrative expenses of CHF 1.1 million comprise the Board of Directors' compensation of CHF 0.9 million as well as auditing and consulting expenses and capital taxes of CHF 0.2 million.

**3 – Other expenses** Other expenses cover the proportional administrative contributions within the Swissmetal Group (Group companies) and expenses for patent protection.

**4 – Financial result**

CHF 000	31.12.2009	31.12.2008
Financial income	241	341
Financial expenses	-311	-5,409
<b>Financial result</b>	<b>-70</b>	<b>-5,068</b>

Net financial result amounts to minus CHF 0.1 million (previous year: CHF -5.1 million). Gains on own shares contributed CHF 0.1 million to the financial income in 2009 whereas losses of CHF 5.4 million were reported in 2008.

**5 – Extraordinary result** In 2009, the extraordinary profit is zero, whereas in 2008 it contains CHF 0.2 million of both released value adjustment allowance for other receivables and released provision. (See also Other receivables and Other provisions)

**6 – Taxes** Taxes consist of taxes on income.

**NOTES TO THE BALANCE SHEET**

**7 – Securities** Securities amount to CHF 61 thousands and consist primarily of the 5,909 own shares, the number decreased by 342,667 own shares during the year under review. Compared to the previous year, this decrease primarily reflects the net effect of the decreased amount and increased value of own shares.

**8 – Other receivables** As part of the refinancing in 2004, Swissmetal Holding Ltd acquired these receivables from banks when it paid the current guarantees made to these banks in connection with the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid. The receivables, originally valued at CHF 3.8 million, were value adjusted and discounted by 30%. Therefore, as of 31 December 2006, CHF 2.7 million in other receivables were outstanding. Due to the latest information from the liquidator, management decided to decrease the value adjustment to 10% and to 5% in the financial year 2007 and 2008 respectively, accordingly CHF 0.8 million in 2007 and CHF 0.2 million in 2008 were reversed and the receivables amount was revalued at 90% and at 95%, respectively. The slightly lower value in 2009 compared to 2008 is due to exchange rate difference.

**9 – Current accounts from subsidiaries** As of 31 December 2009, a total of CHF 7.4 million in receivables from Swissmetal Industries Ltd, Dornach, and Avins International Ltd, Dornach, was outstanding. This represents an increase of CHF 0.3 million on the previous year's amount.

## 10 – Investment in subsidiaries

Country and company 2009	Currency	Share capital	Purpose	Equity investment direct in %	Equity investment indirect in %
<b>Switzerland</b>					
Swissmetal Industries Ltd Dornach	CHF 000	50,000	Production facility	100	
Avins International Ltd, Dornach	CHF 000	500	Trading company	100	
Swissmetal Design Solutions AG, Dornach	CHF 000	100	Development company	100	
Avins Switzerland Ltd, Dornach	CHF 000	100	Trading company		100
<b>Germany</b>					
Avins Germany GmbH, Lüdenscheid	EUR 000	260	Trading company		100
Swissmetal Lüdenscheid GmbH, Lüdenscheid	EUR 000	1,525	Production facility		100
<b>USA</b>					
Avins USA Inc., Warren/NJ	USD 000	100	Trading company		100
<b>China</b>					
Avins East Asia Ltd, Hong Kong	HKD 000	60	Trading company		100

Country and company 2008	Currency	Share capital	Purpose	Equity investment direct in %	Equity investment indirect in %
<b>Switzerland</b>					
Swissmetal Industries Ltd, Dornach	CHF 000	50,000	Production facility	100	
Avins International Ltd, Dornach	CHF 000	500	Trading company	100	
Swissmetal Design Solutions AG, Dornach	CHF 000	100	Development company	100	
Avins Switzerland Ltd, Dornach	CHF 000	100	Trading company		100
<b>Germany</b>					
Avins Germany GmbH, Lüdenscheid	EUR 000	260	Trading company		100
Swissmetal Lüdenscheid GmbH, Lüdenscheid	EUR 000	1,525	Production facility		100
<b>USA</b>					
Avins USA Inc., Warren/NJ	EUR 000	100	Trading company		100

The changes in investments (at carrying values) over the last two years developed as follows:

CHF 000	SMCH	SMDS	AVIN	Total
<b>Balance as at 1 January 2008</b>	<b>100,006</b>	<b>100</b>	<b>1,180</b>	<b>101,286</b>
Changes	0	0	0	0
<b>Balance as at 1 January 2009</b>	<b>100,006</b>	<b>100</b>	<b>1,180</b>	<b>101,286</b>
Changes	-21,354	-100	-1,180	-22,634
<b>Balance as at 31 December 2009</b>	<b>78,652</b>	<b>0</b>	<b>0</b>	<b>78,652</b>

SMCH: Swissmetal Industries Ltd, Dornach  
SMDS: Swissmetal Design Solutions Ltd, Dornach  
AVIN: Avins International Ltd, Dornach

In 2009, Avins East Asia Ltd, Hong Kong, China, was founded to enforce the distribution channel Asia.

The investments in subsidiaries are depreciated by a total amount of CHF 22.6 million.

**11 – Current account to subsidiaries** The decrease in the current account to subsidiaries is mainly due to the increase of the current account with Swissmetal Industries Ltd.

**12 – Accrued expenses and prepaid income** On a year-on-year comparison, the increased number mainly reflects the accrued expenses for the Board of Directors.

**13 – Share capital** The share capital is fully paid and divided into 6,624,106 bearer shares (previous year: 6,624,106 bearer shares) with a par value of CHF 9.00 per share.

**14 – Reserve for own shares** The reserve for own shares decreased by CHF 7.9 million compared to the previous year due to the sale of own shares. (See also Statement of changes in shareholders' equity)

## OTHER EXPLANATORY NOTES

### 15 – Contingent liabilities

CHF 000	31.12.2009	31.12.2008
<b>Guarantee obligations vis-à-vis third parties</b>		
Guarantee liabilities	20,000	20,000

As of 31 December 2009, a guarantee commitment of CHF 20.0 million (previous year: CHF 20.0 million) secured a line of credit provided to Swissmetal Industries Ltd, Dornach.

Swissmetal Holding Ltd, Dornach, belongs to the Swiss value-added tax (VAT) group of Swissmetal Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire Swissmetal Group.

There is a claim subject to subordination clause of CHF 4.0 million (previous year: CHF 3.0 million) towards Avins International Ltd, Dornach.

