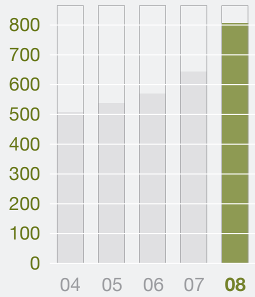
# METALL ZUG GROUP

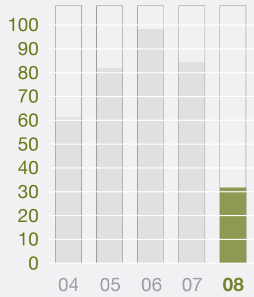
## Annual Report 2008

METALL ZUG

METALL ZUG GROUP

# Key figures at a glance




## METALL ZUG GROUP

| in CHF million | **2008** | 2007 | 2006[1] | 2005 | 2004 |
|---|---|---|---|---|---|
| Gross sales | **808.6** | 641.5 | 576.1 | 543.6 | 513.7 |
| Earnings from real estate operations | **35.5** | 33.4 | 31.6 | 29.4 | 28.6 |
| Operating income (EBIT) | **90.5** | 94.2 | 94.2 | 73.1 | 67.7 |
| Net income | **31.8** | 84.6 | 98.4 | 82.0 | 61.5 |
| Cash flow | **66.8** | 114.3 | 119.3 | 105.2 | 91.6 |
| in % of sales | **8.3** | 17.8 | 20.7 | 19.4 | 17.8 |
| Total assets | **987** | 1 060 | 997 | 894 | 813 |
| Current assets | **577** | 738 | 719 | 613 | 532 |
| in % of total assets | **58** | 70 | 72 | 69 | 65 |
| Fixed assets | **410** | 322 | 280 | 281 | 281 |
| in % of total assets | **42** | 30 | 28 | 31 | 35 |
| Total liabilities | **285** | 249 | 228 | 209 | 203 |
| in % of total assets | **29** | 24 | 23 | 23 | 25 |
| Shareholders' equity[2] | **701** | 811 | 771 | 685 | 609 |
| in % of total assets | **71** | 76 | 77 | 77 | 75 |
| Investments | **99.6** | 76.1 | 33.2 | 31.6 | 24.6 |
| Staff | **2 966** | 2 251 | 2 021 | 1 956 | 2 034 |

## METALL ZUG AG

| in CHF million | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Total assets | **450.7** | 426.4 | 382.9 | 368.9 | 90.9 |
| Total liabilities | **133.9** | 108.6 | 66.3 | 57.9 | 17.0 |
| Shareholders' equity | **316.8** | 317.8 | 316.6 | 311.0 | 73.9 |
| Net income | **19.0** | 21.5 | 20.2 | 14.9 | 12.4 |
| Dividend in % | **180**[3] | 180 | 180 | 130 | 100 |

1 The 2006 balance sheet was restated in order to comply with Swiss GAAP FER 2007.

2 Including minority interests until 2004

3 According to the proposal of the board of directors

### Household appliances

| | **2008** | 2007 | % |
|---|---|---|---|
| Sales in CHF mill. | **499.3** | 462.5 | + 7.9 |
| Staff | **1 467** | 1 380 | + 6.3 |

### Infection control

| | **2008** | 2007 | % |
|---|---|---|---|
| Sales in CHF mill. | **194.4** | 184.0 | + 5.7 |
| Staff | **889** | 775 | + 14.7 |

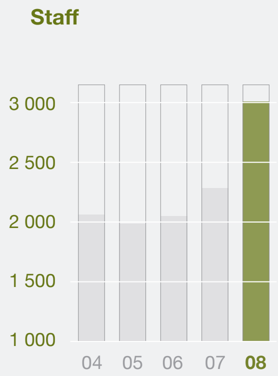
### Wire processing*

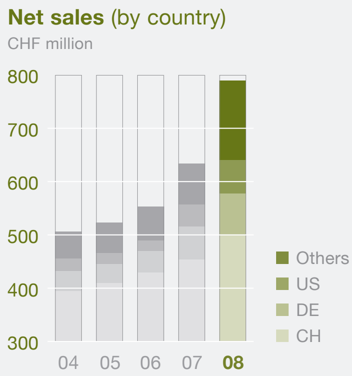
| | **2008** | 2007 | % |
|---|---|---|---|
| Sales in CHF mill. | **119.2** | 107.3 | + 11.1 |
| Staff | **513** | 388 | + 32.2 |

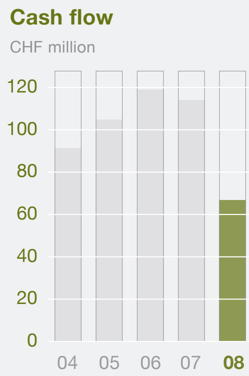
### Real estate

| | **2008** | 2007 | % |
|---|---|---|---|
| Income in CHF mill. | **35.5** | 33.4 | + 6.2 |
| Staff | **93** | 91 | + 2.2 |

* The previous year's figures are not included in the financial statement of the METALL ZUG GROUP; the Schleuniger Group was incorporated into the scope of consolidation on 9 January 2008.




In the year under review, the METALL ZUG GROUP increased **gross sales** by CHF 167.1 million or 26.0% to CHF 808.6 million despite a more difficult economic environment. Organic sales growth in local currencies amounted to 4.9%. Acquisition effects – particularly from the acquisition of the Schleuniger Group at the beginning of the year – contributed 22.5% to this increase while currency exchange factors reduced gross sales by 1.4%.

The increase in **sales deductions** by CHF 7.1 million was primarily caused by acquisition effects.

Net sales achieved **abroad** were CHF 287.8 million (previous year: CHF 170.1 million), which is a significant increase from 27.1% to 36.5%. The acquisition of the Schleuniger Group resulted in a pronounced geographical diversification.

**Research and development** expenditures were raised further and now consume 7.4% of the sales volume (previous year: 7.0%).

As in the previous year, the companies of the METALL ZUG GROUP again spent 3.3% of the sales volume on **marketing activities**.

In spite of an economic slump, the **operating result (EBIT)** of CHF 90.5 million almost reached the previous year's high level (CHF 94.2 million).

Detailed **performance figures of the individual business units** are available on pages 54 and 55 of the financial report. The household appliances business unit's contribution to the operating result (EBIT) dropped from 72.3% in the previous year to 68.4% and the infection control business unit's contribution decreased from 14.8% in the previous year to 9.3%. The new wire processing business unit contributed 6.7% to the group's EBIT, while the real estate business unit increased its contribution from 12.8% to 15.7%.

The financial market turbulence had a profound impact on the **financial result**: in the business year 2008, the METALL ZUG GROUP reported a loss of CHF 47.1 million (compared to a profit of CHF 4.1 million in the previous year).

In the year under review, a **non-operating income** of CHF 0.2 million was achieved with property sales (non-operating income in the previous year: CHF 2.5 million from property sales and from the sale of the Belimed Group's bedpan washer business).

As a consequence of the negative financial result, **tax expenditure** decreased from CHF 16.2 million in the previous year to CHF 11.8 million. With regard to income before taxes, this equates to a considerably higher tax burden (27.1% vs. 16.1% in the previous year).

Despite a pleasing operating result, the significantly lower financial result as well as a decreased non-operating income resulted in a clear reduction of **net income** from CHF 84.6 million in the previous year to CHF 31.8 million.

Due to the lower net income, the **cash flow** reached CHF 66.8 million which is severely below the previous year's figure of CHF 114.3 million.

Acquisition goodwill was offset against retained earnings. Thus, the **equity ratio** decreased from 76% in the previous year to 71% in 2008.

In the year under review, **investments** of CHF 99.6 million were yet again clearly above the previous year's level, which was already high at CHF 76.1 million. This includes investments in financial assets of CHF 13.3 million (previous year: CHF 16.4 million).

The **head count** increased from 2 251 to 2 966 (+ 715), including 762 staff (previous year: 436) working abroad.

# METALL ZUG GROUP

## Annual Report 2008

## About the METALL ZUG GROUP

The METALL ZUG GROUP employs a staff of about 3 000. The holding company METALL ZUG AG is listed in the SIX Local Caps segment in Zurich (registered shares of type B: securities number 3982108, ticker symbol METN). The household appliances business unit comprises the Swiss market leader V-ZUG AG, SIBIRGroup AG and Gehrig Group AG. The Belimed Group (infection control), the Schleuniger Group (wire processing), MZ-Immobilien AG, Parkhotel Zug AG and ZEW Immobilien AG (real estate) are other members of the METALL ZUG GROUP.

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The METALL ZUG GROUP performed well in 2008, despite an increasingly unfavorable economic environment. The group succeeded yet again in increasing sales in all business units with a result of CHF 808.6 million, which is 26.0% above the previous year. Organic sales growth in local currencies was 4.9%. The operating result of CHF 90.5 million almost reached the previous year's high level (CHF 94.2 million). However, the financial result suffered from the turbulence in financial markets and the consolidated income decreased from CHF 84.6 million in the previous year to CHF 31.8 million.

