

**SWISSMETAL** | ANNUAL REPORT 2010  
Precision in Copper

## Key figures

Consolidated Group (CHF million)	2010	2009 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>1</sup>	2006 <sup>1</sup>
Gross sales	270.9	191.7	324.9	407.0	357.6
- of which sales of third-party trade products	31.6	17.6	22.8	26.4	
Net sales	259.5	183.2	312.7	394.2	343.7
Gross added value sales (plants)*	89.7	76.7	113.8	126.1	118.0
Gross margin**	96.9	93.5	132.2	148.5	141.1
Operating income before depreciation (EBITDA)	-1.8	-2.6	15.3	28.6	27.6
Operating income (EBIT)	-19.4	-15.3	0.8	14.5	10.2
Result for the year (EAT)	-21.9	-16.3	-4.0	11.4	4.6
Total assets	178.1	190.9	199.7	236.9	219.1
Current assets	114.2	111.5	113.7	147.8	129.3
Fixed assets	63.9	79.4	86.0	89.1	89.8
Short-term liabilities	79.6	57.5	53.2	52.0	57.9
Long-term liabilities	20.2	30.3	30.1	46.8	34.9
Shareholders' equity	78.3	103.1	116.4	138.1	126.3
Cash flow from operating activities	-5.2	2.1	1.5	8.1	33.1
Capital expenditures	3.4	5.6	12.3	19.3	28.4
Headcount (annual average in full-time equivalents)	633	640	693	801	879
Net debt	51.8	37.6	46.6	40.1	34.9
Share price as at 31 December (CHF)	7.1	9.8	9.5	27.4	26.9
Highest share price (CHF)	11.5	13.2	31.0	32.0	29.0
Lowest share price (CHF)	6.9	6.0	8.5	19.7	14.3
Earnings per share (EPS; CHF)	-3.3	-2.5	-1.0	1.7	0.7
Market capitalization as at 31 December	47.0	64.8	62.9	181.5	176.1

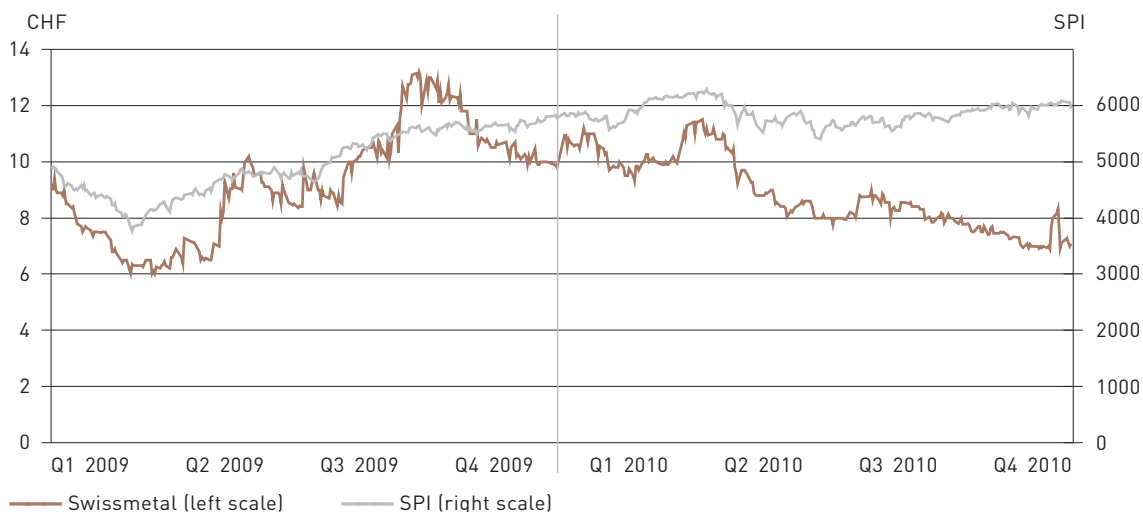
\* Gross added value sales: Gross sales less metal at standard metal costs (production plants)

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

<sup>1</sup> Important changes: including Swissmetal Lüdenscheid GmbH, Lüdenscheid, since February 2006, and Avins USA Inc., Warren/NJ, since January 2007

<sup>2</sup> These figures include restatement effects 2009 and the prior years' restatement effects in stock revaluation

## Share Price Performance



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## LETTER TO SHAREHOLDERS

Dear shareholders,

2010 was a difficult year for Swissmetal.

Fortunately, there was an upturn in business supported by the economic trend. Although the economic crisis continued affect until well into the new year, the global economy recovered from the deep recession surprisingly quickly. This positive development enabled us to increase order entry and sales in almost all market segments. In the first quarter, we were able to end short-time work due to rising capacity utilization. By the second quarter, we had to start hiring temporary production staff.

The second half of the year was much worse and began with the outage of a furnace for special alloys, which lasted for several weeks. The resulting loss of sales revenue and delays to deliveries could not be made up by the end of 2010. We failed to achieve the planned margins with the orders for standard products that were booked instead. Also, those orders from the euro zone were affected by the depreciation of the euro against the Swiss Franc, a decline in value that was unique in its speed. In addition, we were confronted with rising raw materials cost, which is a massive drain on the company's liquidity.

In this environment, in our continuing operation part, we increased sales by 41% to CHF 270.8 million and gross added value sales, i. e. gross sales attributable to the manufacturing plants less metal at standard metal costs, by 17% to CHF 89.7 million. Earnings fell short of expectations. At CHF -7.7 million, EBIT from our continuing operations showed an improvement of CHF 6.7 million year on year. We generated an EBIT (operative) of CHF -13.5 million, which is adjusted by the metal valuation impact, an increase of CHF 21.7 million compared to the previous year at least. Nevertheless, we failed to achieve our admittedly very ambitious goal of reaching operating break even. Earnings were affected by the unfavourable currency situation resulting from the weak Euro, the loss of sales revenue as a result of the strong Swiss Franc and the outage, increased production costs and, as described, the product mix.

As you can see from the financial section, at the end of the financial year 2010, we changed the method we use to measure inventories from LIFO to the weighted average method. We expect this to smooth out the effect of metal valuations on our earnings, which is beyond our control and are following the industry standard. This measure appears to make it difficult to compare earnings with the previous year, as the change of the valuation method also required a recalculation of 2009. You can find more on this topic in the "Corrections of the financial report 2009".

Our annual reports were affected by one-off expenses of CHF 11.7 million for our subsidiary Swissmetal Design Solutions AG (SDS). As announced last December, we are to discontinue SDS's activities for the market launch of ATMOVA. The first phase of the market launch has shown that further considerable effort is required in order to successfully establish this innovative production in the market. Swissmetal is currently not in a position to invest the necessary resources in this. We are in the process of selling SDS.

We will continue to face considerable challenges. The top priority is to provide sufficient liquidity to cover current raw materials costs. Our borrowing base credit line expires in September 2011. We are putting a lot of effort into extending it for another two years. In addition, we are about to conclude a sale and lease-back/buy-back agreement for the property in Dornach, through which we wish to inject the company with new capital for investments in our plant and equipment.

The downward trend in the Euro against the Swiss franc seems to have stopped for the time being, but we don't anticipate an imminent recovery. We are responding to these developments with a portfolio restructuring that is further expanding our specialty segment and must now move ahead at an even faster pace. Here, we are benefiting from the development of our technical expertise since mid-2009 and from the improvement of internal processes calculating the margins of orders in advance using a newly created and detailed contribution margin calculation. If

technically feasible, we also take the opportunity to transfer production to our Lüdenscheid site after consultation with our customers.

Improving our cost structure and efficiency in all areas also remains a prime goal. In production, we have launched a programme that, by year-end, will contribute several million francs to earnings. As last year's experience shows, maintaining or increasing the availability of plant and equipment is another major challenge. As soon as the financing has been secured, the relevant investment programme will be implemented.

There's good news from the sales front. Our products and solutions serve sound markets and continue to offer excellent opportunities, as they serve global growth trends. For example, demand for special alloys is rising at a faster-than-average pace. Also experiencing an encouraging surge in demand is the power plant construction segment, where the onset of the economic crisis was delayed as a result of the longer order cycles and the crisis therefore lasted longer.

Over the next four years, our strategic growth programme has the potential to generate over CHF 35 million in additional sales from new products. In an initial step, we will extend our range

to include aluminum bronzes, new products for Swissmetal, which we will offer in the aviation and oil and gas sectors.

A difficult 2010 is now behind us, and we have paved the way to take advantage of the future opportunities in the global markets. It was only thanks to our motivated and dedicated employees, their strong technical expertise and their considerable commitment that we were able to achieve all this. We would therefore like to thank them all on behalf of the entire Executive Management and the Board of Directors.

We would also like to thank you, our shareholders, for your continued trust in us. We would be very pleased if you were to support us further in our endeavour to constantly improve Swissmetal's performance.

Sincerely yours,

Dr J. Friedrich Sauerländer  
Chairman of the Board of Directors

Dr Olaf Schmidt-Park  
CEO



Dr J. Friedrich Sauerländer (Chairman) in discussion with Dr Olaf Schmidt-Park, CEO of the Swissmetal Group





Executive Management from left to right:  
Martin Heuschkel, Dr Volker Helling, Dr Olaf Schmidt-Park, Laura Rossini, Udo Nöbel and Joachim Blatter

**«In times where industrial production is changing faster than ever before, flexibility and expertise are absolutely crucial. In order to remain competitive, Swissmetal has to be versatile and continuously adapt to changing market conditions. The company is experiencing growing demand for its products. We keep up with market trends and supply our customers with sustainable, ecological and economical Cu-based semi-finished products.»**

**Dr Olaf Schmidt-Park  
CEO of the Swissmetal Group**







## «Responding to customers' individual needs through specialization»

**After the slump in demand that the economic crisis triggered in 2009, Swissmetal's major global sales markets started to recover in 2010. The company is reporting an increasing demand for its products, to the extent that there is even a significant short-term overutilization of existing capacities in the connector business. Swissmetal is capitalizing on the positive economic mood and its strong position in the field of ballpoint pen tips and connectors.**

### **Power Generation and Electronics**

A significant number of semi-finished products supplied by Swissmetal are further processed into high-tech products for the electricity-generating industry. In this sector, Swissmetal has a significant market share. The company combines sophisticated techniques with years of expertise, maintaining its position as a market leader in the manufacturing of waveguides. After the slump of 2009, the electrical industry was one of the most dynamically growing industrial sectors in 2010. There is great potential for the sector, particularly regarding energy supply. Some industrialized countries are reconstructing their energy mix, while emerging markets are consuming more electricity because of rapid economic growth. Combined with a rising global population, this means that per capita energy consumption will increase. In this regard, the wire business for high-quality alkaline batteries also offers attractive prospects of growth. The key to success in a market that has become highly competitive is a balanced portfolio and tailored logistics.

The connector business currently has the greatest prospects of growth. The company is skilled in further optimizing its alloy specifications and developing individual products for customers by drawing on the metallurgical skills that it has developed over many years. One example of this is the C97/98/99 special alloys, some of which have been added to customers' specifications. The company is the unchallenged leader in the segment for wires in the millimeter range. As part of a continuous improvement process, it is necessary to adapt the range and quality of the products and give an essential fresh impetus to innovation by having new products qualified. Here, Swissmetal relies on environmentally friendly unleaded alloys.

### **Writing Instruments**

China and India are the world's biggest markets for ballpoint pen tips: India for nickel silver tips and China for steel tips. The markets have grown disproportionately fast, which is further intensifying competition. To remain competitive, Swissmetal is relying on the innovative machinability of its nickel silver tips. Experts are very interested in environmentally friendly alloys such as SwissEco and SilvEco with specific features as well as in new developments that reduce the amount of material used. The close links with the manufacturers in Asia show that Swissmetal products are rated highly and innovative ideas for the writing instrument market are valued.

### **Decolletage and Industrial Applications**

French-speaking Switzerland, the Upper Savoy region, and the Black Forest are traditionally strong markets for the Decolletage segment. This technology-driven sector, whose focuses include electronics, the automotive industry, and household articles, forms the backbone of Swissmetal's markets. The decolletage market is proving to be stable.







## «Offering not only custom-made technical solutions, but also new and innovative alloys and products»

**Today's world is confronted with major technical challenges. On the one hand, there is a shortage and a required distribution of resources (such as ores) and, on the other hand, we need to manufacture intelligent products with the goal of providing economic growth. Swissmetal is now ready for these new challenges.**

A healthy growth, however, has to take into consideration our present environmental situation, which requires alternative solutions in energy production, storage, and delivery, as well as in its consumption. This global trend is also reflected by Swissmetal's ethical and environmental vision. Moreover, the goal of Swissmetal is to promote our green specialty products in markets where «environmental friendliness» is a key ingredient, as is the case in alternative energy/mobility markets, for example. Being prepared for such technical, challenging, and innovative products will position Swissmetal at the forefront of this trend allowing for the selection of attractive partners and thereby securing, in the long run, a modern perspective for sustainable positive growth.

In accordance with this strategic vision, Swissmetal endeavors to further improve its competence development. Hence, since 2010, Swissmetal has continued to invest in the build-up of a powerful Research & Development (R&D) as well as an Application Engineering & Product Management (AE&PM) group. The mixed competences of these groups range from metallurgical specialists experienced in-house processing know-how owners to market-oriented technical product managers. This combination of expertise allows us to fully leverage the productivity and quality of our product portfolio and, in particular, eases a fast development and industrialization of novel innovative products.

To reach this goal, we reinforced the support for major progress steps in several already existing and new product families in 2010: CN8, which is a spinodally decomposing high strength beryllium-free copper alloy, has been improved towards higher process stability and the optimization of production costs. Its primary applications are bearings and bushings for the aerospace and oil industries with the goal to replace the hazardous copper-beryllium (CuBe) alloy family. For similar reasons, but a different market segment, NP6, also a copper-nickel-tin alloy, has been developed as

an alternative to CuBe alloys for free-machining applications as connector pins, sockets etc. In addition, new market demands have risen for superconductor copper-niob composite-wires implemented in magnet or core spin tomography for medical applications, where the improved superconductivity allows for a much higher precision, speed, and lower energy consumption of the apparatus. A further important Swissmetal focus of product innovation lies on the mobility sector. With the advent of hybrid and electrical cars, mobility has stepped into a new era of environmental friendliness combined with individual transportation. Restrictions of hazardous elements such as beryllium or lead are prime aspects for the conception of such vehicles. To satisfy these market needs, Swissmetal is currently further extending its alloy program of sustainable, green, and recyclable Cu-alloys.

One of Swissmetal's policies is, on the one hand, to strengthen our partnerships with customers, where we receive the direct input of their needs. On the other hand, we are collaborating with experts such as universities and other non-profit organizations that offer capabilities beyond the scope and possibilities of Swissmetal. Thanks to the superb connections to top international and Swiss academic institutions of metallurgical science, much of the research is organized in collaboration through hubs like the Commission for Technique and Innovation (CTI) or through internships and diploma theses. With this implementation, we hope to accelerate the response time to the market by offering not only custom-made technical solutions, but also new and innovative alloys and products.

In summary, Swissmetal is technically ready to react to new market trends with sustainable, ecological, and economical Cu-based semifinished products. Not only do they fulfill the requirements of high-added value products but, compared to today's standard products, they also offer a green and environmentally friendly alternative.







## «Focus on added value activities»

**In times where industrial production is changing faster than ever before, flexibility and expertise are absolutely crucial. In order to remain competitive, Swissmetal has to be versatile and continuously adapt to the changing market conditions.**

### **Availability, efficiency, and quality**

We use three key concepts to define our competitiveness within the production process: availability, efficiency, and quality. These form the basis of our objectives. We are focusing on added value activities, extending our vertical integration, and improving information flow within the individual departments. A uniform mindset that encompasses the entire manufacturing process ensures better coordination between the employees and transparent and efficient processes.

### **Continuous improvement process**

With the introduction of a Total Productive Manufacturing (TPM) process, we are providing a base from which to enhance the effectiveness of our systems. All of our procedures, from technical consulting to delivery insurance, are undergoing a critical review. This is allowing us to make more efficient use of our production machinery and preventing unplanned downtime and repair time. With further improvements in the area of wire pay-off monitoring and the materials used for this purpose, the manufacturing costs could also be cut. Scrap could also be reduced to a very low percentage across the whole production operation.

The Apollo Extrusion Press, which is used for special alloys and wires and that has been in operation at our Dornach site for three years now, already accounts for 60% of total manufacturing in Switzerland. With a systematic program of the further training for staff, we are now acquiring the necessary skills to achieve even better capacity utilization rates and reduce costs.

### **Value orientation**

However, our goals also extend beyond this. We are placing value orientation at the heart of our activities, both internally and externally. Internal value orientation means that we bring functions and tasks within the production process into alignment, work in teams, and further develop our cross-functional quality mindset. The pursuit of quality as a top priority applies not only to our products, but also to the workplace. With the launch of the 5s project, which focuses on cleanliness, order, and discipline, we are creating the means to identify weak points in our machinery more quickly and to continue in our continuous improvement process.

### **Customer needs are at the heart of what we do**

We are not only improving individual work operations, but also ensuring that we can take process steps off of our customers' hands in collaborative partnerships. This is helping us to consolidate and expand our market position. Even minor adjustments to workplaces, transport routes between processing stations, or storage strategies are contributing to our improvement, such as surface quality. A key line of communication to our customers and into production operations are our so-called «product agents». They ensure that customer requirements are «translated» into the corresponding production processes at our end, and that bottlenecks no longer occur at the pre-processing stage.





# «Swissmetal sees the pursuit of a target-driven and forward-looking staff development policy as a top priority»

## Current challenges and long-term focus of HR activities

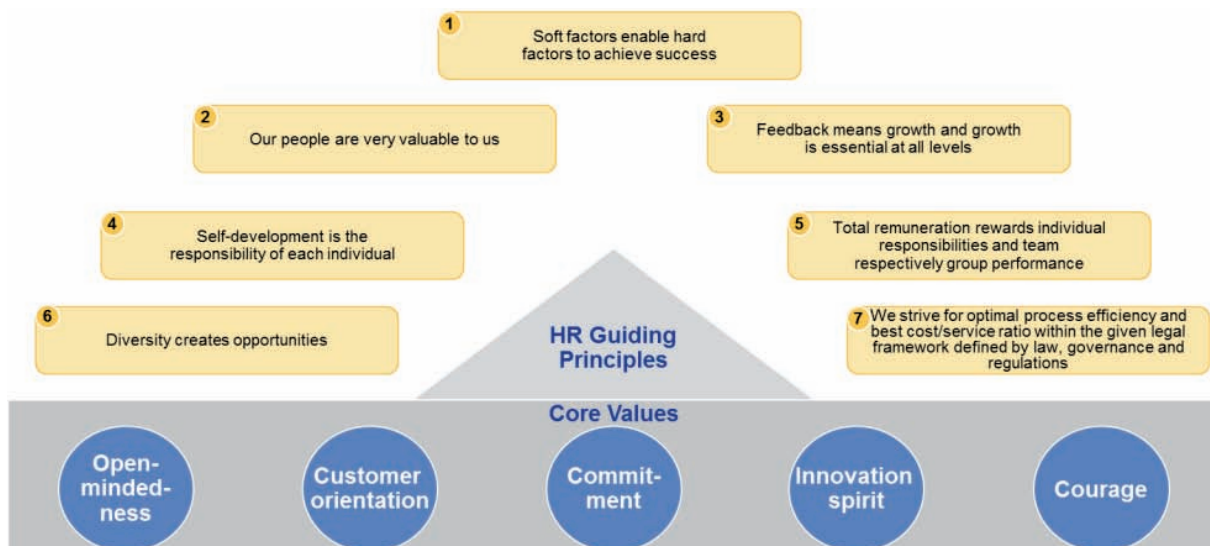
Like many other businesses, Swissmetal is striving to reconcile the need to reduce operating costs with long-term investment in its strategic processes. This challenge is especially apparent in the area of staff development. The balancing act of reducing costs and optimizing resource allocation while simultaneously improving service quality and strengthening HR’s strategic alignment with our corporate goals is very challenging. In order to implement a successful HR policy, the HR organization needs to assume the role of a strategic partner who advises staff and management. In doing so, it consistently aims its activities to meet relevant success factors.

Alongside its operational tasks, the other main role performed by Human Resources is strategic. The business situation on the labor market has to be monitored and the corresponding implications for HR strategy identified: «Which of our employees’ key competencies are essential to Swissmetal’s success?», «Do our employees have the right qualifications?», and: «Are our demands adequate?» Swissmetal sees the pursuit of a target-driven and forward-looking staff development policy as a top priority, with a particular emphasis placed on the following HR action areas:

- Long-term recruitment
- Systematic leadership development
- Continuous and targeted further development of staff
- Succession planning for key roles.

### Corporate culture and values

Exceptional achievements by employees are the result of the interaction between their qualifications, motivation, and factors within the corporate environment such as culture, structure, and leadership. Swissmetal’s strategic HR policy actively facilitates



«Core values and seven HR Guiding Principles»

the embedding of our corporate values into everyday working life. As a company with several different sites and identities, Swissmetal has adopted corporate values that embody the principle of cooperative teamwork. The purpose of these values is to increase employees' identification with the company as a whole and to help them identify operational interrelationships. The seven HR guiding principles based on these values define Swissmetal's HR policy guidelines, which are inextricably linked to the company's five corporate values.