**16 – Significant shareholders** The following shareholders held more than 3% of the capital of Swissmetal Holding Ltd, Dornach, on the balance sheet date of 31 December 2009:

	31.12.2009*	31.12.2008*
Own shares		5.07%
RFP Small & Mid Caps Switzerland (Fund Manager: Caceis Fastnet (Suisse) SA)	4.44%	4.44%
Laxey Partners Ltd	32.90%	32.90%
3V Invest Swiss Small & Mid Cap (Fund Manager: Oppenheim Asset Service S.à r.l. and 3V Asset Management AG)	5.40%	3.13%

\* The percentage figure is referred to the latest published share in the corresponding year.

**17 – Compensations** The compensation paid is disclosed in the consolidated financial statements in the note "Compensations and transactions with related parties".

**18 – Risk assessment disclosure** Swissmetal Holding Ltd, Dornach, is fully integrated into the group-wide risk assessment process of Swissmetal Group. This Swissmetal Group risk assessment process also addresses the nature and scope of business activities and the specific risks of Swissmetal Holding Ltd.

## PROPOSAL OF THE BOARD OF DIRECTORS

SWISSMETAL HOLDING LTD

In compliance with the law and the company's Articles of Association, the Board of Directors proposes to the General Meeting of Shareholders that the retained earnings be allocated as follows:

	CHF 000
Retained earnings from previous years	1,925
Reallocation from reserves for own shares	7,976
Result for the year – 2009	–24,030
Available earnings to the General Shareholders' Meeting	–14,129
Proposal of the Board of Directors regarding the utilization of available earnings	
<b>Carry-forward to new account</b>	<b>–14,129</b>

Dornach, 16 April 2010

For the Board of Directors:

Chairman: Dr J. Friedrich Sauerländer







## REPORT OF THE STATUTORY AUDITORS

SWISSMETAL HOLDING LTD

To the general meeting of  
Swissmetal Holding Ltd, Dornach

### **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the financial statements of Swissmetal Holding Ltd, which comprise the income statement, balance sheet and notes (pages 72 to 77), for the year ended 31 December 2009.

#### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

#### *Report on other legal requirements*

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Basel, 16 April 2010

PricewaterhouseCoopers AG

Dr Daniel Suter	Matthias Rist
Audit expert	Audit expert
Auditor in charge	



**BERICHT DES VR-PRÄSIDENTEN UND DES CEO  
DER JAHRESABSCHLUSS 2009 IM ÜBERBLICK**

**84**

**86**

Sehr geehrte Aktionäre

Ein sehr schwieriges Geschäftsjahr 2009 liegt hinter uns. Die Weltwirtschaftskrise hatte uns mit aller Härte getroffen. Wir erlebten einen bisher nicht vorstellbaren Rückgang des Auftragseingangs. Diese Entwicklung konnte niemand so voraussehen, und für die Lösung dieser Herausforderung gab es keine Patentrezepte.

Während die Swissmetal im ersten Quartal noch von Aufträgen aus 2008 profitieren konnte, wurde im zweiten Quartal das vollständige Ausmass der Krise deutlich. Unsere Umsätze brachen drastisch um bis zu 50% ein und haben sich auch bis zum Jahresende von diesem niedrigen Niveau nicht mehr erholt. Das Geschäftsergebnis 2009 ist daher ernüchternd: Für das Gesamtjahr erzielten wir lediglich einen Umsatz von CHF 191,7 Mio. (Vorjahr CHF 324,9 Mio.). Der Bruttobearbeitungsumsatz lag bei CHF 76,7 Mio. (Vorjahr CHF 113,8 Mio.), das Ergebnis EBIT bei CHF -30,9 Mio. (Vorjahr CHF 0,8 Mio.).

Wir haben auf den Umsatzeinbruch sehr schnell und umfassend reagiert und dabei zwei Ziele verfolgt: Zum einen galt es, die Liquidität des Unternehmens zu sichern, zum anderen wollten wir Wege finden, dem drohenden Stellenabbau als Folge des dramatischen Nachfrage- und Produktionsrückgangs zu begegnen. Beide Ziele haben wir erreicht: durch ein rigoroses Sparprogramm, Einfrieren von Investitionen und deutliche Warenbestandsreduzierung einerseits und durch die flächendeckende Einführung der Kurzarbeit an allen Standorten andererseits. Heute können wir sagen, dass es uns so gelungen ist, alle unsere qualifizierten Mitarbeiter auch in der Krise in der Gruppe zu halten. Sie werden dringend benötigt, wenn die Konjunktur wieder anzieht.

Gleichzeitig haben wir die Weichen für die Zukunft gestellt. Wir streben eine optimale Ausgangsposition an, um gestärkt aus der Krise hervorzugehen.

Mit Hochdruck haben wir an unserer operativen Performance gearbeitet und werden es auch zukünftig weiter tun. Liefertreue und Qualität wurden deutlich verbessert. Die Durchsätze an unserer neuen Extrusionspresse konnten signifikant gesteigert werden, und schon seit langem stellt die Presse keinen Flaschenhals in unserer Produktion mehr dar. Darüber hinaus ist das Standortkonzept abgeschlossen und befindet sich in der Endphase der Umsetzung. Die integrierten Standorte Dornach und Lüdenscheid mit Giesserei, Presswerk und Finishing werden durch den Standort Reconvilier als reiner Finishing-Standort für unsere Spezialitäten ergänzt.

Unsere Vermarktungsaktivitäten haben wir weltweit, mit Ausnahme der USA, wieder unter dem Dach des Markennamens Swissmetal konzentriert und auf die Swissmetal Produktpalette fokussiert. Lediglich in den USA führen wir das Handelsgeschäft unter dem dort gut eingeführten Namen Avins weiter. Als Teil unserer regionalen Wachstumsstrategie haben wir unsere Verkaufsaktivitäten im asiatischen Raum durch Eröffnung unseres Büros in Hongkong ausgebaut. Wir wollen von den starken Impulsen aus Indien und China profitieren, wo die Weltwirtschaftskrise nur eine leichte Konjunkturdelle hinterlassen hat.