**Household appliances: three powerful brands**

In 2008, V-ZUG AG increased sales again by 2.6% to CHF 423.0 million. The laundry room division contributed greatly to this success: with the Adora SLQ washing machine, V-ZUG AG managed to defend its position as an innovation leader. The energy-efficient Adora TSL WP heat-pump dryer was another growth driver. More and more institutional investors chose V-ZUG AG's technology, quality and services for their housing developments. Export business developed rather slowly, though. Due to the current economic situation, V-ZUG AG had to fight an icy wind abroad. With the acquisition of ESCO Schönmann AG and Novelan AG, the SIBIRGroup set a milestone in its corporate history in 2008, thus becoming the only full-range provider of appliances for common laundry facilities. These two acquisitions resulted in valuable synergies and service benefits for customers in all of Switzerland which are especially appreciated by property management providers. The merger of F. Gehrig, Hildebrand and FCC Group into the newly established Gehrig Group AG, the Swiss market leader for industrial kitchen technology, was successfully completed in 2008.

**Infection control: the first choice worldwide**

After a rather weak first half-year, the tide has turned for the Belimed Group. At the end of the year, the group recorded sales of CHF 194.4 million, an increase of 5.7% compared to the previous year. The 12.1% increase in new orders reflects the fact that delayed hospital projects were implemented at the end of the year after all. Belimed aroused the interest of public and private hospitals in China, Jordan and the US with the installation of large central sterile supplies departments in particular. However, currency losses had a negative effect on the gross margin, so the Belimed Group's operating result decreased despite growth in sales.

# Report of the chairman of the board of directors

## Wire processing: adoption of a future-oriented strategy

In the first complete business year as a member of the METALL ZUG GROUP, the Schleuniger Group increased sales by 11.1% to CHF 119.2 million. Despite a weak fourth quarter, the wire processing business unit matched the high prior year level of sales on an acquisition-adjusted basis. The Schleuniger Group's strategy to purposefully strengthen its market position in the project business through incorporation of important technologies was consistently applied throughout 2008. The group acquired PAWO Systems AG, a company operating in the same market, thus procuring PAWO's extensive knowledge in seal assembly technology.

## Real estate: significant increase in earning power

Compared to the previous year, MZ-Immobilien AG increased rental income by 10.3% to CHF 21.1 million. In 2008, all properties – both MZ-Immobilien AG's own and those managed on behalf of third parties – were always fully occupied. New contracts and index adjustments as well as the expansion of retail space in the Metalli shopping mall contributed to this positive development. Various development projects in the canton of Zug made significant progress.

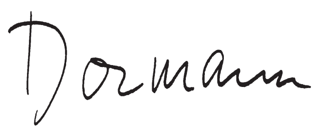
## Simplified capital structure

In compliance with the decision adopted by the annual general meeting of shareholders on 9 May 2008, the following measures were taken to simplify METALL ZUG AG's capital structure: the former registered shares were converted to new registered shares of type A and the former bearer shares and participation certificates were converted to registered shares of type B. Both share types are entitled to dividends for the entire business year 2008. Based on the positive annual result, the board of directors proposes the general meeting of shareholders to distribute an unchanged dividend of CHF 20.25 million.

## Changes in the board of directors

On the occasion of the general meeting of shareholders on 9 May 2008, Tony Reis resigned as chairman of the board of directors and Ernst Odermatt resigned as member of the board of directors. All in all, Tony Reis was a member of the board of directors for eleven years. For six years, he controlled the fate of the METALL ZUG GROUP with foresight and care. Tony Reis and Ernst Odermatt have earned the thanks of all shareholders and of the members of the board and of the senior management. According to schedule, Stephan Wintsch took over the position of managing director of METALL ZUG AG from Heinz M. Buhofer in May 2008.

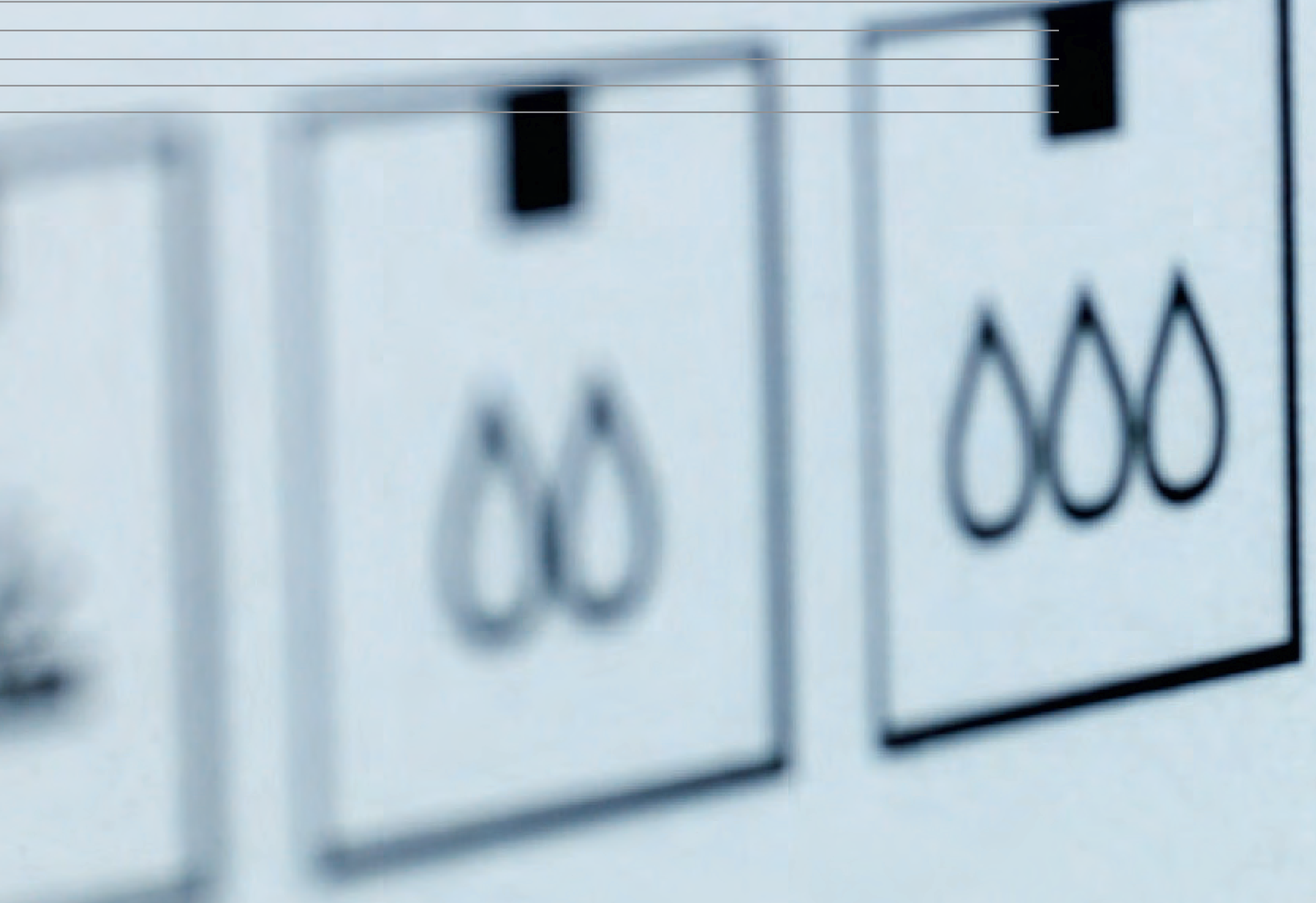
In a difficult economic environment, it is a huge advantage if employers and staff treat each other with respect. On that note, I would like to thank all our employees who made it possible to achieve such a good annual result through their commitment and their trust in their superiors, the senior management and the group management. Also, my thanks go to our customers who appreciate our products and services, and to our suppliers who help us to always be able to manufacture and deliver on time. Last but not least, I would like to thank you, dear shareholders, for the trust that you place in the board of directors. This is by no means to be taken for granted in times like these.



Jürgen Dormann
Chairman of the board of directors

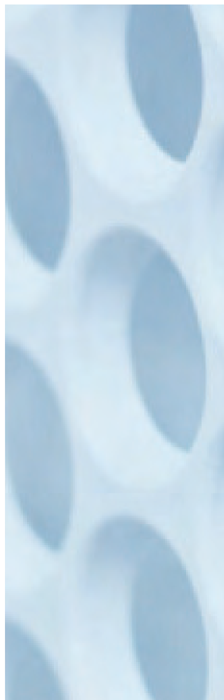
## Adora TSL WP by V-ZUG – the new high-speed, energy-saving heat-pump dryer