#### **Management development and performance appraisal interviews**

Managers are the core element of a business when it comes to representing corporate values and implementing the company's HR policy in the day-to-day working life. Our line managers receive support and are specifically prepared for dialog with staff at management workshops focusing on cross-group co-operation and target-oriented leadership. Performance appraisal interviews are an important management tool. These situation assessments illustrate where the individual stands in terms of their work's quality and the company's expectations, and any points that might need improvement or further development, whether through further education, targeted on-the-job training, or active participation in working groups.

Going forward, Swissmetal is seeking to promote a culture of transparency and integration. Personal responsibility, self-reliance, and an ability to give and accept feedback will be key areas of focus for the future.

Swissmetal sees the following elements as its top priorities in employee recruitment and training:

- Ability to deal professionally with customers and production partners.
- Cultivation of communication skills in all work process contexts.
- Raising requirements in terms of individual's cooperative skills, as taking on varying duties and roles in coordination with others is becoming an increasingly important aspect of day-to-day working life.
- Developing a holistic understanding of processes and structures across the entire company.

#### **Staff development as a pillar of corporate culture**

One of the factors that will determine Swissmetal's success in the next few years will be the ability of its employees and, therefore, of the organization as a whole, to develop and learn. We consider developing our staff in line with their abilities and inclinations and within the scope of business needs as one of our crucial tasks. We know that success can be achieved when areas of activity, potential, and interests are allowed to complement each other. In the year under review, we expanded the »Learning & Development" (L&D) process developed in 2009 into a core HR management activity group-wide. The aim of this process is to identify, cultivate, and systematically enhance the performance and learning potential of our employees. The L&D process is aimed at all employees in all areas of activity, irrespective of their position in the company hierarchy.

## 2010 RESULTS IN OVERVIEW

### PRELIMINARY REMARKS

The business activities of the year 2010 developed significantly better in contrast to 2009, which was influenced by the negative impacts of the global finance and economic crises. The recovery of economic environment in almost all markets as well as the results of the cost reduction measures introduced in 2009 contributed to this improvement.

At the beginning of the year we introduced the ATMOVA system, our regenerative heating system, to the market. We faced the challenge that the high cash requirements in the ramp-up phase had to be financed in parallel to the raising metal prices of our raw materials. Therefore, despite the interest in this product, the Management and Board of Directors decided to refocus on the core business of Swissmetal and to discontinue the operation of the ATMOVA business. The effects of the discontinuing operation are presented separately in the statements and amount to CHF –11.7 million referred to the EBIT.

The operating income (EBIT) of the continuing business after revaluation of the stock from LIFO to the weighted average valuation method could be improved by CHF 6.7 million compared to previous year. The operating income includes the negative effects of CHF 3.2 million due to the strong Swiss franc for products sold into the Euro zone and the negative impact of reduced fix cost absorption caused by lost orders due to the strong Swiss franc.

Continuing operation (CHF 000)	2010	2009	Change
<b>EBIT (previous year; LIFO)</b>	<b>-16,661</b>	<b>-29,912</b>	<b>13,251</b>
Impact change to weighted average method	9,001	15,589	-6,588
<b>Operating income (EBIT)</b>	<b>-7,660</b>	<b>-14,323</b>	<b>6,663</b>
Metal valuation impact	-5,855	-20,869	15,014
<b>EBIT (operative)</b>	<b>-13,515</b>	<b>-35,192</b>	<b>21,677</b>

The table above shows the single effects that influenced the continuing part:

**EBIT (previous year; LIFO)** In 2009, the stock in the production companies was valued with the LIFO method. This led to the EBIT of CHF –29.9 million for the continuing operation. Applying the LIFO method in 2010 too, the respective figure of CHF –16.7 million would show an improvement of CHF 13.2 million on the EBIT (previous year; LIFO).

**Operating income (EBIT)** The Swissmetal Group changed to the weighted average method in 2010. This required a restatement of all the values in 2009. The operating income (EBIT) amounts to CHF –7.7 million and has improved by CHF 6.7 million compared to previous year. (See also Correction of the financial report 2009)

**EBIT (operative)** The metal valuation impact is reflecting the time lag of the stock valuation (difference between purchase price of materials and their respective balance sheet value on one hand and sales of metal stock on the other hand). The metal valuation impact of CHF 5.9 million is part of cost of materials and changes in stock. It is an external factor that cannot be influenced by Swissmetal arising from the weighted average method and the metal price volatility. The operating income (EBIT) including the metal valuation impact results in an EBIT (operative) of CHF –13.5 million which is an improvement of CHF 21.7 million compared to previous year.

The next sections explain the details of the consolidated statements. It is mainly emphasized on the continuing part of the Swissmetal Group.



## CONSOLIDATED INCOME STATEMENT

**Gross sales and gross added value sales** In 2010, the continuing operation part of the Swissmetal Group generated consolidated gross sales of CHF 270.8 million (previous year: CHF 191.7 million). The increase of 41% in gross sales versus the previous year is largely explained by the overall increased business activities over the whole year as well as the increased metal costs.

All of the market segments increased in gross sales versus the previous year although the level of before crisis is not yet reached. The strongest increase was in the segment Decolletage and Industrial Applications. The trading business mainly comprises the sales of third-party traded products by Avins USA Inc, Warren/NJ. Its gross sales amounted to CHF 31.6 million in 2010. In terms of sales regions, the Avins USA market made the strongest increase.

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 89.7 million. This represents an increase of CHF 13.1 million or 17% versus the previous year.

**Operating income (EBIT)** The 2010 gross margin of the continuing part amounted to CHF 98.3 million and was, therefore, CHF 4.7 million or 5% above the previous year: Again both the increased business activity and the increased metal prices were responsible for this development.

In 2010, the effect of the change to the weighted average method on the gross margin of CHF 9.0 million was smaller than in the previous year. This is again explained by the higher metal price increase in 2009 compared to 2010 (see table below).

Personnel expenses amounted to CHF 60.9 million in 2010, an increase of CHF 3.3 million or 6%. This includes reimbursements for short-time working of CHF 0.5 million (previous year: CHF 4.3 million). As of 31 December 2010, the headcount increased from 620 to 626 full-time equivalents in the continuing part of the Swissmetal Group (632 and 620, respectively, average headcount). This was attributable to Swissmetal's strategy to reinforce the research and development department of the core business.

Despite the increased production volumes, operating expenses of the continuing operation totaled CHF 33.7 million in 2010, which is CHF 4.0 million less than the previous year. This reduction is explained with process optimization and cost saving programs. Swissmetal generated operating income before depreciation and amortization (EBITDA) of CHF 3.7 million in 2010, which is an improvement of CHF 5.3 million compared with the previous year. Adding up the discontinuing operation part results in an EBITDA of CHF -1.8 million.

Depreciation of the continuing operation part totaled CHF 11.3 million in 2010, CHF 1.3 million less than in the previous year.

This resulted in an operating income (EBIT) of CHF -7.7 million, which is an increase of CHF 6.7 million. The discontinuing part is mainly influenced by the non-planned depreciation of ATMOVA development costs of CHF 5.4 million. Continuing and discontinuing operations lead to the Group EBIT of CHF -19.4 million.

**Result for the year (EAT)** In 2010, the net financial result of the continuing part declined by CHF 4.0 million to CHF -5.1 million compared with the previous year. The main reason for the decrease was the negative impact in exchange rates.

The non-operating and extraordinary result includes the CHF 1.7 million proceeds from the sale of land.

Income statement items (CHF 000)	2010	2009
Cost of materials and changes in stock	9,001	15,589
Taxes	-2,234	-3,397
<b>Total stock revaluation effect</b>	<b>6,767</b>	<b>12,192</b>

The tax result in 2010 totaled CHF 1.0 million, an increase of CHF 1.4 million compared with the previous year. The positive value is due to the change in deferred tax assets resulting from the loss.

In 2010, earnings after tax (EAT) of the continuing operation improved by CHF 5.3 million to CHF –10.0 million. In addition again, CHF –11.9 million attributed to the discontinuing operation lead to an EAT of CHF –21.9 million. The stock revaluation effect affected the earnings after tax (EAT) by CHF 6.8 million (previous year: CHF 12.2 million).

## CONSOLIDATED BALANCE SHEET

At the Group level, total assets decreased by CHF 12.8 million to CHF 178.1 million in comparison with the prior year, primarily due to lower fixed assets.

The CHF 2.7 million (2%) increase in current assets compared to the previous year mainly stemmed from the stock value increase.

In terms of the fixed assets of CHF 63.9 million (previous year: CHF 79.4 million), the biggest reduction was in property, plant and equipment. As at 31 December 2010, intangible assets amounted to CHF 0.9 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 software and other intangible assets.

Total liabilities amounting to CHF 99.8 million represented 56% of the total balance sheet. Short-term liabilities increased by CHF 22.0 million (38%) to CHF 79.6 million. Higher metal prices and a shift of the loans from long-term to short-term liabilities influenced this development. Long-term liabilities, finally, amounted to CHF 20.2 million at the end of December 2010, CHF 10.1 million lower than in the previous year. Compared to the previous year, interest-bearing liabilities increased from CHF 41.3 million to CHF 45.1 million; non interest-bearing liabilities amounted to CHF 54.7 million (previous year: CHF 46.5 million).

Shareholders' equity amounted to CHF 78.3 million after the deduction of the annual loss of CHF –21.9 million, reducing the equity ratio from 54% to 44%.

Net debt totaled CHF 51.8 million as at 31 December 2010 (previous year: CHF 37.6 million).

## CONSOLIDATED CASH FLOW STATEMENT

In the continuing part, Swissmetal generated an operating cash flow of CHF –7.0 million in 2010, CHF 6.1 million less than in the previous year. This was mainly due to the negative result in the year 2010 and the change in net working capital.

In 2010, Swissmetal Group invested a net total of CHF 1.8 million in tangible and intangible assets (previous year: CHF 4.9 million), in particular into the ATMOVA system that has been completely impaired at the end of the year.

Free cash flow for the continuing operation in 2010 totaled CHF –7.0 million, a decline of CHF 4.1 million compared with the previous year.



# CORPORATE GOVERNANCE

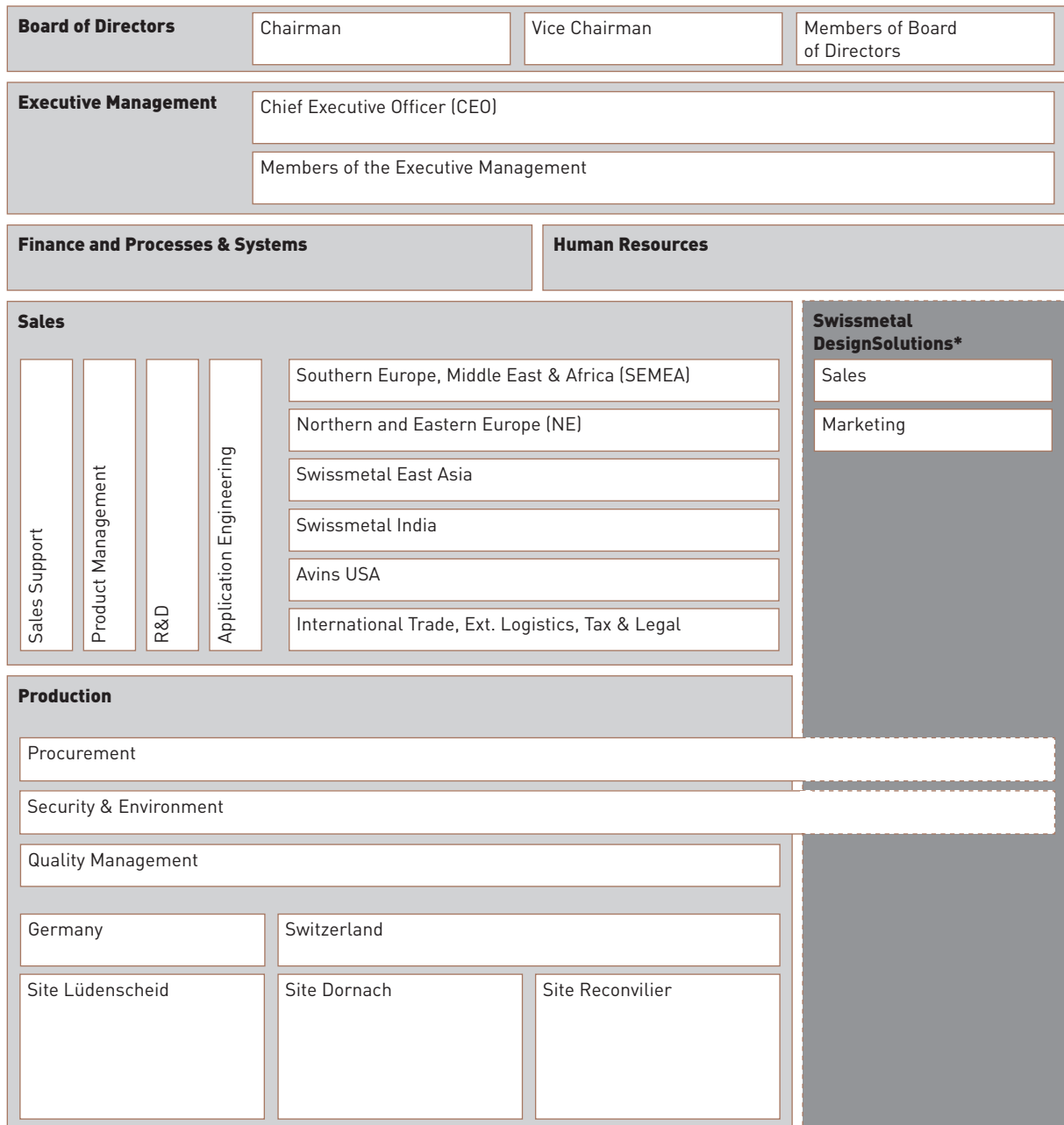
As a listed company, Swissmetal Holding Ltd is subject to the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange (also referred to as the SWX Directive), including its Annex and Commentary.

The Corporate Governance section of the Annual Report precisely follows the structure of the SWX Directive and covers events up to and including 29 April 2011.

## 1. GROUP STRUCTURE AND SHAREHOLDERS

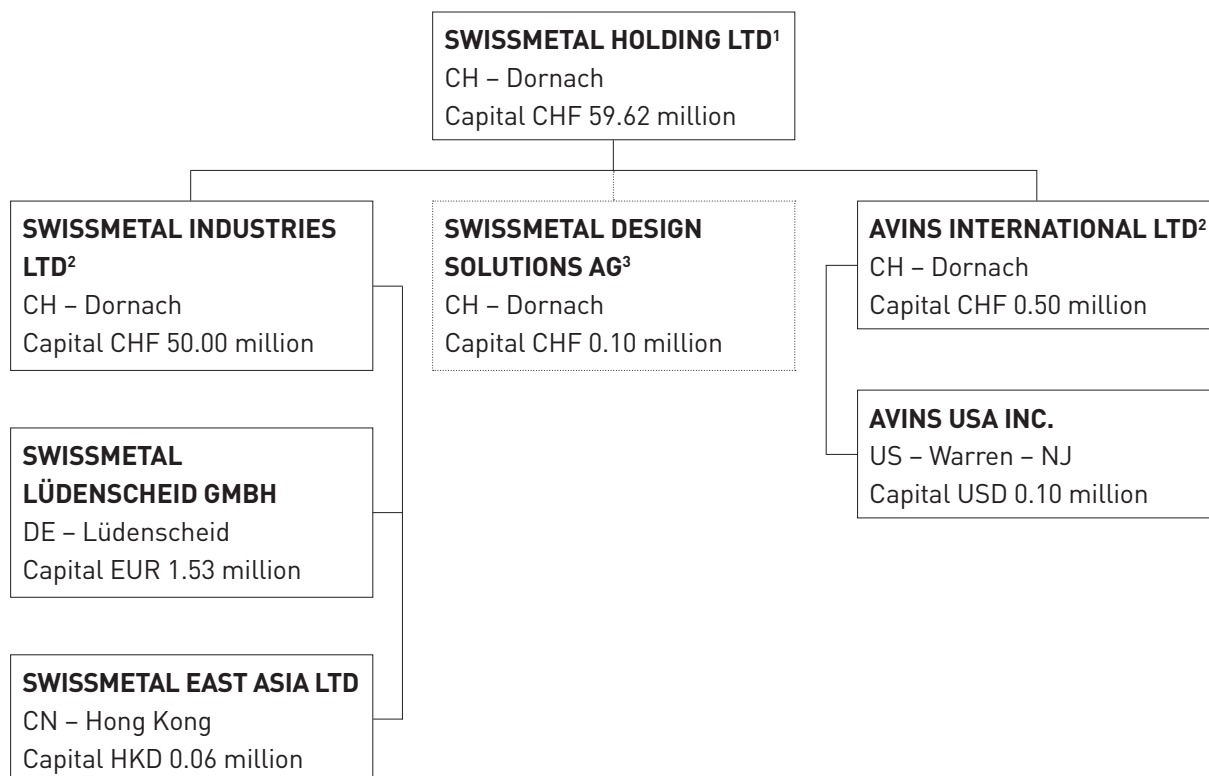
### 1.1 Group structure

Operational Group structure



\*Discontinuing operation

## 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

<sup>3</sup> Discontinuing operation

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 7.09 as at 31 December 2010, resulting in a market capitalization of CHF 47.0 million. The scope of the consolidation does not include any listed companies, but only the above-mentioned unlisted companies.

**Changes in the scope of consolidation during the 2010 financial year** As of 1 January 2010, Avins Switzerland Ltd, Dornach, and Avins Germany GmbH, Lüdenschied, merged with their parent companies Swissmetal Industries Ltd, Dornach, and Swissmetal Lüdenschied GmbH, Lüdenschied, respectively. As of 15 May 2010, Avins East Asia Ltd, Hong Kong, changed its name to Swissmetal East Asia Ltd, Hong Kong, and as of 8 October 2010, it became a subsidiary of Swissmetal Industries Ltd. Swissmetal Design Solutions Ltd, Dornach, is planned to be sold and, therefore, will be shown as a discontinuing operation.

## 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 2010:

	31. 12. 2010*	31. 12. 2009*
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)	4.71%	5.40%

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

### Event 01.01.2011–29.04.2011:

Shareholder	Date	Shareholding
3V Invest Swiss Small & Mid Cap (Fund Manager: Oppenheim Asset Service S.à r.l. und 3V Asset Management AG)	11.01.2011	< 3%

**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 2010, the share capital of Swissmetal Holding Ltd, Dornach, was CHF 59,616,954 (2009: CHF 59,616,954), divided into 6,624,106 (2009: 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 a 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. On 27 May 2010, the authorized capital was extended again until 27 May 2012.

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 convertible 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 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.

**In 2010**, 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)

### 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 2010, 18,517 treasury shares (2009: 5,909) 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** 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 Swissmetal Industries Ltd, Dornach, are identical.

**Composition as at 31 December 2010** 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 Austria 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) Ltd, Zurich, SCOR Switzerland Ltd, Zurich, and SCOR Global Life Reinsurance Company Switzerland Ltd, 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 Köchlin** 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 the Chairman of Sunrise AG and also a Member of the Board of the University of Basel.

Board of Directors from left to right:

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





**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 Aluisse 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 the General Manager of Aluminium Laufen AG in Liesberg, where he has been Chairman of the Board of Directors since April 2005.

**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 the 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 was appointed Head of Business Unit Thin Film of Oerlikon Solar AG, Trübbach, in 2008 and the CEO of Oerlikon Solar AG, Trübbach, from 2009 to November 2010.

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

After his apprenticeship 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, in which 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 is a Member of the Board of Directors of Autoneum AG, Zurich, and has a number of Board assignments with unlisted companies.

**Changes during the 2010 financial year** On 27 May 2010, Roger Bühler left 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 at the Annual General Meeting. The term of office is one year and will last for all members until the Annual General Meeting for the 2010 financial year on 26 May 2011. Members of the Board of Directors may be elected at any time.

**3.4 Internal organizational structure** The Board of Directors comprises those 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. Martin Näf has served as the external Secretary of the Board of Directors since 1 July 2010. 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 2010, the Board of Directors held nine ordinary meetings (2009: ten) lasting an average of three to five hours each, as well as eight teleconferences (2009: two) 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, and pension fund reports. 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. In addition, further items are added to the agenda as needed, such as status reports on major projects – in 2010, these included the development of the Swissmetal strategy, production optimization, refinancing opportunities, development of ATMOVA, and Executive Management recruitment – 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.

One Sub-Committee, the Audit Committee, has been founded.

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 Roger Bühler (until 27 May 2010). Ferdinand Stutz has been elected the successor on 13 December 2010, effective as of 1 January 2011. 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 2010, the Audit Committee met on six occasions (2009: six), five physical meetings as well as one teleconference. 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 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, Articles of Incorporation, 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 five as of 31 December 2010, are nominated by the CEO, appointed by the Board of Directors and report to the CEO. 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 the 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, alternately, 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 twice a year 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 a KPI cockpit of sales, financial overviews, time series charts of sales and new orders, cost analyses per plant, working capital and stock information, liquidity status as well as HR figures. The Board of Directors receives a summary of the Management Report.