Nicht betroffen von den Einsparungen waren 2009 unsere Ausgaben für Forschung und Anwendungstechnik. Innovative Produkte und Anwendungen sind wesentliche Grundvoraussetzungen, um dauerhaft erfolgreich zu sein. Dies gilt auch – und gerade – in Krisenzeiten. Unsere Projekte haben wir daher unvermindert fortgeführt und uns zusätzlich zur Steigerung unserer Kompetenz auch personell wieder verstärkt. Es war uns wichtig, unsere technische Präsenz auch bei unseren Kunden wieder auszubauen.

Unser innovativstes Produkt, das Zukunftsprojekt ATMOVA, hat seinen letzten Meilenstein vor der Markteinführung erreicht. Die ersten mit den ATMOVA Ziegeln und Wärmepumpen ausgerüsteten Häuser haben den Härtestest des Winters bestanden. Wie geplant bereiten wir den Markteintritt für das erste Quartal 2010 vor.

Nicht nur bei dem auf regenerativer Energieerzeugung bestehenden System ATMOVA zeigt sich, dass bei Swissmetal wirtschaftliches Handeln und das Engagement für die Umwelt eng verzahnt sind. Mit CN8 bieten wir ein hochzähes und hochverschleissfestes Material für Flugzeugfahrwerke an, das als erster Werkstoff seiner Klasse kein giftiges Beryllium mehr enthält. Entwicklungsarbeiten auf dem Gebiet des bleifreien und trotzdem gut spanabhebend zu bearbeitenden Messings sind viel versprechend. Für den Ersatz unseres alten Heizkraftwerks in Dornach planen wir eine Neuanlage, die mit Holzschnitzel und damit CO<sub>2</sub>-neutral betrieben wird. Seit Dezember 2009 ist Swissmetal daher auch aktives Mitglied der Organisation „Metalle pro Klima“, einer Organisation der Buntmetallindustrie.

Erste Erfolge unserer Massnahmen erkennen wir seit dem vierten Quartal. Der Auftragseingang nimmt wieder zu. Gleichzeitig spüren wir Anzeichen einer konjunkturellen Erholung.

Operativ starten wir somit mit vorsichtigem Optimismus in das Jahr 2010. Für das Gesamtjahr rechnen wir mit deutlich zweistelligem Umsatzanstieg. Auf Basis der erheblich verbesserten Kostenstruktur gegenüber

dem Vorjahr halten wir an der Erwartung einer operativen „schwarzen Null“ für 2010 fest.

Unseren Mitarbeitern danken wir – auch im Namen unserer Kollegen aus Verwaltungsrat und Executive Management – ganz herzlich für den unermüdlichen Einsatz und die grossen Leistungen, die sie in diesem aussergewöhnlichen Jahr 2009 erbracht haben. Ebenso danken wir allen Kunden, Geschäftsfreunden und nicht zuletzt Ihnen, sehr geehrte Aktionäre, für das uns entgegengebrachte Vertrauen. Wir werden alles tun, um dieses Vertrauen auch im Jahr 2010 durch erfolgreiche Arbeit zu rechtfertigen.

Mit freundlichen Grüssen

Dr. J. Friedrich Sauerländer  
Präsident des  
Verwaltungsrats

Dr. Olaf Schmidt-Park  
CEO



## VORBEMERKUNG

Die Swissmetal-Gruppe hatte für das Jahr 2008 in einzelnen Positionen eine Anpassung (Restatement) vorgenommen. Die Vorjahresspalte zeigt jeweils die Werte nach Restatement. Die Auswirkungen sind im Anhang des Geschäftsberichts 2009 der Swissmetal-Gruppe aufgezeigt. (Siehe auch Correction of the financial report 2008).

## KONSOLIDIERTE ERFOLGSRECHNUNG

Konsolidierte Erfolgsrechnung						
TCHF	2009	%	2008*	%	Veränderung absolut	Veränderung in %
Bruttoumsatz	191'668	246	324'871	246	-133'203	-41
· davon Umsätze mit Dritthandelswaren	17'570	23	22'781	17	-5'211	-23
Erlösminderungen	-8'454	-11	-12'179	-9	3'725	31
<b>Nettoumsatz</b>	<b>183'214</b>	<b>235</b>	<b>312'692</b>	<b>237</b>	<b>-129'478</b>	<b>-41</b>
Materialaufwand und Bestandesveränderungen	-105'266	-135	-180'518	-137	75'252	42
<b>Bruttomarge</b>	<b>77'948</b>	<b>100</b>	<b>132'174</b>	<b>100</b>	<b>-54'226</b>	<b>-41</b>
Personalaufwand	-58'224	-75	-68'292	-52	10'068	15
Betriebsaufwand	-37'899	-48	-48'540	-36	10'641	22
<b>Operatives Ergebnis vor Abschreibungen (EBITDA)</b>	<b>-18'175</b>	<b>-23</b>	<b>15'342</b>	<b>12</b>	<b>-33'517</b>	<b>-</b>
Abschreibungen auf Sachanlagen	-9'926	-13	-11'521	-9	1'595	14
Abschreibungen auf immateriellen Werten	-2'757	-3	-3'043	-2	286	9
<b>Operatives Ergebnis (EBIT)</b>	<b>-30'858</b>	<b>-39</b>	<b>778</b>	<b>1</b>	<b>-31'636</b>	<b>-</b>
Finanzergebnis	-1'310	-2	-4'279	-3	2'969	69
<b>Ordentliches Ergebnis</b>	<b>-32'168</b>	<b>-41</b>	<b>-3'501</b>	<b>-3</b>	<b>-28'667</b>	<b>-819</b>
Betriebsfremdes und ausserordentliches Ergebnis	536	1	217	0	319	147
<b>Ergebnis vor Steuern (EBT)</b>	<b>-31'632</b>	<b>-40</b>	<b>-3'284</b>	<b>-2</b>	<b>-28'348</b>	<b>863</b>
Steuern	3'155	4	-668	-1	3'823	-
<b>Ergebnis nach Steuern (EAT)</b>	<b>-28'477</b>	<b>-36</b>	<b>-3'952</b>	<b>-3</b>	<b>-24'525</b>	<b>621</b>
<b>Bruttobearbeitungsumsatz der produzierenden Werke</b>	<b>76'650</b>		<b>113'776</b>		<b>-37'126</b>	<b>-33</b>
Personalbestand (Anzahl Vollzeitereinheiten) per 31. Dezember	630		685		-55	-8

\* Nach Anpassung (Restatement)

**Bruttoumsatz und Bruttobearbeitungsumsatz** Im Jahr 2009 erzielte die Swissmetal-Gruppe einen konsolidierten Bruttoumsatz von CHF 191.7 Mio. (Vorjahr: 324.9 Mio.). Der starke Umsatzeinbruch von 41% gegenüber dem Vorjahr ist im Wesentlichen auf die schlechte Weltwirtschaftslage zurückzuführen. Während sich im Vorjahr noch Verkäufe von Metallen im Rahmen des Lageroptimierungsprogramms mit CHF 7.7 Mio. positiv auf den Bruttoumsatz auswirkten, gab es im Jahr 2009 keine positiven Auswirkungen aus Metallverkäufen.