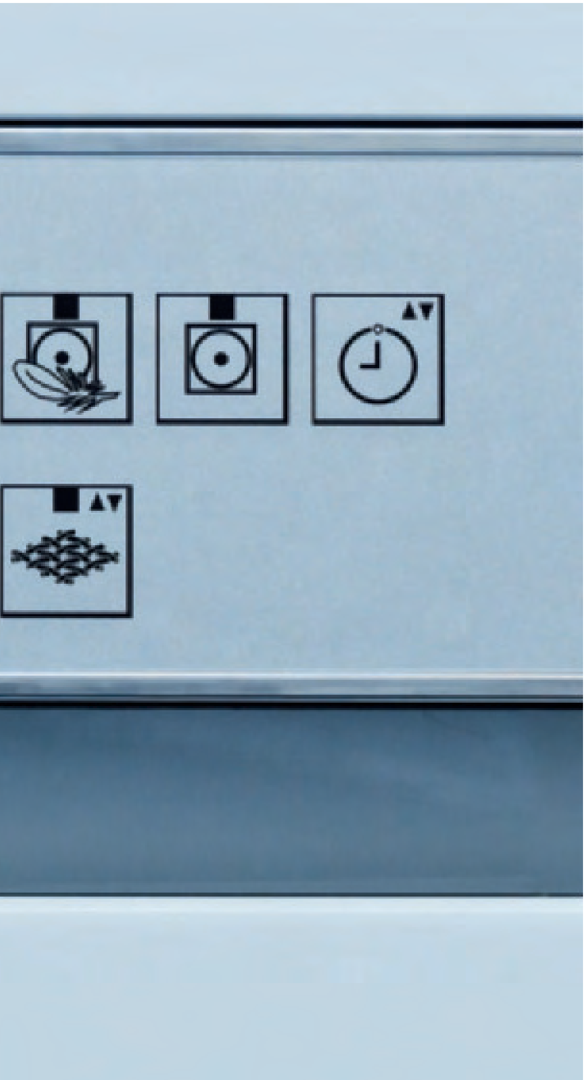
- High-speed gentle drying within 90 minutes
- Energy savings of up to 45%
- The most silent dryer in its category – only 62 dB(A)
- Automatic program for super-soft laundry
- Particularly suited for very small rooms due to low release of moisture
- Energy efficiency class A
- A world-first: the new Dialog System that enables gentle, quick and optimal drying of laundry



## Showroom

## Showroom



# Household appliances business unit

In 2008, V-ZUG AG increased sales and market share despite the somewhat weaker demand for household appliances. Through the acquisition of the attractive product ranges of ESCO Schönmann AG and Novelan AG, SIBIRGroup AG not only diversified its product portfolio but also strengthened its market position. Gehrig Group AG recorded a successful first full year of operations.

The construction industry – especially the residential construction sector – was in robust shape in 2008. With around 43 000 newly-built apartments, the construction volume consolidated at a very high level. Although the household appliances market remained static, V-ZUG AG – especially the laundry room division – showed considerable growth with total sales of CHF 423.0 million (+ 2.6%). The washer and dryer innovations which were launched at the beginning of the year significantly contributed to this success. V-ZUG AG employed a staff of 1 180, which is 3% more than in the previous year.

### From steam anti-creasing to a world-first: WetClean

With the Adora SLQ, V-ZUG AG once again asserted its position as the industry's innovation leader. This is the only washing machine that includes not only the steam anti-creasing functionality but also the WetClean feature, a world-first, thus enabling users to gently wash even the most delicate clothing. WetClean impresses with its sprinkle shower (based on state-of-the-art technology), specially shaped protective ribs, a protective drum with an innovative microstructure and a somewhat larger drum volume. The machine also features the sophisticated vibration absorbing system (VAS) that actively compensates for imbalance when spin-drying, allows remarkably low-noise washing – an essential benefit especially for installation in apartments – and also extends the washing machines' operational life span.

### Gentle and energy-efficient drying

Energy efficiency was the driving force behind the development of the Adora TSL WP heat-pump dryer, which enables energy savings of up to 45% and thus effortlessly received energy label A. Despite consuming amazingly little energy, the device gently dries a complete load of washing within 90 minutes – a feat that conventional dryers seldom accomplish and if they do, then with much higher energy consumption. The Adora TSL WP was rated Europe's most energy-efficient dryer by the "Euro TopTen" EU project.

The development and expansion of the export business, aiming at a growth in sales which has not yet been achieved as anticipated, turned out to be a long-term undertaking. The difficult economic situation that is looming over several target countries calls for considerable patience. In spring 2009, an attractive range of kitchen appliances will be added to the current export portfolio that only included premium models for the upscale market segment until now. Contracts were signed or are going to be signed with various export partners.

### Positive market dynamics due to institutional investors

In 2009, the household appliances business unit will not be able to completely escape from the difficulties in the economy. From this viewpoint, the plans of Swiss institutional investors to benefit from favorable interest rate levels by now launching their real estate projects is considered positive. Therefore, it is likely that the pressure on the demand for household appliances will not be as high in Switzerland as abroad.

### SIBIRGroup AG with a more comprehensive range of products and an extended service portfolio

In July 2008, SIBIRGroup AG acquired the operational business of ESCO Schönmann AG, thus adding a strong brand for room-air dryers and dehumidifiers to the group's portfolio. Now, SIBIRGroup AG is the only full-range provider of appliances for common laundry facilities, including its own laundry hanging system. In October 2008, Novelan AG, retailer of household appliances of all brands offering Swiss-wide customer service, joined the SIBIRGroup. Novelan AG, including all staff, was smoothly integrated into the group, resulting in valuable synergies to the great benefit of the group and of customers alike. Thus, the SIBIRGroup has further strengthened its position in the property management market and in the institutional house owner market. The garbage container business which SIBIRGroup AG is going to acquire from V-ZUG AG per January 2009 will also promote this development.

In 2008, SIBIRGroup AG including Novelan AG recorded sales of CHF 41.4 million – a growth of 6.2% – and employed a staff of 137, which is 54% more than in the previous year.

### Energy efficiency as a competitive advantage

The SIBIRGroup has high demands on quality, technical innovation and energy efficiency. Today, most of the appliances for cooling and freezing are in energy efficiency classes A+ or A++. A further expansion of the range of NoFrost-technology-based products was realized. The SIBIRGroup provides built-in kitchen and laundry room equipment, such as ovens, steamers, ceramic cooktops, dishwashers and fridges, as well as freestanding washing machines, tumble dryers, wine storage units, fridges and freezers. All appliances are available through kitchen retailers, electronic equipment supplies dealers and wholesale distributors. This segment recorded further growth in 2008, not least because the SIBIRGroup utilized its distribution network even more efficiently. Sales to property management providers and institutional house owners also further increased. Popular services, e.g. all-brand service and appliance checkups, contributed to this successful development.

### Services – a major pillar

Brand-neutral services for property management providers and institutional house owners are not only an important sales argument for the SIBIRGroup, but also a significant profitability factor. Thus, most service technicians were equipped with tablet PCs to enable efficient handling of service assignments and direct placement of spare parts orders. Spare parts are delivered to the technicians' vehicles – overnight – to guarantee quick replacement and optimum stock in service vehicles.

### Hot air stoves on the increase

Under the brand name of SIBIRtherm, the SIBIRGroup has been designing hot air stoves for decades. These are mainly used in old buildings and in holiday apartments. The portfolio also includes wood-fired stoves and oil stoves by other brands. SIBIRtherm increased production despite soaring oil prices in 2008 and growth was achieved for the entire division.

### Successful completion of the integration into Gehrig Group AG

In 2008, the business of F. Gehrig, Hildebrand and FCC Group was successfully integrated into Gehrig Group AG. Considerable synergies were created by grouping the three operations, especially with regard to sales and customer service. Various optimization and cost-cutting programs are still in progress. Under the new corporate identity, Gehrig provides expertise for industrial kitchens.

The hotel and restaurant sector considers Gehrig the industry trendsetter, which is not least due to the group's ecologically advanced dishwashers featuring low water consumption and remarkable savings in energy and detergents. In spring 2008, Gehrig Group AG launched a new conveyor dishwasher technology which has also been used in small dishwashers since fall 2008. By means of innovative high-quality brands, Gehrig Group AG further strengthened its leading position on the Swiss market for industrial kitchen technology.

The French subsidiary Hildebrand France underwent restructuring, with the sales team now being supported by staff from French-speaking Switzerland.

In 2008, Gehrig Group AG recorded sales of CHF 45.7 million, of which CHF 17.9 million was generated through customer service, and employed a total staff of 150.

# Household appliances business unit

### Successful bedpan washer business

With the help of ATOS bedpan washers and highly-qualified services, it was possible to attract a number of impressive reference objects within the nursing sector and to increase sales in this area by more than 50%. The new Cantonal Hospital Zug is among the reference customers. Gehrig Group AG also managed to soundly establish itself in the thermal appliances business and to nearly catch up with the market leader. In the core business – dishwashers for use in hotels and restaurants – the implementation of an all-inclusive bundle (a combination of dishwasher, water processing and detergents) proved a landmark decision.

### High-quality customer service

In 2008, Gehrig Group AG's customer service processed over 40 000 orders. The strongly growing detergent business and the sales success of reverse osmosis equipment put high demands on service technicians. Considerable investment in permanent training ensured a further increase of the quality standard with regard to customer service.

### Good prospects for 2009

It is not likely that the Swiss gastronomy sector will manage to escape the downturn in eating out which is expected in 2009. While 1 300 restaurants closed in Switzerland, around 700 new fast food establishments opened. In addition, the hotel and restaurant industry is threatened by other changes due to the smoking bans being put in place in a growing number of cantons. Gehrig Group AG nevertheless envisages great market chances due to innovative appliances, competent maintenance services and the customer service technicians' much-appreciated helpfulness. The latter will be equipped with tablet PCs as of mid-2009, so that job planning becomes even more efficient. Based on partnerships with two leading European manufacturers, Gehrig Group AG also plans to get into the semi-automatic coffee maker business and into the business for professional textile cleaning appliances.