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, Board of Directors, and 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 2010. 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) 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/MA, USA.

**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 Cologne. 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 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.

**Dr Volker Helling** Born in 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.

**Udo Nöbel** Born in 1963, German citizen, Member of Executive Management since May 2010 in his capacity as Chief Operations Officer for Industry and Head of Quality, Safety and Environment.

Udo Nöbel studied industrial engineering at the University Iserlohn and thereafter gained experiences at automotive suppliers and metal processing companies, such as Pilkington, the mg Chemical Group and Alcan. His career started at the glassmaker Pilkington, first as a production manager and later on as a factory manager with the responsibility for various plants. Finally, he was managing different subsidiaries of the aluminum specialist Alcan in Germany as well as Eastern Europe as a general manager.

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

**Martin Heuschkel** Born in 1962, French citizen, Managing Director 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 and a Member of the Board of the Simonites Alumni Association in Zurich.

**Changes during the 2010 financial year** Since March 2010, Dr Volker Helling is Chief Sales Officer and Member of Executive Management. As of the end of April 2010, Volker Suchordt, Chief Operations Officer, retired. Since then, Udo Nöbel has been COO. Finally, Sam V. Furrer, CDO, left the company as of end of June 2010. Furthermore, as of October 2010, Jean-Pierre Tardent became responsible for the specialists' function international and technical delegate and, therefore, was no longer a Member of the Executive Management.

**Changes since 31 December 2010** Martin Heuschkel, Managing Director Swissmetal Design Solutions and Member of Executive Management, left the Executive Management of Swissmetal in mid-February 2011.

**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 Sirius 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 amount of bonus to be paid out depends on the change in the value added in the current financial year and the past financial years. The multiple for calculating the amount available for bonus payments is computed from the increase in value added per financial year. The available amount is credited to a bonus bank and only partially paid out, depending on the computed multiple and the bonus bank balance. The pay-out portion is between zero and a multiple of one plus – potentially – one third of the remaining amount on the bonus bank. The remaining amount is composed of a previous year's bonus bank balance and/or – in case the current year's multiple exceeds one – of the difference between the computed multiple and multiple one. 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, and corresponds to a multiple of one.

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 and, at the beginning of 2011, the new figures were defined. 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.

**5.2/5.3 Compensation for the active members of the Board of Directors and of the Executive Management** Total remuneration paid or deferred in the 2010 financial year breaks down as follows:



<b>Board of Directors: Compensation 2010 (CHF)</b>	<b>Dr J. Friedrich Sauerländer Chairman</b>	<b>Dr Dominik Köchlin Vice chairman</b>	<b>Max Locher Member</b>	<b>Dr Roger Bühler<sup>5</sup> Member</b>	<b>Ferdinand Stutz Member</b>	<b>Dr Jürg Henz Member</b>	<b>Total BoD</b>
<b>Compensation (cash)<sup>1</sup></b>							
<b>Pay (fixed)</b>							
Chairman <sup>2</sup>	100,000						100,000
Vice Chairman <sup>2</sup>		75,000					75,000
Member <sup>2</sup>			50,000	20,833	50,000	50,000	170,833
Chairman of the AC <sup>2</sup>		15,000					15,000
Member of the AC <sup>2</sup>	15,000			6,250			21,250
<b>Remuneration for additional work</b>							
Additional services above and beyond regular duties <sup>3</sup>	70,000						70,000
<b>Compensation (non-cash)</b>							
Social insurances <sup>4</sup>	8,494	5,445	1,677		3,025	3,025	21,666
<b>Total compensation</b>	<b>193,494</b>	<b>95,445</b>	<b>51,677</b>	<b>27,083</b>	<b>53,025</b>	<b>53,025</b>	<b>473,749</b>

<sup>1</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>2</sup> In 2010, the Board of Directors' compensations for 2009 and 2010 are partly paid out; the remaining rest is accrued.

<sup>3</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

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

<sup>5</sup> Dr Roger Bühler was BoD and AC Member until 27 May 2010.

<b>Board of Directors: Compensation 2009 (CHF)</b>	<b>Dr J. Friedrich Sauer- länder</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 <sup>1</sup>	100,000								100,000
Vice Chairman <sup>1</sup>		75,000							75,000
Member <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>									
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 (housing and car allowance) 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.

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.

<b>Executive Management: Compensation 2010 (CHF)</b>	<b>Individual with the highest compensation: CEO</b>	<b>Other Executive Management Members</b>	<b>Total</b>
<b>Compensation (cash)<sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member	330,000	1,625,397	1,955,397
<b>Pay (variable)</b>			
Sirius bonus (Retired)		37,600	37,600
Sirius bonus	0	0	0
Other bonuses <sup>2</sup>	165,000	33,939	198,939
<b>Remuneration for additional work</b>			
Additional services above and beyond regular duties		7,506	7,506
<b>Total compensation (cash)</b>	<b>495,000</b>	<b>1,704,442</b>	<b>2,199,442</b>
<b>Compensation (non-cash)</b>			
Bonus bank opening balance	0	-1,791,546	-1,791,546
Bonus bank pay-out (negative value) and deduction (positive value), respectively <sup>3</sup>	0	(1,791,546)	(1,791,546)
Bonus bank closing balance	0	0	0
Benefits in kind <sup>4</sup>	78,000	50,373	128,373
Pension expenses <sup>5</sup>	78,273	282,932	361,205
<b>Total compensation (non-cash)</b>	<b>156,273</b>	<b>333,305</b>	<b>489,578</b>
<b>Total compensation</b>	<b>651,273</b>	<b>2,037,747</b>	<b>2,689,020</b>

<sup>1</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>2</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>3</sup> The negative bonus bank balance is not owed to the Swissmetal Group. It is offset with the positive contribution in brackets from 2010 and will be offset with future bonuses and, therefore, it is not added to the Total compensation (non-cash).

<sup>4</sup> Housing and car allowance

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

**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 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» means that this amount was withdrawn from the bonus bank and not charged to expenses. A positive balance would mean that the bonus bank increased in the respective year and the target could eventually be more than exceeded. Compared to the end of 2009, the bonus bank could be increased due to value added increase in 2010, but no Sirius bonus was paid out. In 2011, Swissmetal will change the bonus plan system. Therefore, the balance of the bonus bank is zero as of 31 December 2010.



Executive Management: Compensation 2009 (CHF)	Individual with the highest compensation: CEO <sup>8</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
<b>Compensation (cash)<sup>1</sup></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 <sup>5</sup>	24,983	46,702	49,992	121,677
Pension expenses <sup>6</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>8</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
Loans <sup>7</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> Housing and car allowance

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

<sup>7</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>8</sup> Martin Hellweg does not receive additional compensation for his service on the Board of Directors.

#### 5.4 Compensation for former members of governing bodies

In 2010, a total compensation of CHF 188,143 was accrued for a former Executive Management Member due to his contractual agreement.

No other severance payments went to former Members of the Board of Directors or Executive Management who left during or before 2010; they only received their contractual or agreed notice entitlements.

**5.5 Share allotment in the year under review** As of 31 December 2010, no shares have been allotted.

**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)	2010	2009
<b>Dr J. Friedrich Sauerländer</b> Chairman of the BoD	5,000	5,000
<b>Dr Dominik Köchlin</b> Vice Chairman	3,000	3,000
<b>Max Locher</b> Member	801	801
<b>Dr Jürg Henz</b> Member	0	0
<b>Ferdinand Stutz</b> Member	0	0
<b>Roger Bühler*</b> Member	n.a.	0
<b>Dr Olaf Schmidt-Park</b> CEO	1,762	1,762
<b>Volker Suchordt</b> EVP Own Manufactured Products and Quality, Safety and Environment	n.a.	3,000
<b>Sam V. Furrer</b> Chief Development Officer	n.a.	6,000
<b>Joachim Blatter</b> Chief Financial Officer	3,023	3,445
<b>Dr Volker Helling</b> Chief Sales Officer	0	n.a.
<b>Udo Nöbel</b> Chief Operations Officer	0	n.a.
<b>Laura Rossini</b> Director Human Resources	535	535
<b>Martin Heuschkel</b> Managing Director Swissmetal Design Solutions	0	0
<b>Jean-Pierre Tardent</b> SVP R&D, Application Engineering and Quality Management	n.a.	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.

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 the 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 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 the 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 six 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 that are payable to the recipients mentioned above may reach a maximum total of CHF 0.8 million as of 31 December 2010. 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 279,774 (2009: CHF 343,576).

**8.3 Additional fees** The fees for various tax services for Swissmetal Holding Ltd, Dornach, or one of its subsidiaries amounted to CHF 211,685 for the year under review (2009: CHF 400,639).

**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 2010, at least one representative of the auditors attended six (2009: five) meetings of the Audit Committee and three (2009: two) 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 2010

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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

CHF 000	Notes	2010								2009*	
		Continuing operation	Discontinuing operation	Total	%	Continuing operation	Discontinuing operation	Total	%		
<b>Gross sales</b>	<b>01</b>	<b>270,828</b>	<b>112</b>	<b>270,940</b>	<b>279.5</b>	<b>191,668</b>	<b>0</b>	<b>191,668</b>	<b>204.9</b>		
Deductions from gross sales		-11,413	0	-11,413	-11.8	-8,454	0	-8,454	-9.0		
<b>Net sales</b>	<b>02</b>	<b>259,415</b>	<b>112</b>	<b>259,527</b>	<b>267.7</b>	<b>183,214</b>	<b>0</b>	<b>183,214</b>	<b>195.9</b>		
Cost of materials and changes in stock	03	-161,135	-1,446	-162,581	-167.7	-89,635	-42	-89,677	-95.9		
<b>Gross margin</b>	<b>04</b>	<b>98,280</b>	<b>-1,334</b>	<b>96,946</b>	<b>100.0</b>	<b>93,579</b>	<b>-42</b>	<b>93,537</b>	<b>100.0</b>		
Other operating income	05	1,267	0	1,267	1.3	2,651	0	2,651	2.8		
Own work capitalized	06	77	1,815	1,892	2.0	37	2,622	2,659	2.8		
Personnel expenses	07	-60,898	-1,732	-62,630	-64.6	-57,552	-672	-58,224	-62.2		
Operating and administrative expenses	08	-35,039	-4,270	-39,309	-40.5	-40,355	-2,854	-43,209	-46.2		
<b>Operating income before depreciation (EBITDA)</b>		<b>3,687</b>	<b>-5,521</b>	<b>-1,834</b>	<b>-1.8</b>	<b>-1,640</b>	<b>-946</b>	<b>-2,586</b>	<b>-2.8</b>		
Depreciation on property, plant and equipment	09	-9,023	-42	-9,065	-9.4	-9,926	0	-9,926	-10.6		
Depreciation on intangible assets	09	-2,324	-6,127	-8,451	-8.7	-2,757	0	-2,757	-2.9		
<b>Operating income (EBIT)</b>		<b>-7,660</b>	<b>-11,690</b>	<b>-19,350</b>	<b>-19.9</b>	<b>-14,323</b>	<b>-946</b>	<b>-15,269</b>	<b>-16.3</b>		
Financial result	10	-5,119	-300	-5,419	-5.6	-1,137	-173	-1,310	-1.4		
<b>Ordinary result</b>		<b>-12,779</b>	<b>-11,990</b>	<b>-24,769</b>	<b>-25.5</b>	<b>-15,460</b>	<b>-1,119</b>	<b>-16,579</b>	<b>-17.7</b>		
Non-operating result	11	1,584	0	1,584	1.6	536	0	536	0.6		
Extraordinary result	12	190	0	190	0.2	0	0	0	0		
<b>Earnings before taxes (EBT)</b>		<b>-11,005</b>	<b>-11,990</b>	<b>-22,995</b>	<b>-23.7</b>	<b>-14,924</b>	<b>-1,119</b>	<b>-16,043</b>	<b>-17.1</b>		
Taxes	13	1,038	99	1,137	1.2	-345	103	-242	-0.3		
<b>Result for the year (EAT)</b>		<b>-9,967</b>	<b>-11,891</b>	<b>-21,858</b>	<b>-22.5</b>	<b>-15,269</b>	<b>-1,016</b>	<b>-16,285</b>	<b>-17.4</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

CHF 000				31.12.2010		31.12.2009*	
ASSETS	Notes	Continuing operation	Discontinuing operation	Total	%	Total	%
<b>Current assets</b>							
Cash and cash equivalents	14	1,892	9	1,901	1.1	5,720	3.0
Securities	15	231	0	231	0.1	281	0.1
Notes receivable and cheques		0	0	0	0.0	39	0.0
Trade accounts receivable	16	23,432	130	23,562	13.2	25,985	13.6
Other receivables	17	10,853	46	10,899	6.1	8,708	4.6
Stock	18	74,806	500	75,306	42.3	69,421	36.4
Prepaid expenses and accrued income	19	2,318	0	2,318	1.3	1,372	0.7
<b>Total current assets</b>		<b>113,532</b>	<b>685</b>	<b>114,217</b>	<b>64.1</b>	<b>111,526</b>	<b>58.4</b>
<b>Fixed assets</b>							
Property, plant and equipment	20	59,867	252	60,119	33.8	73,508	38.5
Financial assets	21	2,536	297	2,833	1.6	2,476	1.3
Intangible assets	20	932	0	932	0.5	3,374	1.8
<b>Total fixed assets</b>		<b>63,335</b>	<b>549</b>	<b>63,884</b>	<b>35.9</b>	<b>79,358</b>	<b>41.6</b>
<b>TOTAL ASSETS</b>		<b>176,867</b>	<b>1,234</b>	<b>178,101</b>	<b>100.0</b>	<b>190,884</b>	<b>100.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>Short-term liabilities</b>							
Interest-bearing liabilities	23	39,570	0	39,570	22.2	24,656	12.9
Notes receivable and cheques		83	0	83	0.0	0	0.0
Trade accounts payable	24	28,743	269	29,012	16.3	19,652	10.3
Trade accounts payable Group		-13,023	13,023	0	0.0	0	0.0
Other liabilities	25	5,675	118	5,793	3.3	6,046	3.2
Accrued expenses and prepaid income	26	3,140	101	3,241	1.8	4,166	2.2
Provisions	27	1,911	0	1,911	1.1	3,041	1.6
<b>Total short-term liabilities</b>		<b>66,099</b>	<b>13,511</b>	<b>79,610</b>	<b>44.7</b>	<b>57,561</b>	<b>30.2</b>
<b>Long-term liabilities</b>							
Loan	28	5,505	0	5,505	3.1	16,892	8.8
Other liabilities	25	3	0	3	0.0	0	0.0
Provisions	27	13,536	1,158	14,694	8.2	13,366	7.0
<b>Total long-term liabilities</b>		<b>19,044</b>	<b>1,158</b>	<b>20,202</b>	<b>11.3</b>	<b>30,258</b>	<b>15.8</b>
<b>Total liabilities</b>		<b>85,143</b>	<b>14,669</b>	<b>99,812</b>	<b>56.0</b>	<b>87,819</b>	<b>46.0</b>
<b>Shareholders' equity</b>							
	29						
Share capital		59,617	0	59,617	33.5	59,617	31.2
Capital reserves		34,265	70	34,335	19.3	34,350	18.0
Own shares		-140	0	-140	-0.1	-60	0.0
Cumulated exchange rate translation differences		-5,727	0	-5,727	-3.2	-2,904	-1.5
Retained earnings		3,709	-13,505	-9,796	-5.5	12,062	6.3
<b>Total shareholders' equity</b>		<b>91,724</b>	<b>-13,435</b>	<b>78,289</b>	<b>44.0</b>	<b>103,065</b>	<b>54.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>176,867</b>	<b>1,234</b>	<b>178,101</b>	<b>100.0</b>	<b>190,884</b>	<b>100.0</b>

\* After restatement

## Consolidated cash flow statement

### Swissmetal Group

CHF 000			2010		2009*	
	Continuing operation	Discontinuing operation	Total	Continuing operation	Discontinuing operation	Total
<b>Cash flow from operating activities</b>						
Result for the year	-9,967	-11,891	-21,858	-15,305	-980	-16,285
Depreciation on property, plant and equipment and intangible assets	11,345	6,169	17,514	12,686	0	12,686
Change in provisions	-134	1,158	1,024	4,265	4	4,269
Other non-cash income statement items	-3,670	0	-3,670	-1,011	-126	-1,137
<b>Cash flow before change in net current assets</b>	<b>-2,426</b>	<b>-4,564</b>	<b>-6,990</b>	<b>635</b>	<b>-1,102</b>	<b>-467</b>
Change in securities	50	0	50	-126	0	-126
Change in trade accounts receivable	2,592	-130	2,462	-4,723	0	-4,723
Change in other receivables, prepaid expenses and accrued income	-3,021	-116	-3,137	4,845	-69	4,776
Change in stock	-6,946	1,061	-5,885	1,251	-1,561	-310
Change in trade accounts payable	3,929	5,431	9,360	-4,229	5,442	1,213
Change in other short-term liabilities and accrued expenses and prepaid income	-1,133	41	-1,092	1,531	184	1,715
<b>Total cash flow from operating activities</b>	<b>-6,955</b>	<b>1,723</b>	<b>-5,232</b>	<b>-816</b>	<b>2,894</b>	<b>2,078</b>
<b>Cash flow from investing activities</b>						
Acquisition of property, plant and equipment	-1,589	-1,815	-3,404	-2,694	-2,916	-5,610
Disposal of property, plant and equipment	1,959	0	1,959	576	0	576
Acquisition of intangible assets	-11	0	-11	0	0	0
Change in long-term financial assets	-357	0	-357	82	23	105
<b>Total cash flow from investing activities</b>	<b>2</b>	<b>-1,815</b>	<b>-1,813</b>	<b>-2,036</b>	<b>-2,893</b>	<b>-4,929</b>
<b>Free cash flow</b>	<b>-6,953</b>	<b>-92</b>	<b>-7,045</b>	<b>-2,852</b>	<b>1</b>	<b>-2,851</b>
<b>Cash flow from financing activities</b>						
Change in liabilities to banks	3,527	0	3,527	-2,594	0	-2,594
Change in own shares	-95	0	-95	2,967	0	2,967
<b>Total cash flow from financing activities</b>	<b>3,432</b>	<b>0</b>	<b>3,432</b>	<b>373</b>	<b>0</b>	<b>373</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>-206</b>	<b>0</b>	<b>-206</b>	<b>-7</b>	<b>0</b>	<b>-7</b>
<b>Net change in cash and cash equivalents</b>	<b>-3,727</b>	<b>-92</b>	<b>-3,819</b>	<b>-2,486</b>	<b>1</b>	<b>-2,485</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>5,619</b>	<b>101</b>	<b>5,720</b>	<b>8,105</b>	<b>100</b>	<b>8,205</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>1,892</b>	<b>9</b>	<b>1,901</b>	<b>5,619</b>	<b>101</b>	<b>5,720</b>

\* After restatement

## 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 2009</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>
Restatement effects					0	0
<b>Balance as at 1 January 2009</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
Restatement effects				-73	12,192	12,119
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>-2,904</b>	<b>12,062</b>	<b>103,065</b>
Purchase of own shares			-262			-262
Sale of own shares		-15	182			167
Result for the year					-21,858	-21,858
Exchange rate translation differences				-2,823		-2,823
<b>Balance as at 31 December 2010</b>	<b>59,617</b>	<b>34,335</b>	<b>-140</b>	<b>-5,727</b>	<b>-9,796</b>	<b>78,289</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 2010 and 2009, there are no minority interests

As at 31 December 2010, the share capital of Swissmetal Holding Ltd, Dornach, remained unchanged at CHF 59,616,954 (2009: CHF 59,616,954), divided into 6,624,106 (2009: 6,624,106) bearer shares of nominal CHF 9.00. Capital reserves amounting to CHF 34.3 million. There are CHF 47.1 million non distributable reserves for the individual companies. Retained earnings contain the restatement effects as of 1 January 2009 and 31 December 2009. (See also Correction of the financial report 2009)

Own shares	Number	Average price (CHF)
<b>Balance as at 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 salary portion)	-20,540	9.36
Sale	-300,000	9.50
Purchase from employee	2,020	9.22
<b>Balance as at 1 January 2010</b>	<b>5,909</b>	<b>10.13</b>
Purchase	30,998	8.44
Sale	-17,078	8.85
Sale to employees	-1,734	9.00
Purchase from employee	422	10.85
<b>Balance as at 31 December 2010</b>	<b>18,517</b>	<b>7.54</b>



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 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. On 27 May 2010, the authorized capital was extended again until 27 May 2012.

In the position «Own shares», an additional CHF 0.1 million was deducted in accordance with Swiss GAAP FER 24, due to the net purchase of 12,608 own shares in 2010 (previous year: net sale of 342,667 shares).

At the end of 2010, Swissmetal Group held 18,517 own shares (previous year: 5,909). In 2010, a total of 31,420 own shares were purchased and 18,812 shares were sold. 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 2010 have been approved by the Board of Directors of the Swissmetal Group on 29 April 2011.