Vom Umsatzrückgang im Vergleich zum Vorjahr sind alle Marktsegmente betroffen. Relativ betrachtet konnten sich die Segmente „Power Generation and Electronics“ sowie „Watches“ halten, während bei den Segmenten „Writing Instruments“ und „Traded products“ eine relative Zunahme verzeichnet wurde. Das Handelsgeschäft enthält hauptsächlich die Verkäufe der Dritthandelswaren der Avins USA Inc, Warren/NJ. Ihr Bruttoumsatz belief sich in 2009 auf CHF 17.6 Mio. Starke Einbrüche verzeichneten die Segmente „Decolletage and Industrial Applications“. Bei den Verkaufsregionen haben der Markt „Avins USA“ sowie die Wachstumsmärkte „India“ und „East Asia“ relativ zugelegt. Für letzteren wurde eigens eine neue Tochtergesellschaft gegründet, um diesen Markt noch besser bedienen zu können. Demgegenüber haben die Umsätze der traditionellen Märkte „Südeuropa, mittlerer Osten & Afrika“ sowie „Nord- und Osteuropa“ relativ abgenommen, wenngleich sie immer noch weit über 50% der Verkäufe ausmachen.

Der Bruttobearbeitungsumsatz (BBU) der produzierenden Werke, d. h. der den produzierenden Werken zurechenbare Bruttoumsatz abzüglich Metall zu Standardmetallkosten, belief sich auf CHF 76.7 Mio. Dies entspricht einem Rückgang von CHF 37.1 Mio. oder 33% gegenüber dem Vorjahr.

**Operatives Ergebnis (EBIT)** Die Bruttomarge für das Jahr 2009 belief sich auf CHF 77.9 Mio. und lag somit um CHF 54.2 Mio. oder 41% unter dem Vorjahr: Einer sehr geringen Metallpreissteigerung stand eine starke Volumnrückreduktion gegenüber, die für diesen Rückgang verantwortlich war. Die Lagermenge wurde durch tiefere Einkäufe heruntergefahren.

Der Personalaufwand schlug im Jahr 2009 mit CHF 58.2 Mio. zu Buche und ging somit um CHF 10.1 Mio. oder 15% zurück. Darin enthalten sind auch die Erstattungen für Kurzarbeit. Der durchschnittliche Personalbestand ging im Jahr 2009 von 693 auf 640 Vollzeiteinheiten zurück (per Stichtag 31. Dezember: 685 bzw. 630). Der Grund hierfür liegt im industriellen Umbau von Swissmetal und in Personalanpassungsmassnahmen zur Reduzierung der fixen Kosten im Overhead-Bereich infolge der gesamtwirtschaftlichen Lage.

Der Betriebsaufwand betrug im Jahr 2009 CHF 37.9 Mio. und war gegenüber dem Vorjahr somit um CHF 10.6 Mio. tiefer. Aufgrund des hohen Fixkostenanteils ist der Betriebsaufwand nicht proportional zum Produktionsvolumen gesunken. Swissmetal erwirtschaftete im Jahr 2009 ein operatives Ergebnis vor Abschreibungen (EBITDA) von CHF -18.2 Mio. Im Vergleich zum Vorjahr entspricht dies einem Rückgang von CHF 33.5 Mio.

Insgesamt beliefen sich die Abschreibungen im Berichtsjahr auf CHF 12.7 Mio., CHF 1.9 Mio. weniger als im Vorjahr. Die Abschreibungen verringerten sich aufgrund der geringen Investitionstätigkeit.

Daraus ergibt sich ein operatives Ergebnis (EBIT) von CHF -30.9 Mio. Im Vergleich zum Vorjahr bedeutet dies ein Rückgang von CHF 31.6 Mio.

**Ergebnis nach Steuern (EAT)** Im Berichtsjahr erhöhte sich das Nettofinanzergebnis im Vorjahresvergleich um CHF 3.0 Mio. auf CHF -1.3 Mio. Die Differenz beruht hauptsächlich auf den positiven Wechselkursdifferenzen, dem tieferen Factoringvolumen sowie den tieferen variablen Zinssätzen.

Das nicht-operative und ausserordentliche Ergebnis umfasst unter anderem einen Erlös von CHF 0.5 Mio. im Zusammenhang mit dem Verkauf von Land in Reconvilier.

Das Steuerergebnis betrug im Berichtsjahr CHF 3.2 Mio. Dies entspricht einer Steigerung von CHF 3.8 Mio. im Vergleich zu 2008. Der Steueraufwand reduzierte sich aufgrund der aus dem Verlust resultierenden latenten Steueraktiven.

Das Ergebnis nach Steuern (EAT) ist mit CHF -28.5 Mio. insgesamt um CHF 24.5 Mio. geringer als im Vorjahr.

## KONSOLIDIERTE BILANZ

Konsolidierte Bilanz						
TCHF	31.12.2009	%	31.12.2008*	%	Veränderung absolut	Veränderung in %
Umlaufvermögen	96'044	55	113'628	57	-17'584	-15
Anlagevermögen	79'358	45	86'025	43	-6'667	-8
<b>Total Aktiven</b>	<b>175'402</b>	<b>100</b>	<b>199'653</b>	<b>100</b>	<b>-24'251</b>	<b>-12</b>
Kurzfristiges Fremdkapital	57'561	33	53'156	27	4'405	8
Langfristiges Fremdkapital	26'895	15	30'068	15	-3'173	-11
<b>Total Fremdkapital</b>	<b>84'456</b>	<b>48</b>	<b>83'224</b>	<b>42</b>	<b>1'232</b>	<b>1</b>
Eigenkapital	90'946	52	116'429	58	-25'483	-22
<b>Total Passiven</b>	<b>175'402</b>	<b>100</b>	<b>199'653</b>	<b>100</b>	<b>-24'251</b>	<b>-12</b>

\* Nach Anpassung (Restatement)

Die konsolidierte Bilanzsumme sank im Vergleich zum Vorjahr um CHF 24.3 Mio. auf CHF 175.4 Mio., in erster Linie aufgrund des rückläufigen Umlaufvermögens.