# Interview

This interview was conducted with Urs Wirth, head of the real estate division at Schweizerische Mobiliar. He and his team are responsible for all investment property investments and for investments in the agency properties of the group and its pension funds. The latter are mainly multifamily houses with rented apartments. When equipping their apartments, Schweizerische Mobiliar relies on V-ZUG appliances.

**Urs Wirth, what is your job all about?**

**Urs Wirth:**
Real estate properties are an integral part of our fixed assets. Currently, our portfolio includes about 170 housing developments, with one or more buildings each. In order to yield profit in the long-term, it is necessary to actively maintain our portfolio. We therefore buy, develop and manage the properties owned by Schweizerische Mobiliar and its pension funds. If, for strategic reasons, a property is no longer suitable, it is sold. However, our aim is to keep properties on a long-term basis once they are bought. In this context, we also have to deal with the construction of new buildings and the conversion of existing buildings from time to time. At the moment, we are planning 12 new housing developments with about 640 apartments.

**What are your requirements concerning real estate properties?**

**Urs Wirth:**
When buying or converting properties, we attach great importance to the notion of sustainability. On the one hand, we are looking for properties that comply with the Minergie® standard and use renewable resources wherever possible. On the other hand, a property's stability of values is decisive. Our apartments must be easy to rent out even after a few years. Here, factors such as location, equipment, distance to public schools, use of energy and public transport accessibility are crucial.

**Stability of values is one of our central issues. Is this the reason for your cooperation with V-ZUG?**

**Urs Wirth:**
Our cooperation with V-ZUG dates back a long time. Although I have been the head of this division for about 20 years now, it is difficult to give a precise answer to your question. When placing an order, we consider factors such as product quality, performance levels and a supplier's previous continuity or the continuity we expect of a supplier in future. We constantly monitor all of these factors with a critical eye. Naturally, the price / performance ratio also matters. V-ZUG meets our requirements – again and again.

**What about a suppliers' innovative strength? Is it important to you?**

**Urs Wirth:**
Yes, most important. When planning kitchens and laundry rooms, we rely on equipment that is still popular after five or ten years. What we need are appliances that meet the highest requirements even on the longer term. Besides professional consulting services and high product quality, we appreciate V-ZUG's continual innovations and further developments. V-ZUG is very innovative and knows what tomorrow's tenants want.

**Can you give an example?**

**Urs Wirth:**
Steamers are very popular due to today's health-consciousness. We thus often install V-ZUG's Combair-Steam for baking and steaming in new and converted apartments. Although at first sight, this means higher investment costs, this approach usually pays off because it allows us to rent out our apartments one month faster on average. V-ZUG is also one step ahead with regard to Minergie® and V-ZUG washing machines hardly transfer any sound, which increases living comfort.

**Are there tenants who are disappointed if an apartment is not equipped with V-ZUG appliances?**

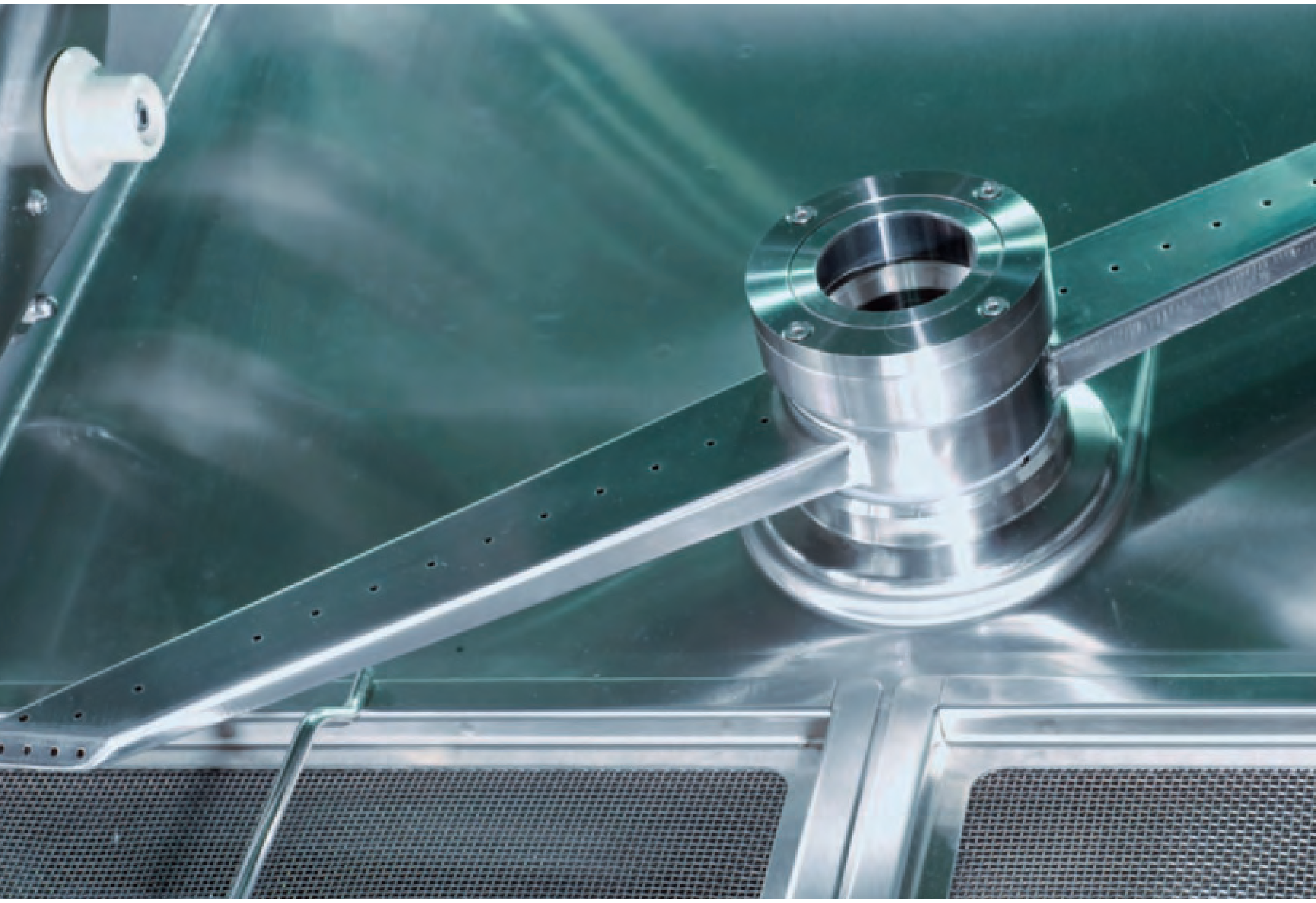
**Urs Wirth:**
We have already encountered this problem since V-ZUG products are considered quality products. I also get the same feedback from our property managers. V-ZUG appliances are a critical competitive advantage when it comes to renting out our apartments.

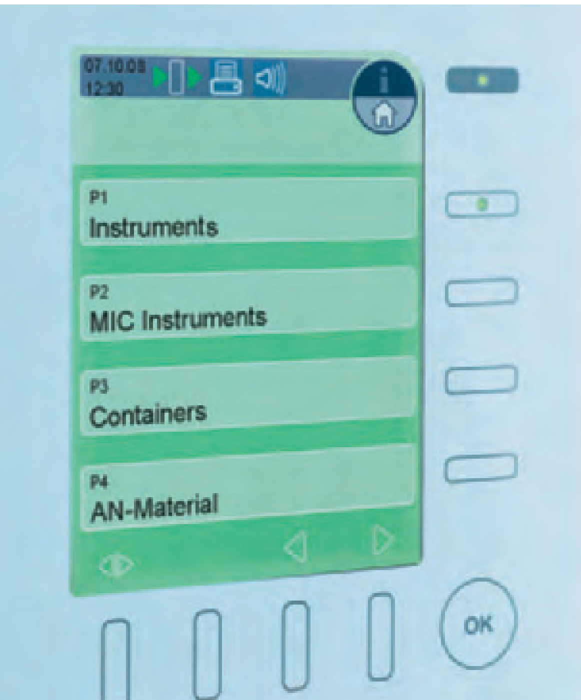
## Showroom

### Simple, secure, ergonomic – the new generation of Belimed equipment for sterile reprocessing of instruments

- Pioneering product design, clear use of form: green glass panels combined with high-quality stainless steel and white HI-MACS®
- Standardized ergonomic operation via simple touch keys with acoustic confirmation
- Illuminated control panel with intuitive menu navigation
- Process status display that is easily read from a distance, based on state-of-the-art LED technology
- Easy cleaning due to a single, scratch-resistant glass surface