### 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 2010 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 International Ltd, Dornach, Switzerland (wholly owned)
- Avins USA Inc., Warren/NJ, USA (wholly owned)
- Swissmetal Design Solutions Ltd, Dornach, Switzerland (wholly owned; discontinuing operation)
- Swissmetal East Asia Ltd (formerly Avins East Asia Ltd), Hong Kong, China (wholly owned)

As of 1 January 2010, Avins Switzerland Ltd and Avins Germany GmbH have been merged with their parent companies Swissmetal Industries Ltd and Swissmetal Lüdenscheid GmbH, respectively. As of 15 May 2010, Avins East Asia Ltd changed its name to Swissmetal East Asia Ltd and as of 8 October 2010, it became a subsidiary of Swissmetal Industries Ltd. Swissmetal Design Solutions Ltd is planned to be sold and, therefore, to be shown as a discontinuing operation.

### 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. 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 principles (except the discontinuing operation Swissmetal Design Solutions Ltd) 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** Stocks are valued using the weighted average principle and 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 2010 and 31 December 2009, 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 Exchange rate translation differences.

CHF	2010		2009	
	Balance sheet	Income statement	Balance sheet	Income statement
1 EUR	1.247	1.383	1.488	1.510
1 USD	0.941	1.043	1.038	1.086
1 GBP	1.455	1.611	1.653	1.696
1 HKD	0.121	0.134	0.134	0.140

**Maturities** Receivables and liabilities with an economic life of more than 12 months are classified as fixed or long-term, respectively. Portions of fixed or long-term items that become due within 12 months are reclassified as current or short-term, respectively.

**Research and development** costs are generally expensed through income statement with the exception of the ATMOVA development costs. These costs were capitalized as assets under construction. As Swissmetal Design Solutions Ltd, Dornach, is classified as a discontinuing operation, these assets under construction have been impaired.

**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, 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 the 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 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, and Avins USA Inc., Warren/NJ, do not operate independent staff pension funds. Therefore, the appropriate provisions are recognized in the consolidated balance sheet.



### Correction of the financial report 2009

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 2009	Note	Value before restatement	Restatement	Value after restatement
Current assets		113,628		113,628
Fixed assets		86,025		86,025
<b>Total assets</b>		<b>199,653</b>	<b>0</b>	<b>199,653</b>
Short-term liabilities		53,156		53,156
Long-term liabilities		30,068		30,068
<b>Total liabilities</b>		<b>83,224</b>	<b>0</b>	<b>83,224</b>
Shareholders' equity		116,429		116,429
<b>Total liabilities and shareholders' equity</b>		<b>199,653</b>	<b>0</b>	<b>199,653</b>

Income statement 2009	Note	Value before restatement	Restatement	Value after restatement
Gross sales		191,668		191,668
of which sales of third-party trade products		17,570		17,570
Deductions from gross sales		-8,454		-8,454
<b>Net sales</b>		<b>183,214</b>	<b>0</b>	<b>183,214</b>
Cost of materials and changes in stock	A	-105,266	15,589	-89,677
<b>Gross margin</b>		<b>77,948</b>	<b>15,589</b>	<b>93,537</b>
Personnel expenses		-58,224		-58,224
Operating expenses		-37,899		-37,899
<b>Operating income before depreciation (EBITDA)</b>		<b>-18,175</b>	<b>15,589</b>	<b>-2,586</b>
Depreciation on property, plant and equipment		-9,926		-9,926
Depreciation on intangible assets		-2,757		-2,757
<b>Operating income (EBIT)</b>		<b>-30,858</b>	<b>15,589</b>	<b>-15,269</b>
Financial result		-1,310		-1,310
<b>Ordinary result</b>		<b>-32,168</b>	<b>15,589</b>	<b>-16,579</b>
Non-operating and extraordinary result		536		536
<b>Earnings before taxes (EBT)</b>		<b>-31,632</b>	<b>15,589</b>	<b>-16,043</b>
Taxes	A	3,155	-3,397	-242
<b>Result after taxes (EAT)</b>		<b>-28,477</b>	<b>12,192</b>	<b>-16,285</b>

Balance sheet as of 31 December 2009	Note	Value before restatement	Restatement	Value after restatement
Current assets	A	96,044	15,482	111,526
Fixed assets		79,358		79,358
<b>Total assets</b>		<b>175,402</b>	<b>15,482</b>	<b>190,884</b>
Short-term liabilities		57,561		57,561
Long-term liabilities	A	26,895	3,363	30,258
<b>Total liabilities</b>		<b>84,456</b>	<b>3,363</b>	<b>87,819</b>
Shareholders' equity	A	90,946	12,119	103,065
<b>Total liabilities and shareholders' equity</b>		<b>175,402</b>	<b>15,482</b>	<b>190,884</b>

Cash flow Statement 2009	Note	Value before restatement	Restatement	Value after restatement
<b>Cash flow before change in net current assets</b>	<b>A</b>	<b>-15,949</b>	<b>-15,482</b>	<b>-467</b>
Change of net current assets	A	18,027	-15,482	2,545
<b>Cash flow from operating activities</b>		<b>2,078</b>	<b>0</b>	<b>2,078</b>
Cash flow from investing activities		-4,929		-4,929
<b>Free cash flow</b>		<b>-2,851</b>	<b>0</b>	<b>-2,851</b>
<b>Cash flow from financing activities</b>		<b>373</b>	<b>0</b>	<b>373</b>
Effect of exchange rate on cash and cash equivalents		-7		-7
Net change in cash and cash equivalents		-2,485		-2,485
Cash and cash equivalents as at 1 January		8,205		8,205
Cash and cash equivalents as at 31 December		5,720		5,720

**A – Stocks** In contrast to the annual report for the financial year 2009, Swissmetal changed the stock valuation to the weighted average method. Swissmetal considered the previously used LIFO valuation method as not the most adequate valuation method. Furthermore, the weighted average method is more commonly applied in the industry. Therefore, the market comparability with the other players has improved.

This correction results in the following restatement effects for 2009: In the balance sheet as of 1 January 2009, there was no restatement effect as the stock values already corresponded to the lower market price. In the income statement 2009, cost of materials and changes in stock decreased by CHF 15.6 million and taxes increased by CHF 3.4 million. In the balance sheet as of 31 December 2009, the current assets increased by CHF 15.5 million, long-term liabilities increased by CHF 3.4 million and shareholders' equity increased by CHF 12.1 million, including a minor exchange rate effect of CHF -0.1 million. The cash flows from operating activities are not affected.

**1 – Gross sales** In the year 2010, gross sales of CHF 270.9 million (previous year CHF 191.7 million) were generated. The increase reflects the overall increased business activities over the whole year as well as the increased metal costs. The third party trading products mainly coming from Avins USA Inc., Warren/NJ, contributed CHF 31.6 million (previous year: CHF 17.6 million) and the ATMOVA system (discontinuing operation) CHF 0.1 million (previous year: zero) in sales in the year under review.

**2 – Net sales** Deductions from gross sales increased to CHF 11.4 million. Net sales remained constant compared to the underlying gross sales. Net sales contain the following breakdown into business segments:

Operational segments	CHF 000	2010 %	CHF 000	2009 %
Power Generation and Electronics	84,076	32.4%	64,696	35.3%
Writing Instruments	39,684	15.3%	32,587	17.8%
Watches	9,231	3.6%	7,872	4.3%
Decolletage and Industrial Applications	82,731	31.9%	50,719	27.7%
Traded products	30,281	11.6%	16,793	9.1%
Other*	13,524	5.2%	10,547	5.8%
<b>Total according annual report</b>	<b>259,527</b>	<b>100.0%</b>	<b>183,214</b>	<b>100.0%</b>

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

The biggest relative decrease was in the business segment Power Generation and Electronics due to the slower recovery of the world-wide business increase. This could mainly be compensated by the segment Decolletage and Industrial Applications. The discontinuing operation in designed energy contributed CHF 0.1 million to the total net sales.

The sales are spread over the following geographical segments:

Geographical segments	CHF 000	2010 %	CHF 000	2009 %
Southern Europe, Middle East & Africa	75,806	29.2%	64,273	35.1%
Northern & Eastern Europe	78,619	30.3%	51,021	27.9%
Avins USA	65,291	25.1%	35,028	19.1%
East Asia	17,815	6.9%	15,795	8.6%
India	21,996	8.5%	17,097	9.3%
<b>Total according annual report</b>	<b>259,527</b>	<b>100.0%</b>	<b>183,214</b>	<b>100.0%</b>

The sales regions Northern & Eastern Europe (containing Germany) as well as Avins USA have relatively grown compared to the other regions, first of all Southern Europe, Middle East & Africa (containing Switzerland).

**3 – Cost of materials and changes in stock** The cost of materials and changes in stock increased by CHF 72.9 million to CHF 162.6 million compared to the previous year. This is attributable to both the higher metal quantity and higher metal price compared to the previous year.

**4 – Gross margin** The gross margin in 2010 amounted to CHF 96.9 million and was CHF 3.4 million above the previous year. This increase reflects the overall increased business activities over the whole year and the increase in metal price.

**5 – Other operating income** Other operating income totaled CHF 1.3 million (previous year: CHF 2.7 million). This particularly includes the income that arose from metal purchasing process 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 1.9 million due to the capitalization of the ATMOVA system (previous year: CHF 2.7 million). The discontinuing part of CHF 1.8 million was completely written off in 2010.

**7 – Personnel expenses** In 2010, personnel expenses amounted to CHF 62.6 million, which reflects an increase of CHF 4.4 million. Personnel expenses include the short-time work reimbursement of CHF 0.5 million for 2010 (previous year: CHF 4.3 million).

As of 31 December 2010, the headcount increased from 630 to 637 full-time equivalents. This augmentation in the headcount is mainly due to the effect of reinforcing the research and development department.

### 8 – Operating and administrative expenses

CHF 000	2010			2009		
	Continuing operation	Discontinuing operation	Total	Continuing operation	Discontinuing operation	Total
Energy	11,077	0	11,077	9,500	1	9,501
Operating materials	15,958	276	16,234	17,859	190	18,049
Administrative expenses	6,019	1,591	7,610	9,972	815	10,787
Other expenses	1,985	2,403	4,388	3,024	1,848	4,872
<b>Total operating and administrative expenses</b>	<b>35,039</b>	<b>4,270</b>	<b>39,309</b>	<b>40,355</b>	<b>2,854</b>	<b>43,209</b>

In 2010, the operating and administrative expenses amounted to CHF 39.3 million (previous year: CHF 43.2 million).

The energy costs primarily increased due to the higher business activities. The cost for operating materials decreased due to the strengthening of saving. Administrative expenses that include, among other things, costs for insurance, information technology, communication and consulting, decreased in 2010 by CHF 3.2 million to CHF 7.6 million.

The other expenses of CHF 4.4 million (previous year: CHF 4.9 million) comprise costs related to the discontinuing operation; travel and related expenses; rental costs as well as capital and other taxes.

**9 – Depreciation** Depreciation totaled CHF 17.5 million, which reflects an increase of CHF 4.8 million compared to the previous year (CHF 12.7 million), which was mainly caused by the non-planned depreciation of CHF 5.4 million of the ATMOVA system. The whole depreciation of the discontinuing operation amounted to CHF 6.2 million.

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			2010		2009	
	Continuing operation	Discontinuing operation	Total	Continuing operation	Discontinuing operation	Total
Financial income	78	1	79	528	2	530
Financial expenses	-2,573	-305	-2,878	-1,911	-173	-2,084
Exchange rate differences	-2,624	4	-2,620	246	-2	244
<b>Financial result</b>	<b>-5,119</b>	<b>-300</b>	<b>-5,419</b>	<b>-1,137</b>	<b>-173</b>	<b>-1,310</b>

The net financial result decreased by CHF 4.1 million to CHF -5.4 million compared to the previous year. The main reason for this decrease is the exchange rate difference, which was CHF 2.9 million less.

The average interest of 2.7% (short-term and long-term, without factoring) decreased by 1.2 percentage points from its prior-year level.

**11 – Non-operating result**

CHF 000	2010	2009
Non-operating income	1,654	537
Income from sale of plant and equipment	1,654	484
Other non-operating income	0	53
Non-operating expenses	-70	-1
<b>Non-operating result</b>	<b>1,584</b>	<b>536</b>

In 2010, non-operating income from sale of plant and equipment amounted to CHF 1.7 million (previous year: CHF 0.5 million) due to the sale of land in Reconvilier and Dornach.

**12 – Extraordinary result** In 2010, the extraordinary result amounts to CHF 0.2 million (previous year: zero).

**13 – Taxes** Tax result totaled CHF 1.1 million, which is an increase of CHF 1.3 million compared to the previous year with CHF -0.2 million. The average tax rate is 20.8%. The tax result increased mainly due to deferred taxes as a consequence of the negative result for the year. (See also Financial assets)

**14 – Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totaled CHF 1.9 million (previous year CHF 5.7 million), which represents a decrease compared to 31 December 2009 of CHF 3.8 million. (See also Consolidated cash flow statement)

**15 – Securities** Securities slightly decreased to CHF 0.2 million compared to the previous year.

**16 – Trade accounts receivable** Trade accounts receivable have decreased by CHF 2.4 million compared to the previous year to CHF 23.6 million. Although there was an increased business and metal price situation, the amount could be lowered due to the improved payment of our customers. The value adjustments (individual and lump-sum bad debts) amounted to CHF 1.8 million as of 31 December 2010, slightly changed compared with CHF 2.0 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 2010, gross accounts receivable amounted to CHF 32.2 million (previous year: CHF 28.0 million), of which CHF 16.8 million was ceded on 31 December 2010 (previous year: CHF 12.8 million). (See also Contingent liabilities and Credit line)

**17 – Other receivables** As of 31 December 2010, other receivables totaled CHF 10.9 million (previous year: CHF 8.7 million). Other receivables are composed primarily of VAT credits (CHF 5.4 million), receivables that arose in connection with the refinancing in 2004 and is used as collateral towards a bank (CHF 3.1 million net), and other receivables from public institutions.

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

CHF 000	31.12.2010	31.12.2009*
Raw metals	19,807	15,850
Own manufactured – metal content	41,532	35,787
Own manufactured – value added	9,327	9,206
Trade products	4,907	8,545
Other stock	29	33
Deduction for received partial payments	-296	0
<b>Total stock</b>	<b>75,306</b>	<b>69,421</b>

\* After restatement

Stock levels at the manufacturing plants have been increased by 500 tonnes from 9,200 tonnes in the previous year to 9,700 tonnes through higher business activities.

The total stock balance increased from CHF 69.4 million by CHF 5.9 million to CHF 75.3 million. The value of the metals (raw metals and own manufactured metal content) per tonne has increased from CHF 5,613 in 2009 to CHF 6,324 in 2010. This is due to the overall increased metal prices and due to slightly higher volume. The market value of the own manufactured stock totaled CHF 72.7 million as of 31 December 2010, which represented a decrease of CHF 2.4 million compared to the previous year (CHF 75.1 million). The difference between the market value and book value amounted to CHF 11.4 million (previous year: CHF 23.5 million). (See also Principles of valuation)

As of 31 December 2010, the stock value of the discontinuing operation amounted to CHF 0.5 million.

**19 – Prepaid expenses and accrued income** Prepaid expenses and accrued income amounted to CHF 2.3 million as of 31 December 2010, which is an increase of CHF 0.9 million compared to the previous year.

**20 – Property, plant and equipment and intangible assets**

2010 Statement of changes in tangible and intangible assets	Land Buildings		Machinery and technical equipment	Other equipment	Assets under con- struction	Intangible assets	Total 2010
<b>CHF 000</b>							
<b>Acquisition value</b>							
<b>Balance as at 1 January</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>
Acquisition finance lease				65			65
Acquisition			1,348	114	1,942	11	3,415
Disposals	-347		-1,106	-255			-1,708
Transfers of assets			3,218	65	-9,442	6,159	0
Change in scope of consolidation							0
Currency translation adjustments	-545	-246	-1,441	-92		-1,343	-3,667
<b>Balance as at 31 December</b>	<b>4,933</b>	<b>76,255</b>	<b>256,084</b>	<b>9,395</b>	<b>139</b>	<b>21,380</b>	<b>368,186</b>
Thereof discontinuing operation			294			6,127	6,421
<b>Accumulated depreciation</b>							
<b>Balance as at 1 January</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>
Depreciation finance lease			24	93			117
Planned depreciation		1,342	7,521	86		3,056	12,005
Non-planned depreciation						5,395	5,395
Disposals			-1,148	-255			-1,403
Transfers of assets							0
Change in scope of consolidation							0
Currency translation adjustments		-69	-861	-66		-1,182	-2,178
<b>Balance as at 31 December</b>	<b>3</b>	<b>63,288</b>	<b>214,729</b>	<b>8,667</b>	<b>0</b>	<b>20,448</b>	<b>307,135</b>
Thereof discontinuing operation			42			6,127	6,169
<b>Carrying amount</b>							
as at 1 January	5,822	14,486	44,872	689	7,639	3,374	76,882
as at 31 December	4,930	12,967	41,355	728	139	932	61,051
Thereof discontinuing operation			252			0	252
<b>Fire insurance values</b>							
as at 31 December		285,885	329,915	9,080			624,880

CHF 000	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under con- struction	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
Planned 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

The asset class «Buildings» included buildings not required for operations with a carrying value of CHF 0.4 million as of 31 December 2010 (previous year: CHF 0.4 million). Land without buildings amounted to a book value of CHF 2.6 million (previous year: CHF 3.2 million).

IT equipment in the amount of CHF 0.1 million has been bought with finance lease contracts. As of 31 December 2010, the carrying amount of the finance leased assets is CHF 0.5 million. This amount is composed by the discontinuing operation of CHF 0.1 million.

Intangible assets decreased by CHF 2.5 million to CHF 0.9 million, the amortization consisted of CHF 1.5 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 1.0 million software and other intangible assets.

A new impairment test was made for 2010. Due to this test, no impairment adjustment was necessary in 2010. The impairment of 2008 is not reversed. (See also Statement of changes in tangible and intangible assets)



**21 – Financial assets** The financial assets amounted to a total of CHF 2.8 million in 2010 (previous year: CHF 2.5 million) and are mainly composed of deferred taxes of CHF 2.7 million (previous year: CHF 2.2 million) and the employer contribution reserves of CHF 49 thousands (previous year: CHF 85 thousands). As of 31 December 2010, the total valuable fiscal loss carry-forward totaled CHF 19.0 million (previous year: CHF 14.3 million) and can be claimed at least up until the end of 2014.

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

Economic benefits/obligation and pension expense							
CHF 000	Surplus/deficit pursuant to Swiss GAAP FER 26 (Basis 31.12.2009)	Company's economic liability**		Change from prior year or recognized in income during the fiscal year	Contribution concerning the business period without ECR	Pension expense included in personnel expenses	
	31.12.2010	31.12.2010	31.12.2009			2010	2009
Welfare funds/pension plans	1,631	0	0	0	0	0	0
Pension plans*	-4,034	-407	-560	153	1,975	1,822	2,497
<b>Total</b>	<b>-2,403</b>	<b>-407</b>	<b>-560</b>	<b>153</b>	<b>1,975</b>	<b>1,822</b>	<b>2,497</b>

\* There is an undercapitalization in the pension plan for 2010. The coverage rate is at approximately 98% according to the provisional financial statements.

\*\* Although Swissmetal Industries Ltd, Dornach, has no economic obligation to take measures for refinancing, it decided to contribute together with the retirees to recapitalize the pension fund. Therefore, Swissmetal has posted a provision for contributions for financial reconstructions for 2011 of CHF 0.4 million.

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

Employer contribution reserves (ECR)							
CHF 000	Nominal value	Use of ECR waived	Other provisions	Discount	Balance sheet	Balance sheet	Earnings from ECR included in personnel expenses
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009	2010
Welfare funds/pension plans	85	-36	0	0	49	85	-36
<b>Total</b>	<b>85</b>	<b>-36</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>85</b>	<b>-36</b>

Pension plan contribution (CHF 000)	2010	2009
Regulatory employee contributions	1,975	1,937
Regulatory employer's contributions	1,975	1,937

The employer's contributions are included in the personnel expenses. The non-interest-bearing pension plan liabilities amounted to CHF 0.8 million as of 31 December 2010.

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

Credit type (CHF 000)	31.12.2010	31.12.2009
Bank loans	24,510	15,770
Compulsory stockpile loans	0	1,940
Mortgage loans	15,060	6,680
Liabilities to employee benefit foundations	0	266
<b>Total interest-bearing liabilities (short-term)</b>	<b>39,570</b>	<b>24,656</b>

The short-term interest-bearing liabilities increased by CHF 14.9 million compared to the previous year. The borrowing base could be increased and the whole rest of the mortgage loan has to be paid back in 2011. The collateral for that mortgage line is mainly the Dornach site. The compulsory stockpile loan was repaid in 2010. (See also Loans (long-term))

**24 – Trade accounts payable** Trade accounts payable to suppliers increased by CHF 9.4 million to CHF 29.0 million compared to the prior year.

**25 – Other liabilities** Other liabilities amount to a total of CHF 5.8 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 6.0 million). The other liabilities, therefore, consist mainly of holiday and overtime credits of CHF 3.1 million.