Der Rückgang des Umlaufvermögens von CHF 17.6 Mio. (15%) gegenüber dem Vorjahr ergab sich hauptsächlich aus dem volumenmässigen Lagerabbau.

Das Anlagevermögen in Höhe von CHF 79.4 Mio. (Vorjahr: CHF 86.0 Mio.) verzeichnete den grössten Rückgang bei den immateriellen Anlagen. Per 31. Dezember 2009 standen die immateriellen Anlagen bei CHF 3.4 Mio. Sie setzten sich aus Goodwill aus der Übernahme von Swissmetal Lüdenscheid GmbH, Lüdenscheid, im Jahr 2006 und von Avins USA Inc., Warren/NJ, im Jahr 2007 sowie CHF 0.9 Mio. an Software und anderen immateriellen Anlagen zusammen.

Auf der Passivseite betrug der Anteil des Fremdkapitals mit CHF 84.5 Mio. oder 48% der Bilanzsumme. Das kurzfristige Fremdkapital stieg um CHF 4.4 Mio. (8%) auf CHF 57.6 Mio. an. Der Anstieg der Metallpreise hatte einen massgeblichen Einfluss auf diese Entwicklung.

Das langfristige Fremdkapital lag mit CHF 26.9 Mio. Ende Dezember 2009 um CHF 3.2 Mio. unter dem des Vorjahres. Eine Rückzahlung beim Darlehen der Avins USA sowie die Erhöhung der Umweltrückstellungen verursachten diese Differenz. Im Vorjahresvergleich hat das verzinsliche Fremdkapital von CHF 44.1 Mio. auf CHF 41.5 Mio. abgenommen; das unverzinsliche Fremdkapital belief sich auf CHF 43.0 Mio. (Vorjahr: CHF 39.1 Mio.).

Das Eigenkapital beträgt nach Abzug des Jahresfehlbetrages von CHF -28.5 Mio. CHF 90.9 Mio. Die Eigenkapitalquote hat von 58% auf 52% abgenommen.

Zum 31. Dezember 2009 belief sich die Nettoverschuldung auf CHF 37.6 Mio. (Vorjahr: CHF 46.6 Mio.).



## KONSOLIDIERTE GELDFLUSSRECHNUNG

<b>Konsolidierte Geldflussrechnung</b>				
<b>TCHF</b>	<b>2009</b>	<b>2008*</b>	<b>Veränderung absolut</b>	<b>Veränderung in %</b>
<b>Geldfluss vor Veränderung des Nettoumlaufvermögens</b>	<b>-15'949</b>	<b>10'424</b>	<b>-26'373</b>	<b>-253</b>
Veränderung des Nettoumlaufvermögens	18'027	-8'928	26'955	-
<b>Geldfluss aus Geschäftstätigkeit (Operating Cash Flow)</b>	<b>2'078</b>	<b>1'496</b>	<b>582</b>	<b>-39</b>
Geldfluss aus Investitionstätigkeit	-4'929	-12'253	7'324	-60
<b>Free Cash Flow</b>	<b>-2'851</b>	<b>-10'757</b>	<b>7'906</b>	<b>73</b>
<b>Geldfluss aus Finanzierungstätigkeit</b>	<b>373</b>	<b>-1'968</b>	<b>2'341</b>	<b>119</b>
Fremdwährungseinfluss auf flüssigen Mitteln	-7	-135	128	-95
Veränderung der flüssigen Mittel	-2'485	-12'860	10'375	-81
Bestand flüssige Mittel am 1. Januar	8'205	21'065	-12'860	-61
Bestand flüssige Mittel am 31. Dezember	5'720	8'205	-2'485	-30

\* Nach Anpassung (Restatement)

Swissmetal generierte im Jahr 2009 einen Geldfluss aus Geschäftstätigkeit von CHF 2.1 Mio. und lag somit um CHF 0.6 Mio. über dem Vorjahr. Dies ist hauptsächlich auf die Reduktion des Nettoumlaufvermögens zurückzuführen, was ebenfalls den Rückgang der flüssigen Mittel teilweise kompensieren konnte.

Im Berichtsjahr investierte Swissmetal insgesamt netto CHF 4.9 Mio. in materielle und immaterielle Anlagen (Vorjahr: CHF 12.3 Mio.), insbesondere in einzelne Maschinenerweiterungen und in EDV-Anlagen sowie die aktivierten Eigenleistungen für das ATMOVA System über CHF 2.6 Mio.

Der Free Cash Flow erreichte im Jahr 2009 einen Wert von CHF -2.9 Mio. und hat sich somit gegenüber dem Vorjahr aufgrund der Reduktion des Nettoumlaufvermögens um CHF 7.9 Mio. verbessert.



**RAPPORT DU PRÉSIDENT DU CONSEIL D'ADMINISTRATION ET DU CEO**  
**CLÔTURE DES COMPTES 2009 EN BREF**

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Chers actionnaires,

A la fin de l'année 2009, c'est un exercice très éprouvant qui s'est terminé. La crise économique mondiale nous a frappés de plein fouet. Nous avons subi un recul de nos prises de commandes inimaginable jusqu'alors. Personne n'aurait pu prévoir une telle évolution: face à de tels défis, il n'existait pas de recette miracle.

Alors que Swissmetal a encore pu profiter de l'effet des commandes de 2008 sur le premier trimestre 2009, toute l'étendue de la crise est devenue manifeste au deuxième trimestre. Nos ventes se sont effondrées jusqu'à chuter de 50% et n'ont pas pu se redresser avant la fin de l'année. Notre résultat commercial pour l'année 2009 s'en trouve ainsi décevant: pour l'ensemble de l'exercice, nous n'avons enregistré qu'un chiffre d'affaires de CHF 191,7 mio. (contre CHF 324,9 mio. l'année précédente). La valeur ajoutée brute est ressortie à CHF 76,7 mio. (CHF 113,8 mio. en 2008), et le résultat opérationnel (EBIT) à CHF -30,9 mio. (CHF 0,8 mio. en 2008).