## Showroom

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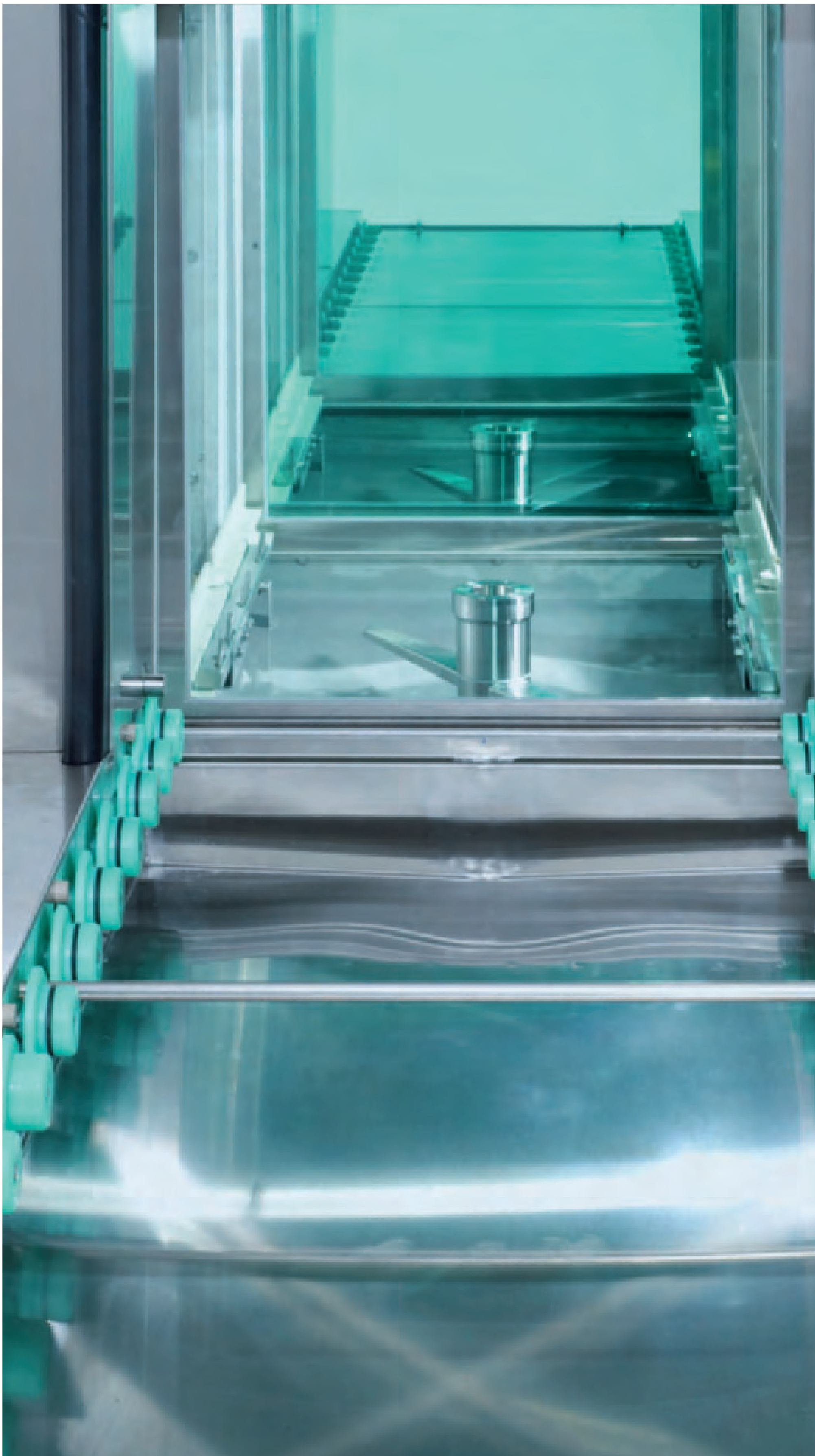


# Infection control business unit

**Compared to previous years, the Belimed Group's growth was less strong in 2008. The turbulence in the US economy resulted in the delay of various hospital projects. Low exchange rates further reduced the group's gross margin.**

In 2008, the Belimed Group increased sales by 5.7% to CHF 194.4 million. Considering the difficult market conditions, this is an encouraging growth rate, despite falling short of the previous years' two-digit figures. New orders rose by 12.1%. The Belimed Group employed a staff of 889, which is 15% more than in the previous year.

Various hospital construction projects were put on hold in the US due to the uncertain economic situation and it was only towards the end of the year that the demand for Belimed products started to pick up again. Currency effects caused by the strong Swiss franc also resulted in a drop in sales which was, however, largely offset by orders from China, the Middle East and Eastern Europe. Since this decline in sales forced down the gross margin, the Belimed Group's operating result shows a downward trend despite growth in sales.

## Belimed landed important projects worldwide

In 2008, the Belimed Group succeeded in significantly strengthening its position on numerous global markets, which is illustrated by the following examples: in China, where Belimed only opened its own marketing and customer service organization in October 2007, a new central sterile supplies department (CSSD) was established in the Changhai Hospital in Shanghai. In addition, Belimed set up its first pharmaceutical sterilizers in a leading international pharmaceutical company in Shenzhen. In the UK, Belimed attracted attention by equipping so-called Supercentres, which are service-oriented organizations for decontamination of surgical instruments on behalf of hospitals. Directly in the second half-year, Belimed then convinced private hospitals to install large central sterilization units. The Jordanian health ministry charged Belimed with the equipment of central sterilization units in 16 hospitals – this project, which was co-financed by the Swiss Confederation, will help to further strengthen the Belimed brand in the Middle East.

In Germany, the Friedrich Loeffler Federal Research Institute for Animal Health (FLI), which is located on the island of Riems, has chosen Belimed's sterilizers. With regard to technical equipment at the highest safety level, the FLI is among the three leading research organizations for animal diseases worldwide.

Last but not least, the New England Baptist Hospital in Boston, one of the most prestigious orthopedics hospitals in the US, now uses Belimed's central sterilization equipment.

## Design from the look and feel through to menu navigation

At Medica 2008 in Dusseldorf, Belimed introduced a new generation of cleaning, disinfection and sterilization equipment which is based on a pioneering design concept, enhances user-convenience, improves safety and provides optimum cost-efficiency. The new-generation devices did not only attract attention due to their clear use of form, high-quality materials and modern colors. There are no protruding elements, edges or corners at all – easy-to-clean, smooth surfaces dominate the devices' appearance while intuitive menu navigation improves operating safety and reduces the learning curve.

Visitors were impressed with Belimed's innovations. The new endoscope reprocessing machine, the low-temperature sterilizer based on hydrogen peroxide technology and the energy-efficient and space-saving dual washer provided convincing proof of Belimed's innovative strength and aroused great interest among experts.

## Enhanced management structure

The management structure was optimized to optimally prepare the Belimed Group for sustained, profitable growth on global markets. From the beginning of 2009, a CFO supports the CEO, who previously held both positions. Together with the head of technology and the marketing director, they form the group's senior management. In addition, the senior management is no longer in charge of the direct operational management of the different sites, while globally, key account management now reports to the CEO. These organizational changes will enable Belimed to be more powerful on the market.



# Interview

This interview was conducted with Manfred Hannig, head of commercial services at the Hamburg-Eppendorf university hospital, where more than 300 000 patients receive medical care every year. At the end of January, the hospital moved to a new building and at the same time put into operation its state-of-the-art central sterilization infrastructure. Belimed provided all required equipment and signed a corresponding maintenance contract for the next ten years.

**Manfred Hannig, why did you move to a new building? Was the previous building too small?**

**Manfred Hannig:**
The old hospital building was constructed at the end of the 18th century. Back then, hospitals were divided into separate sections for men and women. As time passed, new medical treatments required additional space which was created with the help of various pavilions and centers. From an operational point of view, every center needed an operating room, a sterile supplies department, etc., which was anything but efficient. The health care structure act thus hit us especially hard since it meant that we were no longer paid according to the length of hospital stay but on a per-case basis, i.e. per appendicitis or per heart valve operation. Consequently, the infrastructure of the individual independent centers was no longer profitable. Extensive restructuring was the only way to fix costing, so the construction of a new university hospital made up of one central main building seemed to be the perfect solution.