**26 – Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 3.2 million represents a decrease of CHF 1.0 million year-on-year. This item includes accruals for invoices not yet received of CHF 1.9 million, auditing services and additional costs in connection with the annual report of CHF 0.2 million, complaints of CHF 0.9 million as well as accruals for annual discounts and commissions of CHF 0.2 million.

### 27 – Provisions

2010						
CHF 000	Restructuring	Environment	Other	Pension liabilities	Deferred taxes	Total
<b>Book value as at 1.1.2010</b>	<b>2,000</b>	<b>5,105</b>	<b>655</b>	<b>2,978</b>	<b>5,669</b>	<b>16,407</b>
Addition		850	1,746	407	578	3,581
Utilization		-66			0	-66
Reversal		-500	-425	-621	-1,209	-2,755
Currency translation adjustments			-2	-388	-172	-562
<b>Book value as at 31.12.2010</b>	<b>2,000</b>	<b>5,389</b>	<b>1,974</b>	<b>2,376</b>	<b>4,866</b>	<b>16,605</b>
Thereof discontinuing operation			1,141	0	17	1,158
Thereof short-term			1,504	407		1,911

2009						
CHF 000	Restructuring	Environment	Other	Pension liabilities	Deferred taxes	Total
<b>Book value as at 1.1.2009</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>
Restatement						0
<b>Book value as at 1.1.2009</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
Restatement					3,363	3,363
Currency translation adjustments			-3	-5	-11	-19
<b>Book value as at 31.12.2009</b>	<b>2,000</b>	<b>5,105</b>	<b>655</b>	<b>2,978</b>	<b>5,669</b>	<b>16,407</b>
Thereof short-term	2,000		481	560		3,041

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 14.7 million is attributable to long-term and CHF 1.9 million to short-term provisions (previous year: CHF 13.4 million and CHF 3.0 million, respectively). In all cases the probability of the event is estimated clearly more than 50%.

The environment contains provisions for environmental protection measures of net CHF 5.4 million, a net increase of CHF 0.3 million compared to the previous year. (See also Environment)

**28 – Loan (long-term)**

CHF 000	31.12.2010	31.12.2009
Bank loan	5,505	5,242
Mortgage loans	0	11,650
<b>Total loans</b>	<b>5,505</b>	<b>16,892</b>
Average interest rate in the years ending on	3.00%	3.90%

Bank loan amounts to CHF 5.5 million (previous year CHF 5.2 million) and corresponds to the bank loan of Avins USA Inc., Warren/NJ, that was increased during 2010. On 31 December 2010, the remaining mortgage loan is reclassified in the short-term part. (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.

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

	31.12.2010*	31.12.2009*
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)	4.71%	5.40%

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

**31 – Contingent liabilities and credit line**

2010		2009	
Guarantee obligations vis-à-vis third parties	TCHF	Book value of assets used as collateral	TCHF
Guarantee liabilities	3,240	Stock	400
		Fixed assets	2,000
<b>Total guarantee liabilities vis-à-vis third parties</b>	<b>3,240</b>	<b>Total</b>	<b>2,400</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 was substituted by a fixed assets in 2010.

2010					
Credit line (CHF 000)	secured	claimable maximum	claimed	Book value of assets used as collateral (CHF 000)	
Factoring	20,988	11,169	8,577	Trade accounts receivable <sup>1</sup>	
Bank loan	5,646	5,646	5,505	Assets	13,330
Warehouse facility	27,066	24,775	24,494	Stock	56,325
Mortgage loan	15,060	15,060	15,060	Assets <sup>2</sup>	44,344
<b>Total</b>	<b>68,760</b>	<b>56,650</b>	<b>53,636</b>	<b>Total</b>	<b>113,999</b>
2009					
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 <sup>1</sup>	
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 <sup>3</sup>	49,808
<b>Total</b>	<b>80,354</b>	<b>55,566</b>	<b>45,533</b>	<b>Total</b>	<b>112,190</b>

<sup>1</sup> Trade accounts receivable do not count as coverage, but are ceded (see also Trade accounts receivable)

<sup>2</sup> Fixed assets and receivables in connection with the refinancing 2004

<sup>3</sup> Fixed assets, receivables in connection with the refinancing 2004 and prospective sale of land

The overall credit line that could have been used based on the contracts as at 31 December 2010, amounted to CHF 56.7 million and increased by CHF 1.1 million compared to the previous year, mainly due to the factoring line. Thereof, CHF 53.6 million or 95% (previous year: CHF 45.5 million or 82%, respectively) were used as at the end of 2010. The carrying value of the collaterals underlying these credit lines increased in the period under review from CHF 112.2 million to CHF 114.0 million by CHF 1.8 million.

The assets used as collateral as at 31 December 2010 include the 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 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 48.1 million amounts to CHF 35.9 million as at the end of 2010.

Utilization of the line of credit requires adherence to certain key financial covenants.



**32 – Financial obligations from operating leases and long-term liabilities** The future obligations from operating lease agreements are as follows:

Leased assets 2010 (CHF 000)						
Maturity	2011	2012	2013	2014	2015 and later	Total
Vehicles	200	129	92	32	7	460
Office space	116	11				127
<b>Total</b>	<b>316</b>	<b>140</b>	<b>92</b>	<b>32</b>	<b>7</b>	<b>587</b>

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>

The total operating lease obligation decreased to CHF 0.6 million. The leasing obligations for office space result from the Avins USA Inc., Warren/NJ.

### 33 – Hedges

2010			
CHF 000	Contract value	Valuation at the balance sheet closing rate	Positive (+)/negative (-) replacement value
Sale metal forwards		-370	-84
Sale foreign exchange		-17	0
Purchase metal forwards		309	145
<b>Total replacement value</b>		<b>-78</b>	<b>61</b>

2009			
CHF 000	Contract value	Valuation at the balance sheet closing rate	Positive (+)/negative (-) replacement value
Sale metal forwards		-2,417	-264
Sale foreign exchange		-133	4
<b>Total replacement value</b>		<b>-2,550</b>	<b>-260</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 0.1 million is recognized under accrued income for the unrealized gain from derivative financial instruments as of 31 December 2010.

### 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, there is a provision of CHF 0.9 million.

Furthermore, due to the environmental studies of the surroundings of the Reconvilier plant and the resulting samples, there is a provision of CHF 1.5 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 and are to be finished in the next years. In 2009, the requirements of the environmental administration established a concept and offers for its implementation that have been taken. Based on this, there is a provision for the environmental impact assessment of 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. This amount has been augmented to CHF 1.5 million as of 31 December 2010.

**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). Due to the results of the investigation at the site Lüdenscheid, a provision of EUR 40,000 for the environment related renovation of a liquid separator has been posted.

**35 – Research and development** Direct research and development expenses totaled CHF 3.0 million in 2010 (previous year: CHF 3.5 million), thereof CHF 1.8 million (previous year: CHF 2.6 million) were capitalized due to the present development stage of the ATMOVA system and CHF 1.2 million (previous year: CHF 0.9 million) recognized in the income statement. As the ATMOVA system belongs to the discontinuing operation this amount (together with the others) is completely written off. Personnel costs of CHF 2.5 million (previous year: CHF 1.6 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 at CHF 0.5 million (previous year: CHF 1.0 million).

**36 – Compensations and transactions with related parties** For the years 2010 and 2009, the members of the Board of Directors gained the following compensation, respectively:

<b>Board of Directors: Compensation 2010 (CHF)</b>	<b>Dr J. Friedrich Sauerländer Chairman</b>	<b>Dr Dominik Köchlin Vice chairman</b>	<b>Max Locher Member</b>	<b>Dr Roger Bühler<sup>5</sup> Member</b>	<b>Ferdinand Stutz Member</b>	<b>Dr Jürg Henz Member</b>	<b>Total BoD</b>
<b>Compensation (cash)<sup>1</sup></b>							
<b>Pay (fixed)</b>							
Chairman <sup>2</sup>	100,000						100,000
Vice Chairman <sup>2</sup>		75,000					75,000
Member <sup>2</sup>			50,000	20,833	50,000	50,000	170,833
Chairman of the AC <sup>2</sup>		15,000					15,000
Member of the AC <sup>2</sup>	15,000			6,250			21,250
<b>Remuneration for additional work</b>							
Additional services above and beyond regular duties <sup>3</sup>	70,000						70,000
<b>Compensation (non-cash)</b>							
Social insurances <sup>4</sup>	8,494	5,445	1,677		3,025	3,025	21,666
<b>Total compensation</b>	<b>193,494</b>	<b>95,445</b>	<b>51,677</b>	<b>27,083</b>	<b>53,025</b>	<b>53,025</b>	<b>473,749</b>

<sup>1</sup> Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.

<sup>2</sup> In 2010, the Board of Directors' compensations for 2009 and 2010 are paid out partly but accrued.

<sup>3</sup> CHF 2,500 per day plus expenses is paid for additional services above and beyond the regular director's duties.

<sup>4</sup> Employer's share 2010

<sup>5</sup> Dr Roger Bühler was BoD and AC Member until 27 May 2010.

<b>Board of Directors: Compensation 2009 (CHF)</b>	<b>Dr J. Friedrich Sauer- länder</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 <sup>1</sup>	100,000								100,000
Vice Chairman <sup>1</sup>		75,000							75,000
Member <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>									
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 (housing and car allowance) 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.

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.

<b>Executive Management: Compensation 2010 (CHF)</b>	<b>Individual with the highest compensation: CEO</b>	<b>Other Executive Management Members</b>	<b>Total</b>
<b>Compensation (cash)<sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member	330,000	1,625,397	1,955,397
<b>Pay (variable)</b>			
Sirius bonus (Retired)		37,600	37,600
Sirius bonus	0	0	0
Other bonuses <sup>2</sup>	165,000	33,939	198,939
<b>Remuneration for additional work</b>			
Additional services above and beyond regular duties		7,506	7,506
<b>Total compensation (cash)</b>	<b>495,000</b>	<b>1,704,442</b>	<b>2,199,442</b>
<b>Compensation (non-cash)</b>			
Bonus bank opening balance	0	-1,791,546	-1,791,546
Bonus bank pay-out (negative value) and deduction (positive value), respectively <sup>3</sup>	0	(1,791,546)	(1,791,546)
Bonus bank closing balance	0	0	0
Benefits in kind <sup>4</sup>	78,000	50,373	128,373
Pension expenses <sup>5</sup>	78,273	282,932	361,205
<b>Total compensation (non-cash)</b>	<b>156,273</b>	<b>333,305</b>	<b>489,578</b>
<b>Total compensation</b>	<b>651,273</b>	<b>2,037,747</b>	<b>2,689,020</b>

<sup>1</sup> Unless otherwise noted, there are no outstanding options, benefits in kind (housing and car allowance) or loan guarantees.

<sup>2</sup> The Board of Directors may grant bonuses based on individual merit.

<sup>3</sup> The negative bonus bank balance is not owed to the Swissmetal Group. It is offset with the positive contribution in brackets from 2010 and will be offset with future bonuses and, therefore, it is not added to the Total compensation (non-cash).

<sup>4</sup> Housing and car allowance

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



Executive Management: Compensation 2009 (CHF)	Individual with the highest compensation: CEO <sup>8</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
<b>Compensation (cash)<sup>1</sup></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 <sup>5</sup>	24,983	46,702	49,992	121,677
Pension expenses <sup>6</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>8</sup>	CEO	Other Executive Management Members	Total
	Martin Hellweg (leaving 15 May 2009)	Dr Olaf Schmidt-Park (entry 15 May 2009)		
Loans <sup>7</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> Housing and car allowance

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

<sup>7</sup> The loan was used to finance the purchase of shares that are locked in for a certain period.

<sup>8</sup> Martin Hellweg does not receive additional compensation for his service on the Board of Directors.

**Note on the bonus bank:** The lines «Sirius bonus» and «Bonus bank payout (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 payout (negative value) and deduction (positive value), respectively» now means that this amount was withdrawn from the bonus bank and not charged to expenses. A positive balance would mean that the bonus bank increased in the respective year and the target could eventually be more than exceeded. Compared to the end of 2009, the bonus bank could be increased due to value added increase in 2010. In 2011, Swissmetal will change the bonus plan system. Therefore, the balance of the bonus bank is zero as of 31 December 2010.

In 2010, a former Executive Management member received a total compensation of CHF 188,143 due to his contractual agreement.

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

Number of shares (votes)	2010	2009
<b>Dr J. Friedrich Sauerländer</b> Chairman of the BoD	5,000	5,000
<b>Dr Dominik Köchlin</b> Vice Chairman	3,000	3,000
<b>Max Locher</b> Member	801	801
<b>Dr Jürg Henz</b> Member	0	0
<b>Ferdinand Stutz</b> Member	0	0
<b>Roger Bühler*</b> Member	n.a.	0
<b>Dr Olaf Schmidt-Park</b> CEO	1,762	1,762
<b>Volker Suchordt</b> EVP Own Manufactured Products and Quality, Safety and Environment	n.a.	3,000
<b>Sam V. Furrer</b> Chief Development Officer	n.a.	6,000
<b>Joachim Blatter</b> Chief Financial Officer	3,023	3,445
<b>Dr Volker Helling</b> Chief Sales Officer	0	n.a.
<b>Udo Nöbel</b> Chief Operations Officer	0	n.a.
<b>Laura Rossini</b> Director Human Resources	535	535
<b>Martin Heuschkel</b> Managing Director Swissmetal Design Solutions	0	0
<b>Jean-Pierre Tardent</b> SVP R&D, Application Engineering and Quality Management	n.a.	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 a 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 – Going concern

The warehouse facility with a secured amount of CHF 20.0 million will terminate in September 2011.

In order to refinance the warehouse facility, Swissmetal Management has taken up the discussion with the bank for a prolongation of additional two years. A renewal of the present warehouse facility will be tied on financial covenants. In addition, a prolongation would require loan repayments from 2012 onward. The Board of Directors and the Executive Management assumes that the financial covenant can be met and the repayments can be fulfilled in the future.

In addition to the warehouse facility prolongation, Management is also discussing a sale and lease back financing agreement for the Dornach sites. The potential investor requires the above mentioned prolongation of the warehouse facility in order to secure the financing of the company.

The loan from another bank for financing of the Apollo press in Dornach was intended to be repaid within three years until 2011. Considering the difficult global economic situation in 2009, the repayment structure was inadequate. New repayment terms were agreed and successfully implemented in 2011.

The warehouse facility of CHF 5.3 million for the subsidiary Swissmetal Lüdenscheid GmbH, Lüdenscheid, Germany, could be successfully refinanced by the end of March 2011. Furthermore, Swissmetal Lüdenscheid GmbH is applying for a secured loan guaranty of Nordrhein-Westfalen with a local bank in Lüdenscheid.

On the basis of the continuing robust balance sheet with an equity ratio of 44% (previous year: 54%) coupled with the Group's good market position, the Board of Directors and the Executive Management are convinced that any funding requirements needed to operate the business will continue to be made available. Even if an assessment of future development continues to be difficult, the uptrend in the first quarter 2011 encourages the Board of Directors and the Executive Management that the correcting measures taken have been successfully implemented and that the future granting of credits can be assured.

### 39 – Discontinuing operation

As published on 22 December 2010, the Swissmetal Group has decided to curtail the business operations of its subsidiary Swissmetal Design Solutions AG. Swissmetal intends to focus more strongly on the core business. Furthermore, the development of a marketable product needs more cash investment that Swissmetal cannot afford at the moment. Nevertheless, Swissmetal is convinced that the ATMOVA system has its future. As a consequence of this fact, Swissmetal Design Solutions AG, i.e. the ATMOVA business, is considered as a discontinuing operation.

**40 – Events occurring after the balance sheet date**

On 29 March 2011, 80% of the other receivable in connection with the insolvency proceeding of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, was received. The collateral toward a bank is reduced by CHF 2.6 million. On 21 April 2011, the bank agreed on the prolongation of the warehouse facility for another two years (until mid-2013) depending on the sale and lease-back/buy-back agreement.

## REPORT OF THE GROUP AUDITORS SWISSMETAL GROUP

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 2010.

#### 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 2010 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.

Without qualifying our opinion, we draw attention to Note 38 in the consolidated financial statements which indicates that a refinancing of Swissmetal Group is necessary. The closing of the respective contracts depends on certain circumstances, especially on the agreements of various parties. Those circumstances indicate that an uncertainty in relation to the financing exists which may cast doubt about Swissmetal's ability to continue as a going concern.

#### 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, 29 April 2011

PricewaterhouseCoopers AG

Dr Daniel Suter, Audit expert      Matthias Rist, Audit expert

Auditor in charge





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**Income statement****Swissmetal Holding Ltd**

		2010	2009
	Notes	CHF 000	CHF 000
Income from subsidiaries	1	0	0
Other income		0	0
<b>Total operating income</b>		<b>0</b>	<b>0</b>
Operating and administrative expenses	2	-347	-1,067
Other expenses from third parties	3	-56	-152
Other expenses from subsidiaries	3	-100	-100
<b>Operating income before depreciation (EBITDA)</b>		<b>-503</b>	<b>-1,319</b>
Depreciation	4	-11,000	-22,634
<b>Operating income (EBIT)</b>		<b>-11,503</b>	<b>-23,953</b>
Financial result	5	-634	-70
Extraordinary result	6	190	0
<b>Earnings before taxes (EBT)</b>		<b>-11,947</b>	<b>-24,023</b>
Taxes	7	0	-7
<b>Result for the year (EAT)</b>		<b>-11,947</b>	<b>-24,030</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	31.12.2010		31.12.2009	
		CHF 000	%	CHF 000	%
<b>Current assets</b>					
Cash and cash equivalents		1	0.0	994	1.1
Securities	8	134	0.2	61	0.1
Other receivables	9	3,106	3.5	3,560	3.9
Trade accounts receivable from subsidiaries	10	7,414	8.3	7,407	8.2
<b>Total current assets</b>		<b>10,655</b>	<b>11.9</b>	<b>12,022</b>	<b>13.3</b>
<b>Fixed assets</b>					
Investment in subsidiaries	11	67,652	88.1	78,652	86.7
<b>Total fixed assets</b>		<b>67,652</b>	<b>88.1</b>	<b>78,652</b>	<b>86.7</b>
<b>TOTAL ASSETS</b>		<b>78,307</b>	<b>100.0</b>	<b>90,674</b>	<b>100.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Trade accounts payable		71	0.1	37	0.0
Trade accounts payable to subsidiaries	12	311	0.3	527	0.6
Other liabilities		46	0.1	18	0.0
Accrued expenses and prepaid income	13	525	0.6	791	0.9
Provisions for taxes		1	0.0	1	0.0
Other provisions		0	0.0	0	0.0
<b>Total current liabilities</b>		<b>954</b>	<b>1.1</b>	<b>1,374</b>	<b>1.5</b>
<b>Total liabilities</b>		<b>954</b>	<b>1.1</b>	<b>1,374</b>	<b>1.5</b>
<b>Shareholders' equity</b>					
Share capital	14	59,617	66.8	59,617	65.7
General statutory reserves		43,752	49.0	43,752	48.3
Reserve for own shares	15	131	0.2	60	0.1
Available earnings		-26,147	-17.0	-14,129	-15.6
- Retained earnings		-14,200	-15.9	9,901	10.9
- Result for the year		-11,947	-1.0	-24,030	-26.5
<b>Total shareholders' equity</b>		<b>77,353</b>	<b>98.9</b>	<b>89,300</b>	<b>98.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>78,307</b>	<b>100.0</b>	<b>90,674</b>	<b>100.0</b>

## Statement of changes in shareholder's 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 2009</b>	<b>59,617</b>	<b>43,752</b>	<b>8,036</b>	<b>1,925</b>	<b>113,330</b>
Allocation to reserves for own shares			-7,976	7,976	0
Result for the year – 2009				-24,030	-24,030
<b>Balance as at 1 January 2010</b>	<b>59,617</b>	<b>43,752</b>	<b>60</b>	<b>-14,129</b>	<b>89,300</b>
Allocation to reserves for own shares			71	-71	0
Result for the year – 2010				-11,947	-11,947
<b>Balance as at 31 December 2010</b>	<b>59,617</b>	<b>43,752</b>	<b>131</b>	<b>-26,147</b>	<b>77,353</b>

Own shares	Number	Average price (CHF)
<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 salary portion)	-20,540	9.36
Sale	-300,000	9.50
Purchase from employee	2,020	9.22
<b>Balance as of 1 January 2010</b>	<b>5,909</b>	<b>10.13</b>
Purchase	30,998	8.44
Sale	-17,078	8.85
Sale to employees	-1,734	9.00
Purchase from employee	422	10.85
<b>Balance as of 31 December 2010</b>	<b>18,517</b>	<b>7.54</b>

At the end of 2010, Swissmetal Group held 18,517 own shares (previous year: 5,909). 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. In 2010, a total of 31,420 own shares were purchased and 18,812 shares were sold.

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

In accordance with the legal requirements, the reserve for own shares has been increased in 2010 by CHF 0.1 million (previous year: decreased by CHF 8.0 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.

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 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. On 27 May 2010, the authorized capital was extended again until 27 May 2012.