Nous avons réagi très rapidement et de manière circonstanciée à l'effondrement du chiffre d'affaires, poursuivant ainsi deux objectifs: d'une part, il s'agissait de préserver la liquidité de l'entreprise, et d'autre part, de trouver un moyen de répondre à la menace de réduction de postes qui découlait de la chute dramatique de la demande et de la production. Nous avons pu atteindre ces deux objectifs: d'un côté, grâce à un programme strict de réduction des coûts, de gel des investissements et de forte diminution des stocks et, d'un autre côté, du fait de la mise en place généralisée du chômage partiel dans toutes nos usines. Aujourd'hui, nous pouvons dire que nous avons ainsi réussi, malgré la crise, à conserver au sein du groupe tous nos collaborateurs qualifiés. Leur contribution sera très précieuse lorsque la conjoncture repartira à la hausse.

Dans le même temps, nous avons posé des jalons pour l'avenir. Nous aspirons à nous constituer une position optimale pour sortir renforcés de la crise.

Nous avons travaillé d'arrache-pied à l'amélioration de nos performances opérationnelles, et continuerons dans ce sens à l'avenir. La fiabilité des livraisons et la qualité s'en sont trouvées nettement accrues. Les capacités de production de notre nouvelle presse à extrusion ont pu être augmentées de manière significative, et cela fait longtemps déjà que cet équipement ne crée plus aucun goulet d'étranglement en termes de production. En outre, le concept de localisation de l'activité a été achevé et il se trouve actuellement en phase finale de mise en œuvre. Les unités de production intégrées de Dornach et de Lüdenscheid assurant des fonctions de fonderie, de presse et de finition seront complétées par l'usine de Reconvilier, chargée uniquement des opérations de finition pour nos spécialités.

Nous avons à nouveau réuni sous la marque Swissmetal l'ensemble de nos activités de marketing à l'échelle mondiale, à l'exception des Etats-Unis, et nous sommes recentrés sur l'offre de produits éponyme. Il n'y a qu'aux Etats-Unis que notre activité commerciale se poursuit sous la marque Avins, bien établie. Dans le cadre de notre stratégie de croissance régionale, nous avons développé nos activités de distribution en Asie à travers l'ouverture de nos bureaux de Hong Kong. Nous voulons profiter de la forte dynamique positive de l'Inde et de la Chine, où la conjoncture n'a que faiblement pâti de la crise économique mondiale.

Nos dépenses de recherche et dans les techniques d'application n'ont pas été concernées par les économies de coûts en 2009. En effet, les produits et applications innovants constituent des conditions préalables essentielles à un succès durable – cela vaut aussi, et plus que jamais, dans les périodes de crise. Nous avons donc poursuivi nos projets sans en réduire l'envergure, et même en renforçant nos compétences via la reprise du recrutement. Nous avons en outre jugé important de réaffirmer notre présence technique auprès de nos clients.

Notre produit le plus innovant, la solution d'avenir ATMOVA, a franchi les dernières étapes préalables à sa commercialisation. Les premiers logements équipés de tuiles de bronze et de pompes à chaleur ont résisté au test de l'hiver. Comme prévu, nous préparons l'arrivée d'ATMOVA sur le marché pour le premier trimestre 2010.

Ce système à base de production d'énergie régénérative n'est pas le seul témoignage du lien étroit qui unit chez Swissmetal l'activité commerciale et l'engagement en faveur de l'environnement. Avec le CN8, nous proposons un matériau de haute résistance mécanique et de résistance à la corrosion pour la construction aéronautique, qui constitue en outre le premier de sa catégorie à ne pas comprendre de béryllium, hautement toxique, dans sa composition. Les travaux de développement d'un laiton sans plomb et cependant facile à usiner sont très prometteurs. Pour le remplacement de notre ancienne centrale thermique de Dornach, nous envisageons un nouvel équipement alimenté aux granulés de bois et affichant donc un bilan carbone neutre. Depuis décembre 2009, Swissmetal est ainsi également membre actif de l'association « Metals pro Climate », qui rassemble des acteurs du secteur des métaux non ferreux.

Depuis le quatrième trimestre, nous récoltons les premiers fruits des mesures prises. Les commandes repartent à la hausse et, dans le même temps, nous ressentons les signes d'un début de reprise conjonc-

turelle.

Sur le plan opérationnel, nous avons donc commencé l'année 2010 sur une note d'optimisme prudent. Pour l'année pleine, nous tablons sur une nette progression à deux chiffres de notre chiffre d'affaires. Compte tenu de l'amélioration considérable de notre structure de coûts par rapport à l'année précédente, nous anticipons toujours le point d'équilibre opérationnel pour 2010.

Nous tenons à remercier chaleureusement nos collaborateurs – au nom également de nos collègues du Conseil d'administration et de la Direction – pour leur inlassable contribution et pour l'important travail fourni au cours de cet exercice 2009 inhabituel. Nous souhaitons également remercier tous nos clients, nos partenaires commerciaux, et bien sûr vous-mêmes, nos chers actionnaires, pour la confiance que vous nous témoignez. Soyez sûrs que nous ferons tout pour mériter également cette confiance en 2010 en œuvrant pour les meilleures performances possibles.

Avec nos salutations les meilleures,

Dr. J. Friedrich Sauerländer  
Président du Conseil  
d'administration

Dr. Olaf Schmidt-Park  
CEO



## REMARQUE PRÉLIMINAIRE

Le groupe Swissmetal avait procédé pour l'exercice 2008 à une retraite (restatement) de certaines positions. Les chiffres de la colonne de l'année précédente s'entendent donc toujours après retraite (restatement). Les conséquences de cet élément sont exposées en annexe du rapport d'activité 2009 du groupe Swissmetal. (Voir également Correction of the financial report 2008)