**How did the cooperation with Belimed come about?**

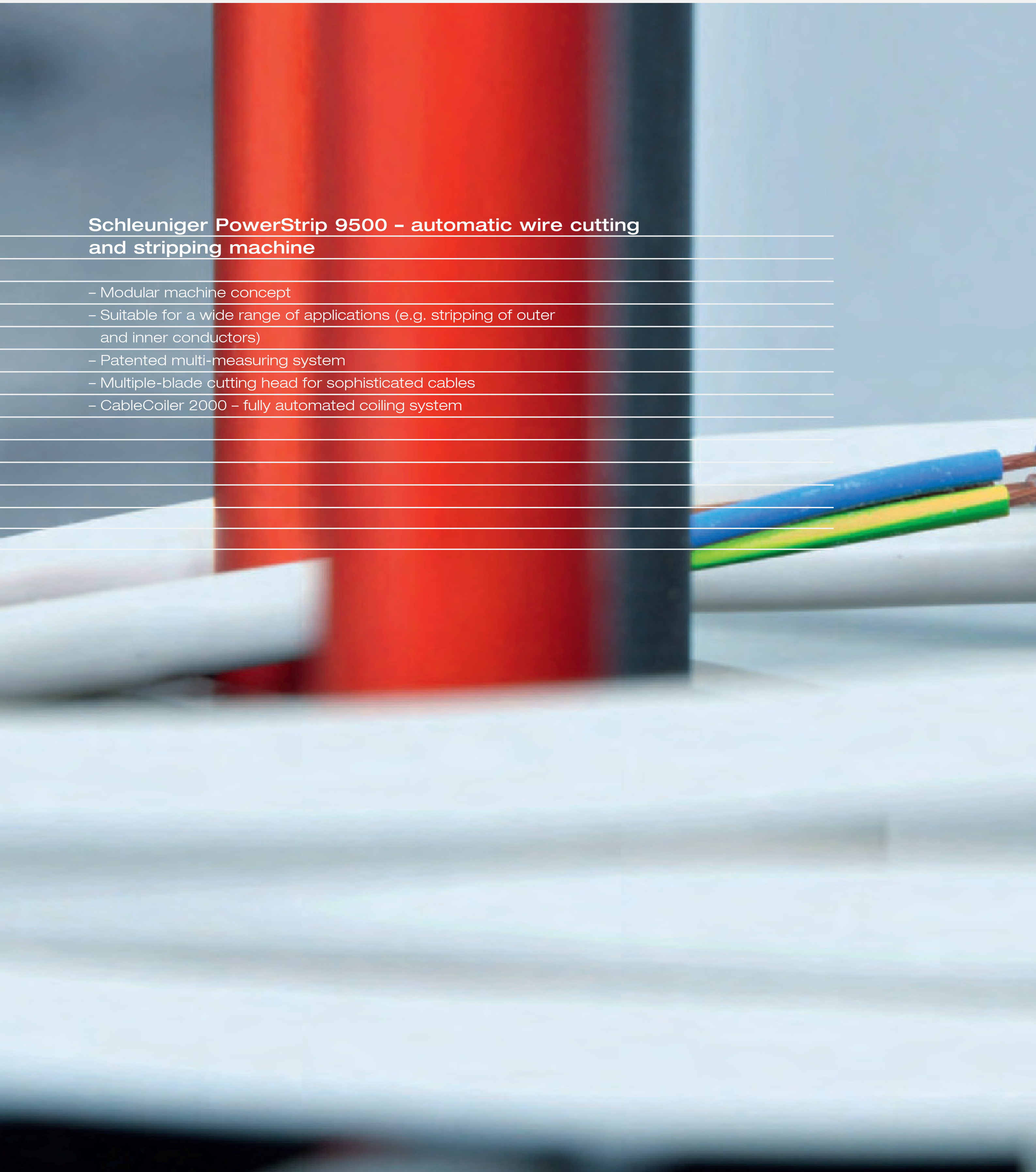
**Manfred Hannig:**
Already the construction of the new building was a huge financial investment for us. In addition, we had to create a whole new infrastructure, which included, among other things, a new sterile supplies unit. A project of this size is subject to a European-wide call for tenders, so we considered how to define the specifications. In order to save investment costs, we decided to look for a partner who would provide the required equipment within the scope of a leasing model; a partner who could offer a full-range service package with everything from maintenance to validation. Our call for tenders was thus a very special one.

**What do you mean by saying that your call for tenders was very special?**

**Manfred Hannig:**
Our call for tenders was not about who provides us with the required equipment at the most favorable price. It was rather a question of whether we would find a long-term partner whom we could rely on 100%, a partner with whom we could discuss on a level playing field. We became aware of the importance to have a partner by our side to advise us already during construction work, a partner who knows how cooperation with a general contractor works. In fact, our call for tenders rather focused on competence, project management skills and mutual trust, than on merely finding the most cost-efficient solution.

**You moved into the new building two months ago. Are you still happy with your choice?**

**Manfred Hannig:**
Absolutely. It is very convenient to have Belimed as a single contact for everything. This approach considerably simplifies our processes, which are also subject to legal standards. Already during the construction stage it turned out that we were very lucky to have chosen Belimed. Our contact persons always acted with impeccable competence and prudence which assured us that they knew what they were doing. Due to Belimed, our new central sterile supplies department is a true showpiece!

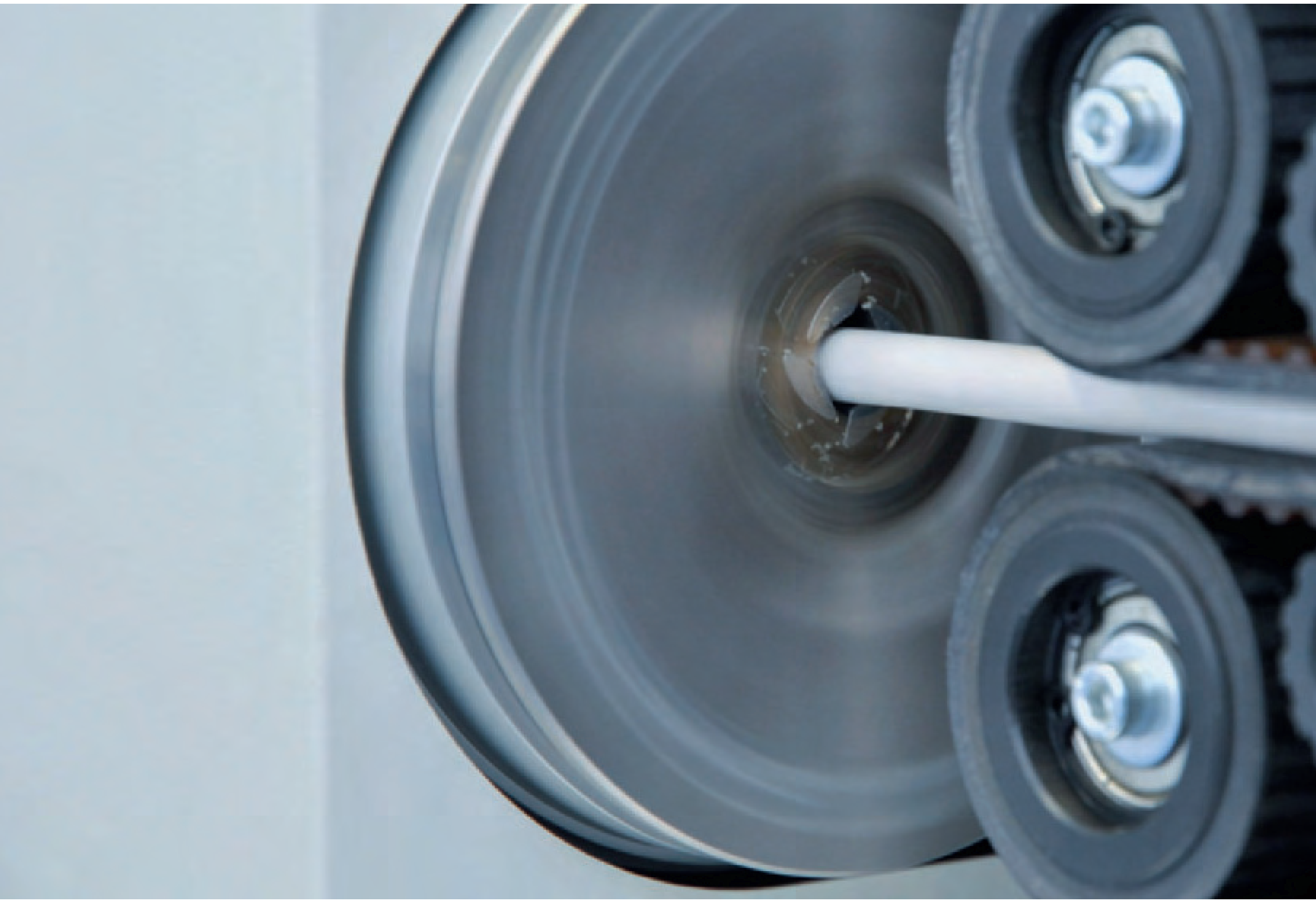


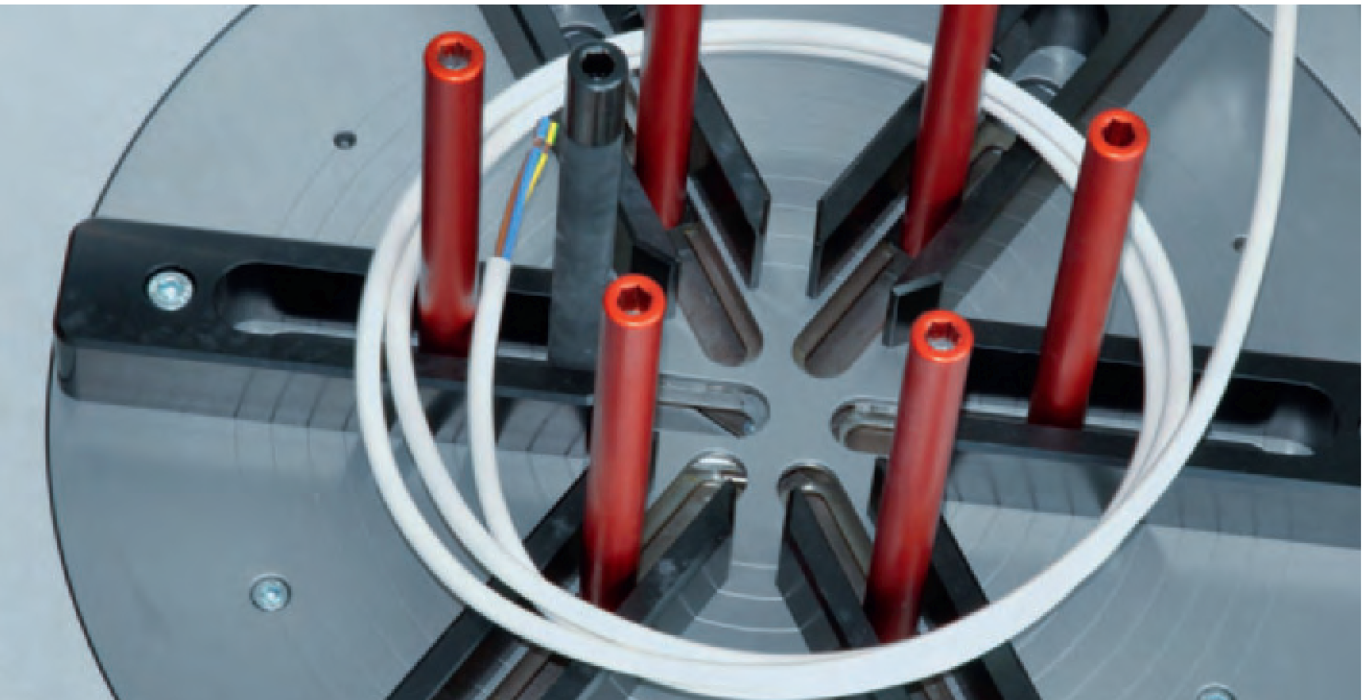
## Schleuniger PowerStrip 9500 – automatic wire cutting and stripping machine