In the financial year 2010, the share capital remained the same as in 2009, meaning 6,624,106 shares, each with a par value of CHF 9.00.



## Notes to the income statement

**1 – Income from subsidiaries** In 2010, the company did not incur any income from subsidiaries. As in the previous year, Swissmetal Industries Ltd, Dornach, Swissmetal Design Solutions AG, Dornach, and Avins International Ltd, Dornach, did not distribute a dividend.

**2 – Operating and administrative expenses** The operating and administrative expenses of CHF 0.3 million comprise the Board of Directors' compensation as well as auditing and consulting expenses and capital taxes.

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

**4 – Depreciation** Depreciation contains the non-planned depreciation of the subsidiary investment Swissmetal Industries Ltd, Dornach. (See Investment in subsidiaries)

### 5 – Financial result

CHF 000	31.12.2010	31.12.2009
Financial income	0	241
Financial expenses	-634	-311
<b>Financial result</b>	<b>-634</b>	<b>-70</b>

Net financial result amounts to CHF -0.6 million (previous year: CHF -0.1 million). Losses on own shares contributed CHF -0.1 million to the financial income in 2010 (previous year: CHF -0.1 million).

**6 – Extraordinary result** In 2010, the extraordinary profit is CHF 0.2 million of released value adjustment allowance for other receivables, whereas in 2009 it contains zero. (See also Other receivables and Other provisions)

**7 – Taxes** Taxes consist of income taxes and are zero in 2010.

## Notes to the balance sheet

**8 – Securities** Securities amount to CHF 134 thousands and consist primarily of the 18,517 own shares, the number increased by 12,608 own shares during the year under review. Compared to the previous year, this increase primarily reflects the net effect of the increased amount and decreased value of own shares.

**9 – 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%, 5% and 0% in the financial year 2007, 2008 and 2010, respectively, accordingly CHF 0.8 million in 2007, CHF 0.2 million in 2008 and CHF 0.5 million in 2010 were reversed and the receivables amount was revalued at 90%, at 95% and 100%, respectively. It is used as a collateral towards a bank. The lower value of CHF 3.1 million in 2010 compared to the original value is due to the exchange rate difference.

**10 – Current accounts from subsidiaries** As of 31 December 2010, a total of CHF 7.4 million in receivables from Swissmetal Industries Ltd, Dornach, and Avins International Ltd, Dornach, was outstanding. This is nearly unchanged compared to the previous year's amount.

### 11 – Investment in subsidiaries

Country and company 2010	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 <sup>1</sup>	CHF 000	100	Development company	100	
<b>Germany</b>					
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>					
Swissmetal East Asia Ltd, Hong Kong <sup>2</sup>	HKD 000	60	Trading company		100

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 <sup>3</sup>	CHF 000	100	Trading company		100
<b>Germany</b>					
Avins Germany GmbH, Lüdenscheid <sup>3</sup>	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

<sup>1</sup> Discontinuing operation

<sup>2</sup> As of 15 May 2010, Avins East Asia Ltd changed its name to Swissmetal East Asia Ltd and as of 8 October 2010, it became a subsidiary of Swissmetal Industries Ltd.

<sup>3</sup> As of 1 January 2010, Avins Switzerland Ltd and Avins Germany GmbH have been merged with their parent companies Swissmetal Industries Ltd and Swissmetal Lüdenscheid GmbH, respectively.

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 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 1 January 2010</b>	<b>78,652</b>	<b>0</b>	<b>0</b>	<b>78,652</b>
Changes	-11,000	0	0	-11,000
<b>Balance as at 31 December 2010</b>	<b>67,652</b>	<b>0</b>	<b>0</b>	<b>67,652</b>

SMCH: Swissmetal Industries Ltd, Dornach

SMDS: Swissmetal Design Solutions Ltd, Dornach

AVIN: Avins International Ltd, Dornach

The investments in subsidiaries are depreciated by a total amount of CHF 11.0 million in 2010.

**12 – Trade accounts payable to subsidiaries** The current account to subsidiaries declined in 2010 mainly due to the decrease of the current account with Swissmetal Industries Ltd.

**13 – Accrued expenses and prepaid income** On a year-on-year comparison, the decreased value mainly reflects the accrued expenses for the Board of Directors.

**14 – 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.

**15 – Reserve for own shares** The reserve for own shares increased by CHF 0.1 million compared to the previous year due to the purchase of own shares. (See also Statement of changes in shareholders' equity)

## Other explanatory notes

### 16 – Contingent liabilities

CHF 000	31.12.2010	31.12.2009
<b>Guarantee obligations</b>		
Guarantee liabilities	20,000	20,000

As of 31 December 2010, 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 the subordination clause of CHF 4.0 million (previous year: CHF 4.0 million) towards Avins International Ltd, Dornach.

**17 – 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 2010:

	31.12.2010*	31.12.2009*
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)	4.71%	5.40%

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

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

**19 – 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.

#### **20 – Going concern**

The warehouse facility with a secured amount of CHF 20.0 million will terminate in September 2011.

In order to refinance the warehouse facility, Swissmetal Management has taken up the discussion with the bank for a prolongation of additional two years. A renewal of the present warehouse facility will be tied on financial covenants. In addition, a prolongation would require loan repayments from 2012 onward. The Board of Directors and the Executive Management assumes that the financial covenant can be met and the repayments can be fulfilled in the future.

In addition to the warehouse facility prolongation, Management is also discussing a sale and lease back financing agreement for the Dornach sites. The potential investor requires the above mentioned prolongation of the warehouse facility in order to secure the financing of the company.

The loan from another bank for financing of the Apollo press in Dornach was intended to be repaid within three years until 2011. Considering the difficult global economic situation in 2009, the repayment structure was inadequate. New repayment terms were agreed and successfully implemented in 2011.

The warehouse facility of CHF 5.3 million for the subsidiary Swissmetal Lüdenscheid GmbH, Lüdenscheid, Germany, could be successfully refinanced by the end of March 2011. Furthermore, Swissmetal Lüdenscheid GmbH is applying for a secured loan guaranty of Nordrhein-Westfalen with a local bank in Lüdenscheid.

On the basis of the continuing robust balance sheet with an equity ratio of 44% (previous year: 54%) coupled with the Group's good market position, the Board of Directors and the Executive Management are convinced that any funding requirements needed to operate the business will continue to be made available. Even if an assessment of future development continues to be difficult, the uptrend in the first quarter 2011 encourages the Board of Directors and the Executive Management that the correcting measures taken have been successfully implemented and that the future granting of credits can be assured.

#### **21 – Events occurring after the balance sheet date**

On 29 March 2011, 80% of the other receivable in connection with the insolvency proceeding of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, was received. The collateral toward a bank is reduced by CHF 2.6 million.

## Proposal of the Board of Directors

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:

	<b>CHF 000</b>
Retained earnings from previous years	-14,129
Reallocation to own shares reserves	-71
Result for the year - 2010	-11,947
Available earnings to the Annual General Meeting	-26,147
Proposal of the Board of Directors regarding the utilization of available earnings	
<b>Carry-forward to new account</b>	<b>-26,147</b>

Dornach, 29 April 2011

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 70 to 76), for the year ended 31 December 2010.

#### **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 2010 comply with Swiss law and the company's articles of incorporation.

Without qualifying our opinion, we draw attention to Note 20 in the financial statements which indicates that a refinancing of Swissmetal Holding Ltd is necessary. The closing of the respective contracts depends on certain circumstances, especially on the agreements of various parties. Those circumstances indicate that an uncertainty in relation to the financing exists which may cast doubt about Swissmetal Holding Ltd's ability to continue as a going concern. Should Swissmetal Holding Ltd not be able to continue as a going concern the financial statements would need to be prepared based on liquidation values. This may cause concerns that the accumulated deficit exceeds the share capital in the sense of article 725 para. 2 Swiss Code of Obligations and the corresponding regulations would need to be complied with.

#### **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, 29 April 2011

PricewaterhouseCoopers AG

Dr Daniel Suter, Audit expert

Auditor in charge

Matthias Rist, Audit expert

# BERICHT DES VR-PRÄSIDENTEN UND DES CEO

Sehr geehrte Aktionäre,

2010 war für die Swissmetal ein schwieriges Jahr. Erfreulich war die durch die konjunkturelle Entwicklung gestützte Belegung des Geschäftes. Die Auswirkungen der Wirtschaftskrise waren noch bis weit in das Jahr spürbar, dennoch hat sich die Weltwirtschaft von der tiefen Rezession überraschend schnell erholt. Diese positive Entwicklung hat uns in nahezu allen Marktsegmenten steigende Auftragseingänge und Umsätze ermöglicht. Aufgrund der gestiegenen Auslastung konnten wir im 1. Quartal die Kurzarbeit beenden, ab dem 2. Quartal mussten wir in der Produktion bereits Temporärmitarbeiter einstellen.

Mit einem mehrwöchigen Anlagenausfall eines Giessofens für Speziallegierungen begann das deutlich schlechter verlaufene 2. Halbjahr. Die daraus resultierenden Umsatzeinbussen und Lieferverzögerungen konnten bis Ende 2010 nicht wettgemacht werden. Mit den alternativ gebuchten Aufträgen für Standardprodukte konnten wir einerseits nicht die geplanten Margen erzielen. Andererseits waren gerade diese Aufträge aus dem Euro-Raum von der in ihrer Geschwindigkeit einzigartigen Abwertung des Euro gegenüber dem Schweizer Franken betroffen. Zudem waren wir mit steigenden Rohstoffkosten konfrontiert, welche die Liquidität des Unternehmens extrem belasteten.

In diesem Umfeld steigerten wir unseren Umsatz beim fortzuführenden Geschäft um 41% auf CHF 270.8 Mio. Beim Bruttobearbeitungsumsatz, d. h. der den produzierenden Werken zurechenbare Bruttoumsatz abzüglich Metall zu Standardmetallkosten, konnten wir um 17% auf CHF 89.7 Mio. zulegen.

Die Erlöse blieben hinter den Erwartungen zurück. Mit einem EBIT für unser fortzuführendes Geschäft von CHF -7.7 Mio. konnten wir uns gegenüber dem Vorjahr um CHF 6.7 Mio. verbessern. Bereinigt um den Metalleffekt erzielten wir ein operatives EBIT von CHF -13.5 Mio., eine Steigerung gegenüber dem Vorjahr um immerhin CHF 21.7 Mio. Dennoch, unser zugegebenermassen sehr ambitioniertes

Ziel einer operativen „Schwarzen Null“ haben wir nicht erreicht. Ergebnisbelastend waren die ungünstige Währungssituation durch den schwachen Euro, Umsatzeinbussen durch den starken Schweizer Franken und den Anlagenausfall, Mehrkosten im Bereich Produktion und, wie beschrieben, der nicht optimale Produktmix.

Wie Sie dem Finanzteil entnehmen können, haben wir per Ende des Geschäftsjahres 2010 unsere Bewertungsmethode der Bestände von LIFO auf den gleitenden Durchschnitt GLD umgestellt. Wir erwarten dadurch eine Glättung des durch uns nicht zu beeinflussenden Metalleffektes auf unser Ergebnis und folgen dem Industriestandard. Auf den ersten Blick erschwert erscheint durch diese Massnahme der Ergebnisvergleich zum Vorjahr, da die Änderung der Bewertungsmethode auch für 2009 eine Neuberechnung erforderte. Mehr dazu erfahren Sie im Kapitel „Correction of the financial report 2009“.

Belastet wird unser Jahresergebnis durch Sonderaufwendungen für unsere Tochter Swissmetal Design Solutions AG (SDS) in Höhe von CHF -11.7 Mio. Wie im Dezember des vergangenen Jahres kommuniziert, werden wir die Aktivitäten der SDS zur Markteinführung von ATMOVA nicht mehr weiterführen. Die erste Phase des Markteintritts hat gezeigt, dass es für dieses innovative Produkt weiterer erheblicher Anstrengungen bedarf, um es erfolgreich am Markt zu etablieren. Swissmetal ist derzeit nicht in der Lage, diese mit den notwendigen Mitteln zu begleiten. Wir befinden uns im Verkaufsprozess.

Wir stehen weiterhin vor grossen Herausforderungen. Die Bereitstellung ausreichender Liquidität auf dem aktuellen Rohstoffkostenniveau hat erste Priorität. Wir arbeiten mit Hochdruck an der Verlängerung der Borrowing Base-Kreditlinie, die im September 2011 abläuft, um weitere zwei Jahre. Darüber hinaus stehen wir kurz vor dem Abschluss einer Sale&Lease Back/Buy Back-Vereinbarung für die Liegenschaft in Dornach,

mit der wir dem Unternehmen neues Kapital für Investitionen in unsere Anlagen zuführen wollen. Der Abwärtstrend des Euro scheint gegenüber dem Franken zwar zunächst einmal gestoppt, jedoch rechnen wir nicht mit einer baldigen Erholung. Wir reagieren auf diese Entwicklung mit einem Portfoliumbau, der unser Spezialitätensegment weiter ausbaut und der nun noch schneller vorangetrieben wird. Hier profitieren wir zum einen von der Stärkung unserer technischen Kompetenz, die wir seit Mitte 2009 wieder vorantreiben und zum anderen von der Verbesserung interner Prozesse, indem wir über eine neu geschaffene detaillierte Deckungsbeitragsrechnung vorab die Auftragsmargen bestimmen. Zusätzlich nutzen wir, soweit technisch realisierbar, in Absprache mit unseren Kunden die Möglichkeit der Produktionsverlagerung hin zu unserem Standort in Lüdenscheid.

Die Verbesserung unserer Kostenstruktur und Effizienzsteigerungen in allen Bereichen bleibt ebenfalls vorrangiges Ziel. In den Produktionsbereichen haben wir ein Programm gestartet, das bis Jahresende einen Ergebnisbeitrag von mehreren Millionen Franken liefert. Wie die Erfahrung des abgelaufenen Jahres zeigt, stellt der Erhalt bzw. die Erhöhung der Anlagenverfügbarkeit eine weitere grosse Herausforderung dar. Sobald die Finanzierung gesichert ist, wird das entsprechende Investitionsprogramm umgesetzt.

Gute Nachrichten kommen von der Verkaufsfront. Unsere Produkte und Lösungen bedienen intakte Märkte und bieten weiterhin hervorragende Chancen, da sie globale Wachstumstrends bedienen. So steigt die Nachfrage nach Speziallegierungen für Steckverbinder überproportional an. Auch das Seg-

ment Kraftwerksbau, wo aufgrund der längeren Auftragszyklen die konjunkturelle Krise verzögert begonnen hatte und dementsprechend länger andauerte, erfährt einen erfreulichen Nachfrageschub. Unser strategisches Wachstumsprogramm weist für die kommenden vier Jahre ein zusätzliches Umsatzpotential mit Neuprodukten von über CHF 35 Mio. aus. Als ersten Schritt werden wir unsere Produktpalette um die für Swissmetal neuen Aluminium-Bronzen erweitern, die wir in den Bereichen Luftfahrt sowie Öl und Gas anbieten.

Das schwierige Jahr 2010 liegt hinter uns, und wir haben die Voraussetzungen dafür geschaffen, unsere zukünftigen Chancen im globalen Wettbewerb zu nutzen. Dies alles zu erreichen war nur möglich dank unserer motivierten und engagierten Mitarbeiter und Mitarbeiterinnen, dank ihrer hohen fachlichen Kompetenz und ihrem grossen Einsatz. Dafür bedanken wir uns bei ihnen allen – auch im Namen der gesamten Direktion und des Verwaltungsrates – ganz ausdrücklich.

Sehr geehrte Aktionäre, auch Ihnen danken wir für das fortgesetzte Vertrauen in uns. Wir würden uns sehr freuen, wenn Sie uns auf unserem Weg der stetigen Verbesserung von Swissmetal's Performance auch weiter unterstützen.

Mit freundlichen Grüssen

Dr. J. Friedrich Sauerländer  
Präsident des Verwaltungsrats

Dr. Olaf Schmidt-Park  
CEO



# DER JAHRESABSCHLUSS 2010 IM ÜBERBLICK

## Vorbemerkung

Die Geschäftstätigkeit entwickelte sich im Jahr 2010 bedeutend besser als im Vergleich zum Vorjahr, welches durch negative Einflüsse wie die globale Finanz- und Wirtschaftskrise geprägt war. Die Erholung des wirtschaftlichen Umfelds in praktisch allen Märkten und die Resultate der im Jahr 2009 eingeleiteten Kostenreduzierungsmaßnahmen trugen zu dieser Verbesserung bei.

Am Anfang des Jahres führten wir das ATMOVA-System, unser regeneratives Heizungssystem, im Markt ein. Wir standen vor der Herausforderung, dass die hohen Liquiditätserfordernisse in der Aufbau-Phase parallel zum steigenden Metallpreis der Rohstoffe finanziert werden mussten. Deshalb haben Direktion und Verwaltungsrat entschieden, die Aktivitäten auf das Kerngeschäft von Swissmetal zu fokussieren und das ATMOVA-Geschäft nicht mehr weiterzuführen – trotz des Interesses am Produkt. Die Effekte der „Discontinuing Operation“ sind in den Tabellen separat dargestellt und belaufen sich in Bezug auf den EBIT auf CHF –11.7 Mio. Das operative Ergebnis (EBIT) des weitergeführten Geschäftsbereiches („Continuing Operation“) konnte im Vergleich zum Vorjahr um CHF 6.7 Mio. verbessert werden. Dieser Wert beinhaltet die Wertanpassung des Warenlagers durch die Umstellung der Bewertungsmethode von LIFO auf den gleitenden Durchschnitt. Im operativen Ergebnis sind die negativen Effekte von CHF 3.2 Mio. aufgrund des starken Schweizer Frankens für die in die Euro-Zone verkauften Produkte enthalten. Negativ beeinflusst wurde das Ergebnis ebenso durch die aufgrund des starken Schweizer Frankens verlorenen Aufträge, die zur Reduzierung der Fixkosten beigetragen hatten.

Continuing operation (TCHF)	2010	2009	Veränderung
<b>EBIT (Vorjahr; LIFO)</b>	<b>-16,661</b>	<b>-29,912</b>	<b>13,251</b>
Auswirkung Veränderung zu gleitendem Durchschnitt	9,001	15,589	-6,588
<b>Operatives Ergebnis (EBIT)</b>	<b>-7,660</b>	<b>-14,323</b>	<b>6,663</b>
Metallbewertungseffekt	-5,855	-20,869	15,014
<b>EBIT (operativ)</b>	<b>-13,515</b>	<b>-35,192</b>	<b>21,677</b>

Die obere Tabelle zeigt die einzelnen Effekte, welche den „Continuing“-Teil beeinflussen:

**EBIT (Vorjahr; LIFO)** Im Jahr 2009 wurde das Warenlager der Produktionsgesellschaften nach der LIFO-Methode bewertet. Dies führte zu einem EBIT von CHF –29.9 Mio. für die „Continuing Operation“. Wäre in 2010 ebenfalls die LIFO-Methode angewendet worden, so hätte das EBIT (Vorjahr; LIFO) von CHF –16.7 Mio. eine Verbesserung von CHF 13.2 Mio. gezeigt.

**Operatives Ergebnis (EBIT)** Die Swissmetal-Gruppe wechselte zur gleitenden Durchschnittsmethode im Jahr 2010. Dies hatte eine Anpassung von einzelnen Positionen des Jahres 2009 zur Folge. Das operative Ergebnis (EBIT) belief sich auf CHF –7.7 Mio. und verbesserte sich im Vorjahresvergleich um CHF 6.7 Mio. (Siehe auch Correction of the financial report 2009)

**EBIT (operativ)** Der Metallbewertungseffekt reflektiert die Zeitverzögerung der Warenlagerbewertung (Differenz zwischen dem Einkaufspreis des Materials und dem entsprechenden Bilanzwert auf der einen Seite und dem Verkauf von Metallen auf der anderen Seite). Der Metallbewertungseffekt von CHF 5.9 Mio. ist Teil der Position Metallaufwand und Bestandesveränderungen. Es ist ein externer Faktor, der von Swissmetal nicht beeinflusst werden kann und durch gleitende Durchschnittsmethoden-Bewertung und die Metallpreis-Volatilität entsteht.

Das operative Ergebnis (EBIT) inklusive Metallbewertungseffekt resultiert in einem EBIT (operativ) von CHF –13.5 Mio., was einer Verbesserung gegenüber dem Vorjahr von CHF 21.7 Mio. entspricht.

In den nächsten Abschnitten werden die Details der konsolidierten Positionen erläutert. Dabei wird hauptsächlich Bezug auf den weitergeführten Teil der Swissmetal-Gruppe genommen.