## COMPTE DE RÉSULTAT CONSOLIDÉ

Compte de résultat consolidé						
kCHF	2009	%	2008*	%	Variation absolue	Variation en %
Chiffre d'affaires brut	191'668	246	324'871	246	-133'203	-41
· dont chiffre d'affaires réalisé avec des produits tiers	17'570	23	22'781	17	-5'211	-23
Déduction sur ventes	-8'454	-11	-12'179	-9	3'725	31
<b>Chiffre d'affaires net</b>	<b>183'214</b>	<b>235</b>	<b>312'692</b>	<b>237</b>	<b>-129'478</b>	<b>-41</b>
Charges de matières et variation des stocks	-105'266	-135	-180'518	-137	75'252	42
<b>Marge brute</b>	<b>77'948</b>	<b>100</b>	<b>132'174</b>	<b>100</b>	<b>-54'226</b>	<b>-41</b>
Charges de personnel	-58'224	-75	-68'292	-52	10'068	15
Charges d'exploitation	-37'899	-48	-48'540	-36	10'641	22
<b>Résultat opérationnel avant amortissements (EBITDA)</b>	<b>-18'175</b>	<b>-23</b>	<b>15'342</b>	<b>12</b>	<b>-33'517</b>	<b>-</b>
Amortissements des immobilisations corporelles	-9'926	-13	-11'521	-9	1'595	14
Amortissements des immobilisations incorporelles	-2'757	-3	-3'043	-2	286	9
<b>Résultat opérationnel (EBIT)</b>	<b>-30'858</b>	<b>-39</b>	<b>778</b>	<b>1</b>	<b>-31'636</b>	<b>-</b>
Résultat financier	-1'310	-2	-4'279	-3	2'969	69
<b>Résultat ordinaire</b>	<b>-32'168</b>	<b>-41</b>	<b>-3'501</b>	<b>-3</b>	<b>-28'667</b>	<b>-819</b>
Résultat hors exploitation et exceptionnel	536	1	217	0	319	147
<b>Résultat avant impôts (EBT)</b>	<b>-31'632</b>	<b>-40</b>	<b>-3'284</b>	<b>-2</b>	<b>-28'348</b>	<b>863</b>
Impôts	3'155	4	-668	-1	3'823	-
<b>Résultat après impôts (EAT)</b>	<b>-28'477</b>	<b>-36</b>	<b>-3'952</b>	<b>-3</b>	<b>-24'525</b>	<b>621</b>
<b>Valeur ajoutée brute des usines de production</b>	<b>76'650</b>		<b>113'776</b>		<b>-37'126</b>	<b>-33</b>
Effectifs (nombre d'unités en équivalent temps plein) au 31 décembre	630		685		-55	-8

\* Après retraite (restatement)

**Chiffre d'affaires brut et valeur ajoutée brute** Au cours de l'exercice 2009, le groupe Swissmetal a enregistré un chiffre d'affaires brut consolidé de CHF 191,7 mio. (2008: CHF 324,9 mio.). L'effondrement de 41% du chiffre d'affaires brut par rapport à l'exercice précédent s'explique principalement par une conjoncture défavorable. Alors que l'année précédente, les ventes de métaux dans le cadre du programme d'optimisation des entrepôts apportaient encore une contribution positive de CHF 7,7 mio. au chiffre d'affaires brut, ce poste n'a exercé aucun effet positif en 2009.

Tous les segments de marché ont été touchés par le recul du chiffre d'affaires en glissement annuel. Les segments «Production d'électricité et électronique» et «Horlogerie» ont pu enregistrer une stabilisation relative, tandis que les segments «Instruments d'écriture» et «Produits commercialisés» ont connu une progression relative. L'activité commerciale concerne majoritairement les ventes des produits tiers d'Avins USA Inc., Warren/NJ. Le chiffre d'affaires brut réalisé avec des produits tiers est ressorti à CHF 17,6 mio. en 2009. Le segment «Décolletage et applications industrielles» a fortement chuté. En termes de zones géographiques, le marché «Avins USA» ainsi que les régions de croissance que représentent l'Inde et l'Asie orientale ont enregistré une progression relative. Pour ce dernier marché, nous avons créé une filiale visant à encore mieux répondre aux besoins de nos clients locaux. En revanche, les marchés traditionnels «Europe du Sud, Moyen-Orient et Afrique» et «Europe du Nord et de l'Est» ont vu leurs chiffres d'affaires reculer, même s'ils représentent encore bien plus de la

moitié des ventes.

La valeur ajoutée brute (VAB) des usines de production, à savoir le chiffre d'affaires brut des usines de production déduction faite des métaux au prix standard, est ressortie à CHF 76,7 mio., ce qui correspond à un recul de CHF 37,1 mio., soit 33%, par rapport à l'année précédente.

**Résultat opérationnel (EBIT)** La marge brute pour l'exercice 2009 a atteint CHF 77,9 mio., soit une diminution de CHF 54,2 mio., ou -41%, par rapport à l'année précédente. Cette diminution est imputable à la conjonction d'une augmentation très réduite des prix des métaux et d'une très forte réduction des volumes. Les stocks ont diminué du fait de la baisse des achats.

Les dépenses de personnel ont pesé dans les comptes 2009 à hauteur de CHF 58,2 mio., soit une réduction de CHF 10,1 mio. (15%). Ce chiffre comprend également les remboursements au titre du chômage partiel. L'effectif moyen est passé au cours de l'exercice 2009 de 693 à 640 équivalents temps plein (au 31 décembre: 685 contre 630). Cette baisse de l'effectif s'explique par la transformation industrielle de Swissmetal ainsi que par des mesures d'ajustement du personnel destinées à abaisser les coûts fixes dans les frais généraux en conséquence de la situation économique globale.

Les charges d'exploitation ont atteint CHF 37,9 mio. pour l'exercice 2009, et se sont ainsi inscrites en baisse de CHF 10,6 mio. par rapport à l'année précédente. En raison de la forte part de coûts fixes, les charges d'exploitation n'ont pas reculé proportionnellement aux volumes de production. En 2009, Swissmetal a réalisé un résultat opérationnel avant amortissements (EBITDA) de CHF -18,2 mio., ce qui correspond à un recul de CHF 33,5 mio. par rapport à l'année précédente.

Au total, les amortissements ont atteint CHF 12,7 mio. sur l'exercice 2009, soit CHF 1,9 mio. de moins que l'année précédente. Cette diminution s'explique par la réduction de l'investissement.

Il en ressort un résultat opérationnel (EBIT) de CHF -30,9 mio., en recul de CHF 31,6 mio. en glissement annuel.

**Résultat après impôts (EAT)** Le résultat financier net de l'exercice a progressé de CHF 3,0 mio. en glissement annuel, à CHF -1,3 mio. Cette différence provient essentiellement des effets de change positifs, des faibles volumes d'affacturage ainsi que du bas niveau des taux d'intérêt variables.