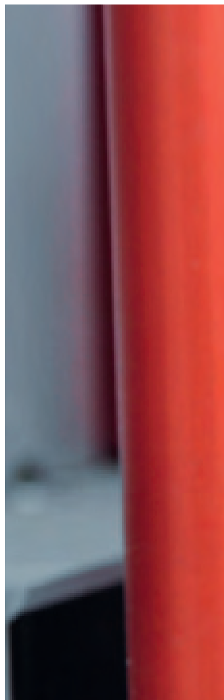
- Modular machine concept
- Suitable for a wide range of applications (e.g. stripping of outer and inner conductors)
- Patented multi-measuring system
- Multiple-blade cutting head for sophisticated cables
- CableCoiler 2000 – fully automated coiling system

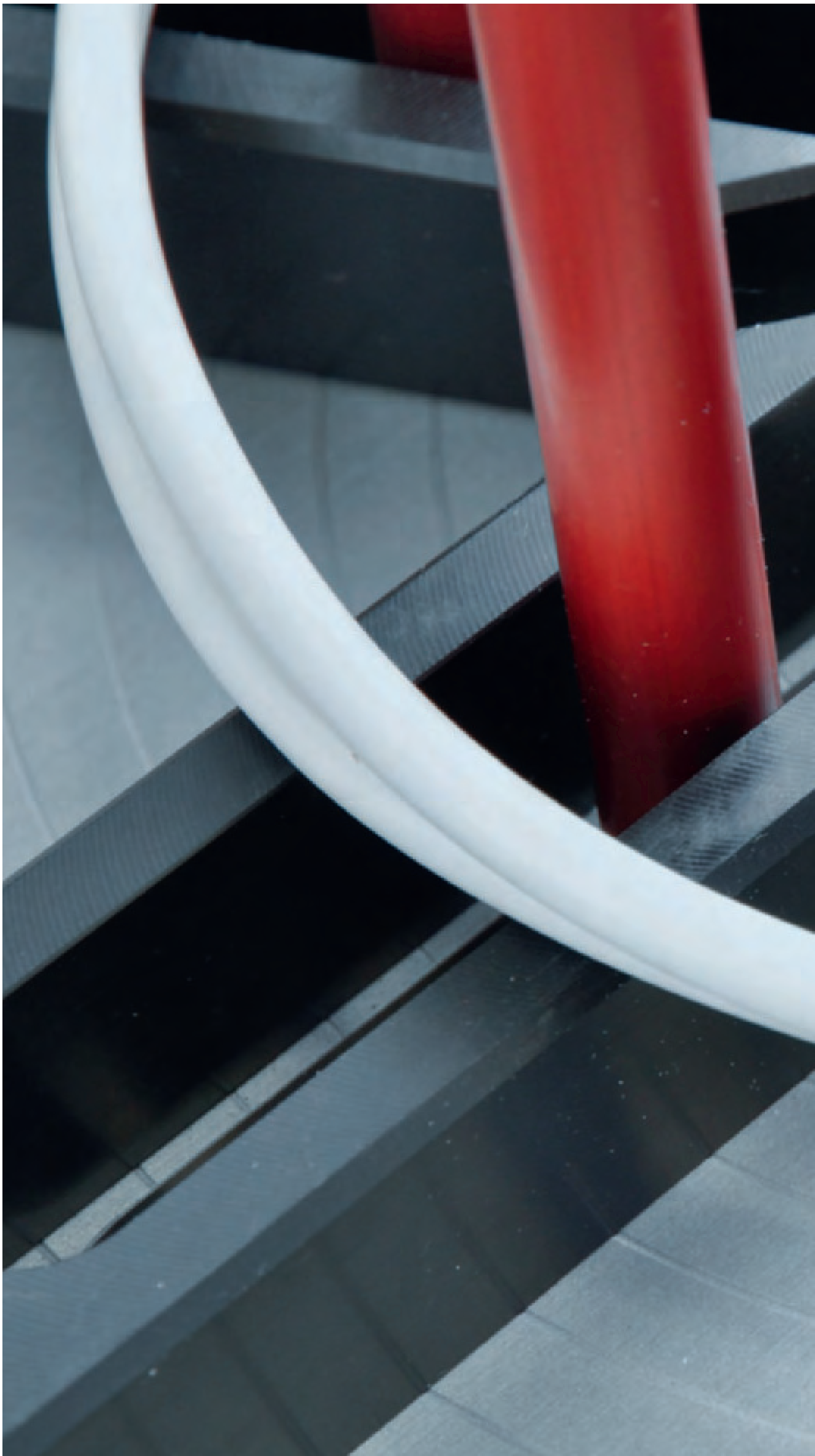
## Showroom

## Showroom









# Wire processing business unit

**The Schleuniger Group's growth continued in 2008. The group landed its largest-ever order from a client in the US. Through the acquisition of PAWO Systems AG in Unterägeri, the Schleuniger Group incorporated an important technology that holds great potential for the future.**

The Schleuniger Group increased sales by 11.1% in the 2008 business year, thus reaching CHF 119.2 million. Despite a clear downward trend in the fourth quarter, the group matched the previous year's high level on an acquisition-adjusted basis. However, the weak US dollar compared to the Swiss franc and the tight margins on the important US market affected the operating result. The high demand for lower-margin crimping machines also had an unfavorable influence on the operating result.

## Growth in the automotive market segment

The automotive market segment witnessed an encouragingly positive development, pertaining to fully automatic crimping machines, processing stations and crimping tools. Schleuniger's continued growth in this area of operations was to no small extent affected by a major order of around USD 10 million from the US automotive supplier AEES, a member of the Alcoa Group.

The lack of large-scale projects compared to the previous year and the decline in the core business in quarter four resulted in slightly weaker development of the telecom / datacom market segment.

All in all, the Schleuniger Group gained ground in all three regions – North America, Europe / Middle East and Asia / Pacific – in particular due to the expansion of the key account business in the automotive sector and long-term strengthening of the service and distribution presence through direct and indirect sales channels. The service and marketing company in China, which was established mid-2007, already made a profit in 2008. At the end of 2008, there were 34 employees working at five locations in this major market of the future.

## PAWO Systems AG joins the Schleuniger Group

Mid-2008, the Schleuniger Group acquired PAWO Systems AG, which is headquartered in Unterägeri. With this acquisition, the group's aims were to incorporate important seal assembly technology and to strengthen its market position in the attractive project business. The integration of PAWO into the group has progressed well and will continue in 2009.

PAWO Systems AG and its sealing stations for plastic seals play a leading role internationally with regard to technology and commercial success. These seals are used to protect cable ends against the intrusion of splashed water. Schleuniger is integrating PAWO assembly stations into its fully automated crimping machines, for example.

PAWO's transfer systems, e.g. for fully automatic manufacture of airbag cables or high-speed data cables, were very successful in the project business, thus allowing the Schleuniger Group to further enhance its positioning in the automotive market segment.

## A whole range of attractive new developments

The Schleuniger Group has reinvested 6% of the group turnover into the new and further development of products. A considerable number of product innovations were successfully implemented in 2008, for instance three new models as well as various options and processing stations were systematically added to the range of fully automatic crimping machines. With regard to quality assurance of crimped connections, Schleuniger now offers – besides the traditional areas of withdrawal force measurement and crimping force monitoring – an innovative, modular, complete system for easy and cost-effective creation of cross-sectional images. Other innovations with the potential to evolve into key revenue generators had already reached the final development stage at the end of the year. These should be ready for the market in November 2009 at the latest – in time for Productronica in Munich, the industry's most important trade show.

The current world economic situation is likely to have a negative impact on the investment goods industry. The Schleuniger Group is prepared for a decline in sales and is well-equipped for sustained future development.

Martin Strehl, commendable CEO of the Schleuniger Group for many years, will join the board of directors of Schleuniger Holding AG in 2009 and transfer his operational executive functions to Christoph Schüpbach.



# Interview

This interview was conducted with Franz Fellner, managing director of MD ELEKTRONIK GmbH which is based in Waldkraiburg and operates in the cable manufacturing sector. In 2008, MD ELEKTRONIK GmbH produced approximately 500 000 antenna cables per week. This is about 1 200 km in length, thus spanning from Stuttgart to Barcelona. MD ELEKTRONIK GmbH has been using Schleuniger equipment for years.