## Konsolidierte Erfolgsrechnung

Konsolidierte Erfolgsrechnung	2010				2009*				Veränderung CO absolut	Veränderung CO in %
	Continuing operation (CO)	Discontinuing operation	Total	%	Continuing operation (CO)	Discontinuing operation	Total	%		
<b>TCHF</b>										
<b>Bruttoumsatz</b>	<b>270'828</b>	<b>112</b>	<b>270'940</b>	<b>280</b>	<b>191'668</b>	<b>0</b>	<b>191'668</b>	<b>205</b>	<b>79'160</b>	<b>41</b>
davon Umsätze mit Dritthandelswaren	31'613	0	31'613	33	17'570	0	17'570	19	14'043	80
Erlösminderungen	-11'413	0	-11'413	-12	-8'454	0	-8'454	-9	-2'959	-35
<b>Nettoumsatz</b>	<b>259'415</b>	<b>112</b>	<b>259'527</b>	<b>268</b>	<b>183'214</b>	<b>0</b>	<b>183'214</b>	<b>196</b>	<b>76'201</b>	<b>42</b>
Materialaufwand und Bestandesveränderungen	-161'135	-1'446	-162'581	-168	-89'635	-42	-89'677	-96	-71'500	-80
<b>Bruttomarge</b>	<b>98'280</b>	<b>-1'334</b>	<b>96'946</b>	<b>100</b>	<b>93'579</b>	<b>-42</b>	<b>93'537</b>	<b>100</b>	<b>4'701</b>	<b>5</b>
Personalaufwand	-60'898	-1'732	-62'630	-65	-57'552	-672	-58'224	-62	-3'346	-6
Betriebsaufwand	-33'695	-2'455	-36'150	-37	-37'667	-232	-37'899	-41	3'972	11
<b>Operatives Ergebnis vor Abschreibungen (EBITDA)</b>	<b>3'687</b>	<b>-5'521</b>	<b>-1'834</b>	<b>-2</b>	<b>-1'640</b>	<b>-946</b>	<b>-2'586</b>	<b>-3</b>	<b>5'327</b>	<b>-</b>
Abschreibungen auf Sachanlagen	-9'023	-42	-9'065	-9	-9'926	0	-9'926	-11	903	9
Abschreibungen auf immateriellen Werten	-2'324	-6'127	-8'451	-9	-2'757	0	-2'757	-3	433	16
<b>Operatives Ergebnis (EBIT)</b>	<b>-7'660</b>	<b>-11'690</b>	<b>-19'350</b>	<b>-20</b>	<b>-14'323</b>	<b>-946</b>	<b>-15'269</b>	<b>-16</b>	<b>6'663</b>	<b>47</b>
Finanzergebnis	-5'119	-300	-5'419	-6	-1'137	-173	-1'310	-1	-3'982	-350
<b>Ordentliches Ergebnis</b>	<b>-12'779</b>	<b>-11'990</b>	<b>-24'769</b>	<b>-26</b>	<b>-15'460</b>	<b>-1'119</b>	<b>-16'579</b>	<b>-18</b>	<b>2'681</b>	<b>17</b>
Betriebsfremdes und ausserordentliches Ergebnis	1'774	0	1'774	2	536	0	536	1	1'238	231
<b>Ergebnis vor Steuern (EBT)</b>	<b>-11'005</b>	<b>-11'990</b>	<b>-22'995</b>	<b>-24</b>	<b>-14'924</b>	<b>-1'119</b>	<b>-16'043</b>	<b>-17</b>	<b>3'919</b>	<b>26</b>
Steuern	1'038	99	1'137	1	-345	103	-242	0	1'383	-
<b>Ergebnis nach Steuern (EAT)</b>	<b>-9'967</b>	<b>-11'891</b>	<b>-21'858</b>	<b>-23</b>	<b>-15'269</b>	<b>-1'016</b>	<b>-16'285</b>	<b>-17</b>	<b>5'302</b>	<b>35</b>
<b>Bruttobearbeitungsumsatz der produzierenden Werke</b>	<b>89'724</b>	<b>0</b>	<b>89'724</b>	<b>76'650</b>	<b>0</b>	<b>76'650</b>	<b>13'074</b>	<b>17</b>		
Personalbestand (Anzahl Vollzeitereinheiten) per 31. Dezember	626	11	637		620	10	630		6	1

\* nach Anpassung (Restatement)

**Bruttoumsatz und Bruttobearbeitungsumsatz** Im Jahr 2010 erzielte die Swissmetal-Gruppe in der „Continuing Operation“ einen konsolidierten Bruttoumsatz von CHF 270.8 Mio. (Vorjahr: CHF 191.7 Mio.). Die starke Umsatzzunahme von 41% gegenüber dem Vorjahr ist im Wesentlichen auf die allgemein bessere Geschäftstätigkeit über das ganze Jahr und die gestiegenen Metallkosten zurückzuführen.

Im Vergleich zum Vorjahr konnten vom Umsatzwachstum alle Marktsegmente profitieren, obwohl das Niveau vor der Krise noch nicht erreicht ist. Die stärkste Zunahme war im Segment „Decolletage and In-



dustrial Applications“ zu verzeichnen. Das Handelsgeschäft enthält hauptsächlich die Verkäufe der Dritt-handelswaren der Avins USA Inc, Warren/NJ. Ihr Bruttoumsatz belief sich in 2010 auf 31.6 Mio. Bei den Verkaufsregionen hat der Markt „Avins USA“ am stärksten zugelegt.

Der Bruttobearbeitungsumsatz (BBU) der produzierenden Werke, d. h. der den produzierenden Werken zurechenbare Bruttoumsatz abzüglich Metall zu Standardmetallkosten, belief sich auf CHF 89.7 Mio. Dies entspricht einer Zunahme von CHF 13.1 Mio. oder 17% gegenüber dem Vorjahr.

**Operatives Ergebnis (EBIT)** Die Bruttomarge des „Continuing“-Teils für das Jahr 2010 belief sich auf CHF 98.3 Mio. und lag somit um CHF 4.7 Mio. oder 5% über dem Vorjahr: Auch hier waren die bessere Geschäftstätigkeit und die gestiegenen Metallkosten für diese Entwicklung verantwortlich.

Im Jahr 2010 war der Effekt des Wechsels in der Warenbewertung auf die gleitende Durchschnittsmethode mit CHF 9.0 Mio. geringer als im Vorjahr. Dies ist wiederum zu erklären mit den im Jahr 2009 stärker gestiegenen Metallpreisen im Vergleich zu 2010. (Siehe Tabelle unten)

Der Personalaufwand belief sich im Jahr 2010 auf CHF 60.9 Mio., dies entspricht einer Zunahme von CHF 3.3 Mio. oder 6%. Darin enthalten sind auch die Erstattungen für Kurzarbeit von CHF 0.5 Mio. (Vorjahr: CHF 4.3 Mio.). Der Personalbestand stieg im Jahr 2010 von 620 auf 626 Vollzeiteinheiten in der „Continuing Operation“ (im Jahresdurchschnitt: 632 bzw. 620). Der Grund hierfür liegt in der Strategie der Swissmetal, die Abteilung Forschung & Entwicklung im Kerngeschäft zu verstärken.

Trotz des gestiegenen Produktionsvolumens belief sich der Betriebsaufwand im Jahr 2010 auf CHF 33.7 Mio. und war gegenüber dem Vorjahr somit um CHF 4.0 Mio. tiefer. Diese Abnahme ist mit Massnahmen zur Prozessoptimierung und Kostensenkung zu erklären. Swissmetal erwirtschaftete im Jahr 2010 ein operatives Ergebnis vor Abschreibungen (EBITDA) von CHF 3.7 Mio. Im Vergleich zum Vorjahr entspricht dies einer Zunahme von CHF 5.3 Mio. Zuzüglich der „Discontinuing Operation“ beläuft sich das operative Ergebnis vor Abschreibung (EBITDA) auf CHF –1.8 Mio.

Insgesamt beliefen sich die Abschreibungen im „Continuing“-Teil im Berichtsjahr auf CHF 11.3 Mio., das sind CHF 1.3 Mio. weniger als im Vorjahr.

Daraus ergibt sich ein operatives Ergebnis (EBIT) von CHF –7.7 Mio. Im Vergleich zum Vorjahr bedeutet dies eine Zunahme von CHF 6.7 Mio. Der „Discontinuing“-Teil ist hauptsächlich auf die ausserplanmässige Abschreibung der ATMOVA-Entwicklungskosten zurückzuführen. „Continuing“ und „Discontinuing Operation“ führen zu einem Gruppen-EBIT von CHF –19.4 Mio.

**Ergebnis nach Steuern (EAT)** Im Berichtsjahr verringerte sich das Nettofinanzergebnis im Vorjahresvergleich um CHF 4.0 Mio. auf CHF –5.1 Mio. Der Hauptgrund für die Abnahme war der negative Einfluss von Wechselkursdifferenzen.

Das betriebsfremde und ausserordentliche Ergebnis umfasst unter anderem einen Erlös von CHF 1.7 Mio. im Zusammenhang mit dem Verkauf von Land.

Erfolgsrechnung (TCHF)	2010	2009
Materialaufwand und Bestandesveränderungen	9'001	15'589
Steuern	-2'234	-3'397
<b>Total Neubewertungseffekt auf Warenlager</b>	<b>6'767</b>	<b>12'192</b>

Das Steuerergebnis betrug im Berichtsjahr CHF 1.0 Mio. Dies entspricht einer Steigerung von CHF 1.4 Mio. im Vergleich zu 2009. Der positive Wert ergibt sich aufgrund der Veränderung der aus dem Verlust resultierenden, latenten Steueraktiven.

Im Jahr 2010 erhöhte sich das Ergebnis nach Steuern (EAT) des „Continuing“-Teils um CHF 5.3 Mio. auf CHF –10.0 Mio. Addiert man das Ergebnis nach Steuern (EAT) der „Discontinuing Operation“ von CHF –11.9 Mio., belief sich das Ergebnis nach Steuern (EAT) auf CHF –21.9 Mio. Der Neubewertungseffekt auf Warenlager wirkte sich mit CHF 6.8 Mio. (Vorjahr: CHF 12.2 Mio.) auf das Ergebnis nach Steuern (EAT) aus.

## Konsolidierte Bilanz

Konsolidierte Bilanz TCHF	31.12.2010				31.12.2009*			
	Continuing operation	Discontinuing operation	Total	%	Total	%	Veränderung absolut	Veränderung in %
Umlaufvermögen	113'532	685	114'217	64	111'526	58	2'691	2
Anlagevermögen	63'335	549	63'884	36	79'358	42	-15'474	-19
<b>Total Aktiven</b>	<b>176'867</b>	<b>1'234</b>	<b>178'101</b>	<b>100</b>	<b>190'884</b>	<b>100</b>	<b>-12'783</b>	<b>-7</b>
Kurzfristiges Fremdkapital	66'099	13'511	79'610	45	57'561	30	22'049	38
Langfristiges Fremdkapital	19'044	1'158	20'202	11	30'258	16	-10'056	-33
<b>Total Fremdkapital</b>	<b>85'143</b>	<b>14'669</b>	<b>99'812</b>	<b>56</b>	<b>87'819</b>	<b>46</b>	<b>11'993</b>	<b>14</b>
Eigenkapital	91'724	-13'435	78'289	44	103'065	54	-24'776	-24
<b>Total Passiven</b>	<b>176'867</b>	<b>1'234</b>	<b>178'101</b>	<b>100</b>	<b>190'884</b>	<b>100</b>	<b>-12'783</b>	<b>-7</b>

\* nach Anpassung (Restatement)

Die konsolidierte Bilanzsumme sank im Vergleich zum Vorjahr um CHF 12.8 Mio. auf CHF 178.1 Mio., in erster Linie aufgrund des niedrigeren Anlagevermögens.

Die Zunahme des Umlaufvermögens von CHF 2.7 Mio. (2%) gegenüber dem Vorjahr ergab sich hauptsächlich aus dem höheren Lagerwert.

Das Anlagevermögen in Höhe von CHF 63.9 Mio. (Vorjahr: CHF 79.4 Mio.) verzeichnete den grössten Rückgang bei den Sachanlagen. Per 31. Dezember 2010 standen die immateriellen Anlagen bei CHF 0.9 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 Software und anderen immateriellen Anlagen zusammen.

Auf der Passivseite betrug der Anteil des Fremdkapitals CHF 99.8 Mio. oder 56% der Bilanzsumme. Das kurzfristige Fremdkapital stieg um CHF 22.0 Mio. (38%) auf CHF 79.6 Mio. an. Der Anstieg der Metallpreise und ein Wechsel von langfristigen auf kurzfristige Darlehen hatten einen massgeblichen Einfluss auf diese Entwicklung. Das langfristige Fremdkapital lag mit CHF 20.2 Mio. Ende Dezember 2010 um CHF 10.1 Mio. unter dem des Vorjahres. Im Vorjahresvergleich hat das verzinsliche Fremdkapital von CHF 41.3 Mio. auf CHF 45.1 Mio. zugenommen; das unverzinsliche Fremdkapital belief sich auf CHF 54.7 Mio. (Vorjahr: CHF 46.5 Mio.).

Nach Abzug des Jahresfehlbetrages von CHF 21.9 Mio. beträgt das Eigenkapital CHF 78.3 Mio. Die Eigenkapitalquote hat von 54% auf 44% abgenommen.

Zum 31. Dezember 2010 belief sich die Nettoverschuldung auf CHF 51.8 Mio. (Vorjahr: CHF 37.6 Mio.).

## Konsolidierte Geldflussrechnung

Konsolidierte Geldflussrechnung TCHF	2010			2009*			Veränderung CO absolut	Veränderung CO in %
	Continuing operation (CO)	Discontinuing operation	Total	Continuing operation (CO)	Discontinuing operation	Total		
<b>Geldfluss vor Veränderung des Nettoumlaufvermögens</b>	<b>-2'426</b>	<b>-4'564</b>	<b>-6'990</b>	<b>635</b>	<b>-1'102</b>	<b>-467</b>	<b>-3'061</b>	<b>-</b>
Veränderung des Nettoumlauf- vermögens	-4'529	6'287	1'758	-1'451	3'996	2'545	-3'078	-212
<b>Geldfluss aus Geschäftstätig- keit (Operating cash flow)</b>	<b>-6'955</b>	<b>1'723</b>	<b>-5'232</b>	<b>-816</b>	<b>2'894</b>	<b>2'078</b>	<b>-6'139</b>	<b>-752</b>
Geldfluss aus Investitionstätigkeit	2	-1'815	-1'813	-2'036	-2'893	-4'929	2'038	-
<b>Free Cash Flow</b>	<b>-6'953</b>	<b>-92</b>	<b>-7'045</b>	<b>-2'852</b>	<b>1</b>	<b>-2'851</b>	<b>-4'101</b>	<b>-144</b>
<b>Geldfluss aus Finanzierungstätigkeit</b>	<b>3'432</b>	<b>0</b>	<b>3'432</b>	<b>373</b>	<b>0</b>	<b>373</b>	<b>3'059</b>	<b>820</b>
Fremdwährungseinfluss auf flüssigen Mitteln	-206	0	-206	-7	0	-7	-199	-2'843
Veränderung der flüssigen Mittel	-3'727	-92	-3'819	-2'486	1	-2'485	-1'241	-50
Bestand flüssige Mittel am 1. Januar	5'619	101	5'720	8'105	100	8'205	-2'486	-31
Bestand flüssige Mittel am 31. Dezember	1'892	9	1'901	5'619	101	5'720	-3'727	-66

\* nach Anpassung (Restatement)

Swissmetal generierte im Jahr 2010 einen Geldfluss aus Geschäftstätigkeit in der „Continuing Operation“ von CHF -7.0 Mio. und lag somit um CHF 6.1 Mio. unter dem Vorjahr. Dies ist hauptsächlich auf die Reduktion des Nettoumlaufvermögens zurückzuführen.

Im Berichtsjahr investierte Swissmetal insgesamt CHF 1.8 Mio. in materielle und immaterielle Anlagen (Vorjahr: CHF 4.9 Mio.), insbesondere in einzelne Anlagen für das ATMOVA-System, welche zum Jahresende vollständig wertberichtigt wurden.

Der Free Cash Flow in der „Continuing Operation“ erreichte im Jahr 2010 einen Wert von CHF -7.0 Mio. und hat sich somit gegenüber dem Vorjahr um CHF 4.1 Mio. verschlechtert.

# RAPPORT DU PRÉSIDENT DU CONSEIL D'ADMINISTRATION ET DU CEO

Chers actionnaires,

Pour Swissmetal, 2010 aura été une année difficile. Suite à l'embellie conjoncturelle, nous avons pu bénéficier d'une reprise des affaires réjouissante. Même si les effets de la crise ont persisté une bonne partie de l'année, l'économie mondiale s'est relevée plus vite que prévu de la sévère récession. Grâce à cette évolution positive, nous avons enregistré une hausse des commandes et du chiffre d'affaires dans la quasi-totalité des segments du marché. L'augmentation du taux utilisation des capacités de production nous a permis, au 1<sup>er</sup> trimestre, de mettre fin au chômage partiel puis, au 2<sup>e</sup> trimestre, de faire appel à du personnel temporaire en production.

Le 2<sup>e</sup> semestre, beaucoup moins favorable, a débuté par une panne de plusieurs semaines sur un four de coulée pour alliages spéciaux. Les pertes de chiffres d'affaires et les retards de livraison engendrés n'ont pas pu être compensés avant la fin d'année. D'une part, les commandes de produits standard enregistrées en remplacement ne nous ont pas permis d'atteindre les marges escomptées. D'autre part, ces commandes en provenance de la zone euro ont été touchées par la dépréciation exceptionnellement rapide de l'euro par rapport au franc suisse. A cela s'est ajoutée une hausse du prix des matières premières, qui a lourdement grevé les liquidités de l'entreprise.

Dans ce contexte, notre chiffre d'affaires dans les activités poursuivies est passé à 270,8 millions de CHF, soit une augmentation de 41%. Le chiffre d'affaires brut consolidé, c'est-à-dire le chiffre d'affaires brut des usines de production moins le métal à son coût standard, a, pour sa part, progressé de 17% pour atteindre 89,7 millions de CHF. Les bénéfices sont restés inférieurs aux prévisions. Avec un EBIT de -7,7 millions de CHF pour les activités poursuivies, nous avons progressé de 6,7 millions de CHF par rapport à l'année précédente. Après correction de l'effet du prix du métal, notre EBIT opérationnel s'élève à -13,5 millions de CHF soit, somme toute, une hausse de 21,7 millions de

CHF comparé à 2009. Mais ceci n'a pas suffi pour atteindre notre objectif particulièrement ambitieux de «sortir du rouge». La situation monétaire défavorable liée à la faiblesse de l'euro, les pertes de chiffre d'affaires dues à la force du franc suisse et à la panne d'installation, les surcoûts de production et, comme évoqué plus haut, un assortiment de produits mal adapté, ont pesé sur le résultat.

Comme vous pouvez le constater dans la partie financière, nous avons modifié notre système d'évaluation des stocks en fin d'exercice 2010, pour passer de la méthode LIFO à la moyenne pondérée. En adoptant ce standard de l'industrie, nous escomptons un lissage de l'effet du prix du métal sur notre résultat, effet sur lequel nous n'avons pas de prise. Cette mesure rend à première vue plus difficile la comparaison avec les résultats de l'an passé, l'adoption de la nouvelle méthode d'évaluation ayant également entraîné le recalcul des résultats de 2009. Vous trouverez des informations plus détaillées au chapitre «Correction of the financial report 2009».

Des charges exceptionnelles, à hauteur de -11,7 millions de CHF pour notre filiale Swissmetal Design Solutions AG (SDS), ont eu un impact négatif sur notre résultat annuel. Comme annoncé en décembre dernier, nous ne poursuivrons pas les activités de SDS pour le lancement du système de tuiles ATMOVA. La première phase de mise sur le marché a montré que ce produit innovant exigeait d'autres efforts importants pour pouvoir se positionner avec succès sur le marché. Or, Swissmetal n'est, pour l'heure, pas en mesure de supporter les moyens nécessaires pour ce lancement. Nous avons donc engagé une procédure de vente.

Nous aurons d'autres défis d'envergure à relever. La priorité absolue est de disposer des liquidités suffisantes pour faire face au niveau de coût actuel des matières premières. Nous travaillons d'arrache-pied pour proroger de deux ans la ligne de crédit Borrowing Base, dont l'échéance est prévue en septembre 2011. Par ailleurs, nous devrions

sous peu conclure un contrat de Sale&Lease Back/ Buy Back pour l'immeuble de Dornach, qui doit nous permettre d'injecter d'argent nouveau dans l'entreprise pour investir dans nos installations.

Même si la baisse de l'euro face au franc suisse semble se stabiliser aujourd'hui, nous ne tablons pas sur une remontée prochaine de la devise. Devant cette situation, nous avons décidé de restructurer le portefeuille, l'objectif étant non seulement de continuer à développer le segment des spécialités mais aussi de le dynamiser plus rapidement encore. D'une part, nous consolidons notre compétence technique, que nous nous employons à optimiser depuis la mi-2009 et, d'autre part, nous améliorons nos processus internes en chiffrant en amont nos marges de commandes selon le nouveau calcul détaillé de la marge sur coût variable. De plus, quand les conditions techniques le permettront et après concertation avec les clients, nous procéderons au transfert de la production vers notre site de Lüdenscheid.

De même, l'amélioration de la structure des coûts et l'optimisation de l'efficacité dans tous les secteurs constituent cette année un objectif majeur. Dans les domaines de la production, nous avons instauré un programme qui, d'ici la fin de l'année, contribuera au résultat à hauteur de plusieurs millions de CHF. Comme nous en avons pu en faire l'expérience l'an dernier, maintenir et augmenter la disponibilité des installations représente un autre défi de taille. Dès que le financement sera assuré, nous mettrons en œuvre le programme d'investissement correspondant.