Le résultat hors exploitation et exceptionnel comprend entre autres un produit de CHF 0,5 mio., réalisé dans le cadre d'une vente de terrain à Reconvilier.

Le résultat fiscal a atteint 3,2 mio. sur l'exercice, ce qui représente une progression de CHF 3,8 mio. par rapport à 2008. La charge fiscale s'est réduite en raison de l'impôt latent actif issu de la perte enregistrée.

Le résultat après impôts (EAT) atteint CHF -28,5 mio., ce qui correspond au total à une diminution de CHF 24,5 mio. par rapport à l'année précédente.

## BILAN CONSOLIDÉ

Bilan consolidé						
kCHF	31.12.2009	%	31.12.2008*	%	Variation absolue	Variation en %
Actif circulant	96'044	55	113'628	57	-17'584	-15
Actif immobilisé	79'358	45	86'025	43	-6'667	-8
<b>Total actif</b>	<b>175'402</b>	<b>100</b>	<b>199'653</b>	<b>100</b>	<b>-24'251</b>	<b>-12</b>
Fonds étrangers à court terme	57'561	33	53'156	27	4'405	8
Fonds étrangers à long terme	26'895	15	30'068	15	-3'173	-11
<b>Total fonds étrangers</b>	<b>84'456</b>	<b>48</b>	<b>83'224</b>	<b>42</b>	<b>1'232</b>	<b>1</b>
Fonds propres	90'946	52	116'429	58	-25'483	-22
<b>Total passif</b>	<b>175'402</b>	<b>100</b>	<b>199'653</b>	<b>100</b>	<b>-24'251</b>	<b>-12</b>

\* Après retraite (restatement)

Le total du bilan consolidé a reculé de CHF 24,3 mio. par rapport à l'année précédente, à CHF 175,4 mio., en raison principalement du recul de l'actif circulant.

Ce recul de l'actif circulant de CHF 17,6 mio. (15%) par rapport à l'année précédente s'explique essentiellement par la forte diminution des volumes d'entrepôts.

L'actif immobilisé d'un montant de CHF 79,4 mio. (2008: CHF 86,0 mio.) a enregistré sa plus forte baisse pour les immobilisations incorporelles. Au 31 décembre 2009, ces dernières s'élevaient à CHF 3,4 mio., composées de l'écart d'acquisition positif sur le rachat de Swissmetal Lüdenscheid GmbH à Lüdenscheid, en 2006, et d'Avins USA Inc., Warren/NJ, en 2007, ainsi que de CHF 0,9 mio. de logiciels et autres immobilisations incorporelles.

Du côté du passif, la part des fonds étrangers s'est élevée à CHF 84,5 mio, soit 48% du total du bilan. Les fonds étrangers à court terme ont augmenté de CHF 4,4 mio. (8%), à CHF 57,6 mio.; la hausse des prix des métaux a joué un rôle significatif dans cette évolution. À CHF 26,9 mio. à fin décembre 2009, les fonds étrangers à long terme se sont inscrits en baisse de CHF 3,2 mio. par rapport à l'année précédente. Cette différence s'explique par le remboursement d'un prêt d'Avins USA ainsi que par l'augmentation des provisions pour risque environnemental. Par rapport à l'exercice précédent, les fonds étrangers à intérêt ont diminué de CHF 44,1 mio. à CHF 41,5 mio., tandis que les fonds étrangers sans intérêts ressortaient à CHF 43,0 mio. (contre CHF 39,1 mio. en 2008).

Après déduction de la perte de CHF -28,5 mio. enregistrée sur l'exercice, les fonds propres s'établissent à CHF 90,9 mio.; leur proportion passe ainsi de 58% à 52%.

Au 31 décembre 2009, l'endettement net atteignait CHF 37,6 mio. (contre CHF 46,6 mio. l'année précédente).



## TABLEAU DE FINANCEMENT CONSOLIDÉ

<b>Tableau de financement consolidé</b>				
<b>kCHF</b>	<b>2009</b>	<b>2008*</b>	<b>Variation absolue</b>	<b>Variation en %</b>
<b>Flux de trésorerie avant variation du fonds de roulement net</b>	<b>-15'949</b>	<b>10'424</b>	<b>-26'373</b>	<b>-253</b>
Variation du fonds de roulement net	18'027	-8'928	26'955	-
<b>Flux de trésorerie relatifs à l'exploitation (operating cash-flow)</b>	<b>2'078</b>	<b>1'496</b>	<b>582</b>	<b>-39</b>
Flux de trésorerie relatifs aux investissements	-4'929	-12'253	7'324	-60
<b>Free cash-flow</b>	<b>-2'851</b>	<b>-10'757</b>	<b>7'906</b>	<b>73</b>
<b>Flux de trésorerie relatifs au financement</b>	<b>373</b>	<b>-1'968</b>	<b>2'341</b>	<b>119</b>
Différences de change relatives aux liquidités	-7	-135	128	-95
Variation des liquidités	-2'485	-12'860	10'375	-81
État des liquidités au 1 <sup>er</sup> janvier	8'205	21'065	-12'860	-61
État des liquidités au 31 décembre	5'720	8'205	-2'485	-30

\* Après retraite (restatement)

Au cours de l'année 2009, Swissmetal a dégagé des flux de trésorerie relatifs à l'exploitation de CHF 2,1 mio., soit une hausse de CHF 0,6 mio. par rapport à l'année précédente. Cette évolution procède principalement de la diminution de l'actif net circulant, qui a pu compenser également partiellement le recul des liquidités.

Au cours de l'exercice, Swissmetal a investi au net total CHF 4,9 mio. en immobilisations corporelles et incorporelles (contre CHF 12,3 mio. l'année précédente) en particulier dans l'extension de certaines machines et dans des équipements informatiques, ainsi que dans la comptabilisation à l'actif de travaux effectués pour l'entreprise elle-même au titre du système ATMOVA pour un montant de CHF 2,6 mio.

La trésorerie disponible (free cash-flow) a atteint pour l'exercice 2009 une valeur de CHF -2,9 mio., ce qui correspond à une amélioration de CHF 7,9 mio. par rapport à l'exercice précédent, grâce à la réduction de l'actif net circulant.

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