Les bonnes nouvelles nous arrivent du front des ventes : nos produits et nos solutions approvisionnent des marchés intacts et, dans un contexte de croissance tendancielle globale, continuent d'offrir d'excellentes opportunités. La demande en allia-

ges spéciaux enregistre une hausse disproportionnée. Le segment de la construction de centrales électriques – où, en raison de cycles de commande plus longs, la crise conjoncturelle a sévi plus tard mais aussi plus longtemps – connaît également une poussée réjouissante de la demande.

Pour les quatre ans à venir, notre programme stratégique de croissance mise sur les nouveaux produits pour générer un potentiel de chiffre d'affaires supplémentaire de plus de 35 millions de CHF. Dans un premier temps, nous élargirons notre gamme de produits avec les bronzes d'aluminium, nouveaux pour Swissmetal, et que nous proposerons à l'industrie aéronautique mais aussi pétrolière et gazière.

L'année 2010 est enfin derrière nous. Aujourd'hui, nous avons jeté les bases pour exploiter les futures potentialités du marché global. Un aboutissement qui n'aurait pas été possible sans l'aide de nos collaborateurs qui ont su faire preuve de beaucoup de motivation, d'engagement et de compétence technique. Toute la direction et le conseil d'administration se joignent à nous pour remercier chaleureusement chacun d'entre eux.

Chers actionnaires, soyez également remerciés pour la confiance que vous continuez à nous témoigner. Nous serions très heureux de compter encore sur votre soutien sur le chemin du succès de Swissmetal.

Avec nos meilleures salutations,

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

Dr. Olaf Schmidt-Park  
CEO





# CLOTURE DES COMPTES 2010 EN BREF

## Remarques préliminaires

Les activités opérationnelles de l'exercice 2010 ont connu une évolution nettement meilleure qu'en 2009, marqué par les conséquences négatives de la crise financière et économique mondiale. Le rétablissement de l'environnement économique sur presque tous les marchés, ainsi que les résultats des mesures de réduction des coûts initiées en 2009, ont contribué à cette amélioration.

En début d'année, nous avons lancé ATMOVA, notre système de chauffage par récupération, sur le marché. Nous avons dû faire face à l'obligation de financer les importants besoins de trésorerie pour la phase de montée en puissance, en même temps qu'à la hausse des coûts du métal pour nos matières premières. Aussi, malgré l'intérêt pour ce produit, la Direction et le Conseil d'administration ont décidé de se recentrer sur les activités de base de Swissmetal et d'abandonner l'exploitation de l'activité ATMOVA. Les incidences de cet abandon sont présentées séparément dans les états financiers. Rapportées à l'EBIT, elles représentent CHF -11,7 mio.

Après la réévaluation des stocks suite au passage de la méthode LIFO à celle de la moyenne pondérée, le résultat opérationnel (EBIT) de l'activité poursuivie a progressé de CHF 6,7 mio. par rapport à l'exercice précédent. Ce résultat tient compte de l'impact négatif (CHF 3,2 mio.) de la solidité du franc suisse sur les ventes de produits dans la zone euro, ni des conséquences défavorables de la moindre absorption des frais fixes, due à la perte de commandes pour la même raison.

Activité poursuivie (kCHF)	2010	2009	Variation
<b>EBIT (année passée; LIFO)</b>	<b>-16'661</b>	<b>-29'912</b>	<b>13'251</b>
Impact du passage à la méthode de la moyenne pondérée	9'001	15'589	-6'588
<b>Résultat opérationnel (EBIT)</b>	<b>-7'660</b>	<b>-14'323</b>	<b>6'663</b>
Impact de l'évaluation du métal	-5'855	-20'869	15'014
<b>EBIT (pris en compte)</b>	<b>-13'515</b>	<b>-35'192</b>	<b>21'677</b>

Le tableau ci-dessus indique les effets individuels qui ont eu un impact sur l'activité poursuivie en 2010:

**EBIT (année précédente; LIFO)** En 2009, le stock des sociétés de production était évalué selon la méthode LIFO. L'EBIT s'était alors établi à CHF -29,9 mio. pour l'activité poursuivie. Si l'on appliquait la méthode LIFO en 2010 également, le chiffre affiché de CHF -16,7 mio. montrerait une amélioration de CHF 13,2 mio. pour l'EBIT (2009; LIFO).

**Résultat opérationnel (EBIT)** Le groupe Swissmetal est passé à la méthode de la moyenne pondérée en 2010. Cette opération a nécessité un retrait de toutes les valeurs en 2009. Le résultat opérationnel (EBIT) s'élevait à CHF -7,7 mio., soit une amélioration de CHF 6,7 mio. par rapport à l'an passé (cf. également «Correction of the financial report 2009»)

**EBIT (pris en compte)** L'impact de l'évaluation du métal traduit le décalage dans l'évaluation des stocks (différence entre le prix d'achat des matières et leur valeur de bilan respective d'une part, et les ventes du stock de métal d'autre part). L'impact de l'évaluation du métal, qui s'élève à CHF 5,9 mio., concerne les charges de matières et variation des stocks. Il s'agit d'un facteur externe sur lequel Swissmetal ne peut avoir aucune influence. Il est imputable à l'évaluation selon la méthode de la moyenne pondérée et à la volatilité du prix des métaux. Le résultat opérationnel (EBIT), qui inclut l'impact de l'évaluation du métal, s'élève à CHF -13,5 mio. (EBIT (pris en compte)), soit une amélioration de CHF 21,7 mio. par rapport à l'exercice précédent.

Les sections suivantes montrent le détail des états financiers consolidés. Elles mettent principalement l'accent sur l'activité poursuivie du groupe Swissmetal.

### Compte de résultat consolidé

Compte de résultat consolidé		2010				2009*				
kCHF	Continuing operation (CO)	Discontinuing operation	Total	%	Continuing operation (CO)	Discontinuing operation	Total	%	Variation CO absolue	Variation CO en %
<b>Chiffre d'affaires brut</b>	<b>270'828</b>	<b>112</b>	<b>270'940</b>	<b>280</b>	<b>191'668</b>	<b>0</b>	<b>191'668</b>	<b>205</b>	<b>79'160</b>	<b>41</b>
dont chiffre d'affaires réalisé avec des produits tiers	31'613	0	31'613	33	17'570	0	17'570	19	14'043	80
Déductions sur ventes	-11'413	0	-11'413	-12	-8'454	0	-8'454	-9	-2'959	-35
<b>Chiffre d'affaires net</b>	<b>259'415</b>	<b>112</b>	<b>259'527</b>	<b>268</b>	<b>183'214</b>	<b>0</b>	<b>183'214</b>	<b>196</b>	<b>76'201</b>	<b>42</b>
Charges de matières et variation des stocks	-161'135	-1'446	-162'581	-168	-89'635	-42	-89'677	-96	-71'500	-80
<b>Marge brute</b>	<b>98'280</b>	<b>-1'334</b>	<b>96'946</b>	<b>100</b>	<b>93'579</b>	<b>-42</b>	<b>93'537</b>	<b>100</b>	<b>4'701</b>	<b>5</b>
Charges de personnel	-60'898	-1'732	-62'630	-65	-57'552	-672	-58'224	-62	-3'346	-6
Charges d'exploitation	-33'695	-2'455	-36'150	-37	-37'667	-232	-37'899	-41	3'972	11
<b>Résultat opérationnel avant amortissements (EBITDA)</b>	<b>3'687</b>	<b>-5'521</b>	<b>-1'834</b>	<b>-2</b>	<b>-1'640</b>	<b>-946</b>	<b>-2'586</b>	<b>-3</b>	<b>5'327</b>	<b>-</b>
Amortissements des immobilisations corporelles	-9'023	-42	-9'065	-9	-9'926	0	-9'926	-11	903	9
Amortissements des immobilisations incorporelles	-2'324	-6'127	-8'451	-9	-2'757	0	-2'757	-3	433	16
<b>Résultat opérationnel (EBIT)</b>	<b>-7'660</b>	<b>-11'690</b>	<b>-19'350</b>	<b>-20</b>	<b>-14'323</b>	<b>-946</b>	<b>-15'269</b>	<b>-16</b>	<b>6'663</b>	<b>47</b>
Résultat financier	-5'119	-300	-5'419	-6	-1'137	-173	-1'310	-1	-3'982	-350
<b>Résultat ordinaire</b>	<b>-12'779</b>	<b>-11'990</b>	<b>-24'769</b>	<b>-26</b>	<b>-15'460</b>	<b>-1'119</b>	<b>-16'579</b>	<b>-18</b>	<b>2'681</b>	<b>17</b>
Résultat hors exploitation et exceptionnel	1'774	0	1'774	2	536	0	536	1	1'238	231
<b>Résultat avant impôts (EBT)</b>	<b>-11'005</b>	<b>-11'990</b>	<b>-22'995</b>	<b>-24</b>	<b>-14'924</b>	<b>-1'119</b>	<b>-16'043</b>	<b>-17</b>	<b>3'919</b>	<b>26</b>
Impôts	1'038	99	1'137	1	-345	103	-242	0	1'383	-
<b>Résultat après impôts (EAT)</b>	<b>-9'967</b>	<b>-11'891</b>	<b>-21'858</b>	<b>-23</b>	<b>-15'269</b>	<b>-1'016</b>	<b>-16'285</b>	<b>-17</b>	<b>5'302</b>	<b>35</b>
<b>Valeur ajoutée brute des usines de production</b>	<b>89'724</b>	<b>0</b>	<b>89'724</b>	<b>76'650</b>	<b>0</b>	<b>76'650</b>	<b>13'074</b>	<b>17</b>		
Effectifs (nombre d'unités en équivalent temps plein) au 31 décembre	626	11	637		620	10	630		6	1

\* Après retraite (restatement)

**Chiffre d'affaires brut et valeur ajoutée brute** En 2010, l'activité poursuivie du groupe Swissmetal a généré un chiffre d'affaires brut consolidé de CHF 270,8 mio. (2009: CHF 191,7 mio.). L'augmentation de 41% du chiffre d'affaires brut par rapport à l'exercice précédent s'explique principalement par l'augmentation générale des activités opérationnelles sur l'ensemble de l'année ainsi que par la hausse du coût des métaux.

Tous les segments de marché ont été concernés par l'augmentation du chiffre d'affaires brut en glissement annuel, bien que le niveau antérieur à la crise n'ait pas encore été atteint. La hausse la plus marquée s'est produite dans le segment «Décolletage et Applications industrielles». L'activité opérationnelle

concerne essentiellement les ventes des produits tiers d'Avins USA Inc., Warren/NJ. Son chiffre d'affaires brut s'est élevé à CHF 31,6 mio. en 2010. En termes de zones géographiques, le marché «Avins USA» a connu la plus forte progression.

La valeur ajoutée brute (VAB) des usines de production, en d'autres termes le chiffre d'affaires brut des usines de production moins le métal à son coût standard, est ressortie à CHF 89,7 mio., ce qui correspond à une hausse de CHF 13,1 mio., soit 17%, par rapport à l'année précédente.

**Résultat opérationnel (EBIT)** En 2010, la marge brute de la partie poursuivie a atteint CHF 98,3 mio., soit une progression de CHF 4,7 mio. (5%), par rapport à l'exercice précédent. De nouveau, cette évolution est imputable à la conjonction d'une augmentation de l'activité opérationnelle et de la hausse du prix des métaux.

En 2010, l'impact du passage à la méthode de la moyenne pondérée sur la marge brute, avec CHF 9,0 mio., a été moins important que l'an passé. Ceci s'explique de nouveau par la hausse plus importante du prix des métaux en 2009 par rapport à 2010. (cf. tableau ci-dessous)

Les charges de personnel ont pesé dans les comptes 2010 à hauteur de CHF 60,9 mio., soit une augmentation de CHF 3,3 mio. (6%). Ce chiffre comprend également les remboursements au titre du chômage partiel, s'élevant à CHF 0,5 mio. (2009: CHF 4,3 mio.). Au 31 décembre 2010, l'effectif est passé de 620 à 626 équivalents temps plein dans la partie restante du groupe Swissmetal (effectif moyen 632 contre 620, respectivement). Cette évolution s'explique par la stratégie de Swissmetal consistant à renforcer le département de recherche et développement dans ses activités de base.

Malgré l'augmentation des volumes de production, les charges d'exploitation relatives à l'activité poursuivie ont atteint CHF 33,7 mio. en 2010, s'inscrivant ainsi en baisse de CHF 4,0 mio. par rapport à l'an passé. Cette réduction s'explique par l'optimisation des processus et des programmes de réduction des coûts. En 2010, Swissmetal a réalisé un résultat opérationnel avant amortissements (EBITDA) de CHF 3,7 mio., ce qui correspond à une progression de CHF 5,3 mio. par rapport à l'année précédente. Après prise en compte de la partie abandonnée des activités, l'EBITDA s'élève à CHF -1,8 mio.

Au total, les amortissements relatifs à l'activité poursuivie ont atteint CHF 11,3 mio. sur l'exercice 2010, soit CHF 1,3 mio. de moins que l'année précédente.

Il en ressort un résultat opérationnel (EBIT) de CHF -7,7 mio., en progression de CHF 6,7 mio. La partie abandonnée subit essentiellement l'influence de l'amortissement non planifié des frais de développement d'ATMOVA à concurrence de CHF 5,4 mio. Les activités poursuivies et abandonnées obtiennent un EBIT consolidé de CHF -19,4 mio.

**Résultat après impôts (EAT)** En 2010, le résultat financier net de la partie maintenue a diminué de CHF 4,0 mio. en glissement annuel, à CHF -5,1 mio. Cette différence provient essentiellement des effets de change négatifs.

Le résultat hors exploitation et exceptionnel comprend entre autres un produit de CHF 1,7 mio., réalisé dans le cadre d'une vente de terrain.

Positions du compte de résultat (kCHF)	2010	2009
Charges de matières et variation des stocks	9'001	15'589
Impôts	-2'234	-3'397
<b>Total effets de la réévaluation des stocks</b>	<b>6'767</b>	<b>12'192</b>

Le résultat fiscal a atteint CHF 1,0 mio. sur l'exercice, ce qui représente une progression de CHF 1,4 mio. par rapport à l'an passé. La valeur positive provient de la variation de l'impôt différé actif issu de la perte enregistrée.

En 2010, le résultat après impôts (EAT) de l'activité poursuivie s'est amélioré de CHF 5,3 mio., passant à CHF -10,0 mio. De nouveau, en additionnant CHF -11,9 mio. provenant des activités abandonnées, on obtient un EAT de CHF -21,9 mio. Les effets de la réévaluation des stocks se sont montrés avec CHF 6,8 mio. (2009: CHF 12,2 mio.) sur le résultat après impôts (EAT).

## Bilan consolidé

Bilan consolidé		31.12.2010		31.12.2009*				
kCHF	Continuing operation	Discontinuing operation	Total	%	Total	%	Variation absolue	Variation en %
Actif circulant	113'532	685	114'217	64	111'526	58	2'691	2
Actif immobilisé	63'335	549	63'884	36	79'358	42	-15'474	-19
<b>Total actif</b>	<b>176'867</b>	<b>1'234</b>	<b>178'101</b>	<b>100</b>	<b>190'884</b>	<b>100</b>	<b>-12'783</b>	<b>-7</b>
Fonds étrangers à court terme	66'099	13'511	79'610	45	57'561	30	22'049	38
Fonds étrangers à long terme	19'044	1'158	20'202	11	30'258	16	-10'056	-33
<b>Total fonds étrangers</b>	<b>85'143</b>	<b>14'669</b>	<b>99'812</b>	<b>56</b>	<b>87'819</b>	<b>46</b>	<b>11'993</b>	<b>14</b>
Fonds propres	91'724	-13'435	78'289	44	103'065	54	-24'776	-24
<b>Total passif</b>	<b>176'867</b>	<b>1'234</b>	<b>178'101</b>	<b>100</b>	<b>190'884</b>	<b>100</b>	<b>-12'783</b>	<b>-7</b>

\* Après retraite (restatement)

Le total du bilan consolidé a reculé de CHF 12,8 mio. par rapport à l'exercice précédent, à CHF 178,1 mio., en raison principalement de la diminution de l'actif immobilisé.

La hausse de l'actif circulant de CHF 2,7 mio. (2%) par rapport à l'an passé s'explique essentiellement par l'augmentation de la valeur des stocks.

L'actif immobilisé, d'un montant de CHF 63,9 mio. (2009: CHF 79,4 mio.) a enregistré sa plus forte baisse au niveau des immobilisations corporelles. Au 31 décembre 2010, les immobilisations incorporelles s'élevaient à CHF 0,9 mio. et se composaient du goodwill résultant du rachat de Swissmetal Lüdenscheid GmbH à Lüdenscheid, en 2006, et d'Avins USA Inc., Warren/NJ, en 2007, ainsi que de logiciels et d'autres immobilisations incorporelles.

Au passif, les fonds étrangers s'élevaient à CHF 99,8 mio., soit 56% du total du bilan. Les fonds étrangers à court terme ont augmenté de CHF 22,0 mio. (38%), s'établissant à CHF 79,6 mio. La hausse du prix des métaux et une transformation des fonds étrangers à long terme en fonds étrangers à court terme ont joué un rôle significatif dans cette évolution. Finalement, les fonds étrangers à long terme se sont élevés à CHF 20,2 mio. à fin décembre 2010, soit une baisse de CHF 10,1 mio. par rapport à l'année précédente. Comparés à l'an passé, les fonds étrangers à intérêts ont augmenté, passant de CHF 41,3 mio. à CHF 45,1 mio., tandis que les fonds étrangers sans intérêts ressortaient à CHF 54,7 mio. (contre CHF 46,5 mio. en 2009). Après déduction de la perte de CHF -21,9 mio. enregistrée sur l'exercice, les fonds propres s'établissent à CHF 78,3 mio.; leur proportion passe ainsi de 54% à 44%.

Au 31 décembre 2010, l'endettement net atteignait CHF 51,8 mio. (contre CHF 37,6 mio. en 2009).

## Tableau de financement consolidé

Tableau de financement consolidé kCHF	2010			2009*				
	Continuing operation (CO)	Discontinuing operation	Total	Continuing operation (CO)	Discontinuing operation	Total	Variation CO absolue	Variation CO en %
<b>Flux de trésorerie avant variation du fonds de roulement net</b>	<b>-2'426</b>	<b>-4'564</b>	<b>-6'990</b>	<b>635</b>	<b>-1'102</b>	<b>-467</b>	<b>-3'061</b>	<b>-</b>
Variation du fonds de roulement net	-4'529	6'287	1'758	-1'451	3'996	2'545	-3'078	-212
<b>Flux de trésorerie relatifs à l'exploitation (operating cash-flow)</b>	<b>-6'955</b>	<b>1'723</b>	<b>-5'232</b>	<b>-816</b>	<b>2'894</b>	<b>2'078</b>	<b>-6'139</b>	<b>-752</b>
Flux de trésorerie relatifs aux investissements	2	-1'815	-1'813	-2'036	-2'893	-4'929	2'038	-
<b>Free cash-flow</b>	<b>-6'953</b>	<b>-92</b>	<b>-7'045</b>	<b>-2'852</b>	<b>1</b>	<b>-2'851</b>	<b>-4'101</b>	<b>-144</b>
<b>Flux de trésorerie relatifs au financement</b>	<b>3'432</b>	<b>0</b>	<b>3'432</b>	<b>373</b>	<b>0</b>	<b>373</b>	<b>3'059</b>	<b>820</b>
Différences de change relatives aux liquidités	-206	0	-206	-7	0	-7	-199	-2'843
Variation des liquidités	-3'727	-92	-3'819	-2'486	1	-2'485	-1'241	-50
État des liquidités au 1 <sup>er</sup> janvier	5'619	101	5'720	8'105	100	8'205	-2'486	-31
État des liquidités au 31 décembre	1'892	9	1'901	5'619	101	5'720	-3'727	-66

\* Après retraite (restatement)

Dans les activités maintenues, Swissmetal a dégagé des flux de trésorerie relatifs à l'exploitation de CHF -7,0 mio. sur l'exercice 2010, soit CHF 6,1 mio. de moins que l'année précédente. Cette évolution provient principalement du résultat négatif de l'exercice 2010 et de la variation du fonds de roulement net. Au cours de l'exercice, le groupe Swissmetal a investi un total net de CHF 1,8 mio. en immobilisations corporelles et incorporelles (contre CHF 4,9 mio. l'année précédente), en particulier dans le système ATMOVA, qui a été entièrement déprécié en fin d'année.

La trésorerie disponible (free cash-flow) dans l'activité poursuivie a atteint CHF -7,0 mio. en 2010, ce qui représente une baisse de CHF 4,1 mio. par rapport à l'an passé.

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## Publication details

### Published by

Swissmetal Holding Ltd, Dornach  
This Annual Report is available in the original English along with German and French translations for a summary of the financial part. In all matters of interpretation, the original English version shall prevail.

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### Printed by

Lüdin AG, Liestal

### Edition

April 2011