**Franz Fellner, what exactly are your cables used for?**

**Franz Fellner:**
On the one hand, we manufacture different connection cables for machinery and mechanical engineering with a portfolio ranging from ultra-low-profile cables, to special flat ribbon cables, through to complex cable harness carriers. On the other hand, we also produce for the automotive industry where our products are mainly used for infotainment equipment. In this context, the requirements, such as high data transmission rates and resistance to interference, are continually increasing. Processing of coaxial cables is our primary field of competence.

**Is Schleuniger important for your production?**

**Franz Fellner:**
Schleuniger plays a very important role in manufacturing. In order to produce our highly specialized cables, we need equipment that processes concentrically constructed coaxial cables by means of a rotation-based approach. The machines provided by Schleuniger are the only ones that are able to do so. Furthermore, the company also delivers excellent quality.

**Have you been cooperating with Schleuniger for a long time?**

**Franz Fellner:**
Yes. You could say we grew up together. In the last few years, 25 new production lines were almost solely equipped with Schleuniger machines, resulting in a superb exchange with Schleuniger. Each company can benefit from the other, be it in terms of innovation or development. This lends our cooperation an additional boost.

**What challenges are you faced with in your business?**

**Franz Fellner:**
Customer-specific manufacturing is very important, especially in the automotive industry. As a result, orders usually pass directly through the supply chain and we don't produce to stock, if possible. Absolute adherence to delivery dates, as well as secure processes and thus a high standard of quality, along with a wide range of varieties are crucial.

**Does your cooperation with Schleuniger help in this regard?**

**Franz Fellner:**
Absolutely. On the one hand, we benefit from the sophisticated technology of their equipment and on the other hand, from their support. Our manufacturing staff in Germany speak very highly of Schleuniger's response times.

**Can you give an example?**

**Franz Fellner:**
Our production is mainly based in the Czech Republic and in China. Modern manufacturing relies on high machine times and dynamic maintenance processes. If something doesn't work the way it should – which is in fact extremely rare – we need the help of a Schleuniger technician immediately. To date, this help has been on hand whenever required.

# Real estate business unit

In the year under review, MZ-Immobilien AG increased its rental properties' profitability by an above-average 10.3% and the development of properties for the company's own real estate portfolio showed positive progress.

In 2008, MZ-Immobilien AG achieved an above-average increase in rental income, which rose by 10.3% compared to the previous year and reached CHF 21.1 million. This positive development is due to new properties in the real estate portfolio, new contracts for expiring rental contracts and index adjustments. Thanks to active marketing measures, all the apartments – both MZ-Immobilien AG's own and those managed on behalf of third parties – were always fully occupied. Contract amendments for 21 160 $m^2$ of commercial space within the existing portfolio took effect in 2008.

In the scope of the restructuring of property relations for the Metalli shopping mall in Zug, MZ-Immobilien AG acquired another allotment and now owns about 2/3 of the space created during the first two construction stages. The high-yield retail space was extended by 4% and the first basement level was redesigned. The Metalli shopping mall became considerably more attractive after completion of the extensive reconstruction of the Migros selling space. Further measures to increase attractiveness are planned in 2009.

### Great project development progress

Different projects within MZ-Immobilien AG's real estate portfolio made significant progress in 2008. The "Weidli" project in Baar was successfully completed with the hand-over of the single-family houses. In 2009, one of the four buildings of the "Haldenhof" development in the city center of Zug will be transferred to Parkhotel Zug AG for operation as serviced city apartments, which is an attractive expansion of MZ-Immobilien AG's portfolio. Upscale family apartments are under construction in the other three buildings.

In the scope of the reassessment of MZ-Immobilien AG's real estate portfolio, it was decided to sell the office building which is located on Industriestrasse 52 in Zug.

The development site in Rotkreuz (near Zug), located north of the train station, is now ready for planning and construction. The local authorities and the Gemeindeversammlung (assembly at municipal level) approved of the development plan and the governing council gave its definitive permission in fall 2008. As a result, MZ-Immobilien AG initiated the planning for the estate which will be constructed in several stages extending over several years. The estimated investment volume for this project is more than CHF 500 million.

### Encouraging prospects for the future

In 2009, an undiminished, continued full occupancy of all of MZ-Immobilien AG's properties can be expected. The increase in rental value is likely to correspond to the level of the year under review. The board of directors approved an investment volume for project development of about CHF 40 million for 2009.

### Parkhotel Zug AG exceeds the previous year's result

In 2008, Parkhotel Zug AG succeeded in exceeding the previous year's record result and increased sales by almost 10% to CHF 12.5 million. These figures include the turnover of the city restaurant Bären, amounting to CHF 0.8 million. This restaurant has been operated by Parkhotel Zug AG since 1 September 2007 on behalf of MZ-Immobilien AG.

In the immediate vicinity of the Parkhotel Zug main building, MZ-Immobilien AG, as an investor, is going to build an annex building, thus making a significant contribution to improvement of the range of services for business people provided in Zug, as a center of finance and trade. Parkhotel Zug AG plans an expansion of the hotel's existing capacity by 82 rooms in the annex building. These additional guest rooms will be ready for occupation in spring 2010.



# Interview

In spring 2009, Parkhotel Zug AG, a subsidiary of MZ-Immobilien AG, will open a new apartment house featuring 19 exclusive accommodations for long-stay guests. Hotel manager Stefan Gareis explains why these so-called serviced city apartments are important for the City of Zug.

**Stefan Gareis, what factors encouraged you to provide apartments for long-stay guests?**

**Stefan Gareis:**
I am in close contact with representatives of international Zug-based companies at all times to keep me up-to-date on the economy of Zug. Most of the time, the procurement of accommodation for foreign staff, customers and business partners is a central topic of discussion since these quite frequently require accommodation for longer periods of time – whether this is for the duration of a specific project, or until foreign staff can move into apartments of their own. For many companies, it was difficult to find an appropriate temporary solution, time and time again. Thus, we are very pleased that our new serviced city apartments will meet these requirements perfectly.

**Isn't it rather expensive for a company to rent a serviced apartment?**

**Stefan Gareis:**
Quite the contrary. On average, the new serviced apartments are significantly less expensive on a per-day basis than hotel accommodation. Nevertheless, they are just as comfortable as hotel rooms. We clean the apartments daily and Parkhotel Zug's sauna, indoor pool and fitness room are available to apartment guests.

**Do your serviced city apartments help to reinforce the profitability of the Parkhotel Zug?**

**Stefan Gareis:**
In the first place, the new apartments aim at strengthening our position as leading business hotel in the economic region of Zug. The serviced city apartments will of course also improve profitability. We currently provide 12 hotel rooms in the main building for guests staying between one month and one year at our hotel and these are fully booked at all times. Although this guarantees regular income, it also means that we are less flexible to respond to demand. These rooms will again be available for daily rental to hotel guests when the serviced city apartments are opened.

**How did the cooperation with MZ-Immobilien AG proceed for this project?**

**Stefan Gareis:**
Very well, of course – don't forget that we are in the same boat. MZ-Immobilien AG is the investor, Parkhotel Zug AG the renter. When the construction of new residential buildings in the Guthirt quarter was planned, the question arose as to whether Parkhotel Zug AG should operate an apartment house in one of these buildings, since our regular customers' requirement for long-stay accommodation is constantly increasing. On this basis, we worked together to develop the serviced city apartments project.

**What does this new offer mean to Zug as an economic center?**

**Stefan Gareis:**
This project definitely contributes to an increased attractiveness of Zug for business guests from all around the world and provides good prerequisites for further companies to settle down in Zug. In discussions with interested companies, the question as to whether there are sufficient hotel rooms is usually raised after a while. If Zug is unable to meet this requirement, there is a risk that the interested parties avoid Zug and switch to locations such as Zurich, Bern or Geneva. For this reason, even the government and the City of Zug have expressed their appreciation for our project.

# Investment strategy

In 2008, the household appliances business unit and the wire processing business unit of the METALL ZUG GROUP made important acquisitions that helped them to strengthen their market position in the long term, as envisaged by the investment strategy.

The METALL ZUG GROUP is a conglomerate of various industrial companies and service providers. METALL ZUG AG, which has achieved very solid financial results for a considerable time, developed a long-term investment strategy over the past years to ensure that investment funds are used wisely. This investment strategy was unveiled to shareholders and to the public at the 2006 annual media conference.

### Long-term strategic investments

The investment strategy implemented in 2006/2007 is specified as follows: The industrial sector and the real estate industry are the primary targets for investment. METALL ZUG AG usually aims to take a controlling interest or a full acquisition, so as to be able to actively and efficiently support the acquired company in addressing strategic challenges. In doing so, METALL ZUG AG pursues a long-term investment strategy and focuses on a form of business development that is geared to sustainability. Preferably, potential acquisition targets are international companies that are headquartered in Switzerland or in the neighboring countries and hold a good to leading market position in their segment or market niche. They should also have sustainable earning power and a qualified management team and share the values represented by the METALL ZUG GROUP.

### Business units incorporate key technologies and expand their portfolios with strong brands

In order to enable solid implementation of the investment strategy, METALL ZUG AG appointed an investment committee for 2006 and 2007. This committee assessed potential acquisition targets and made proposals to the board of directors accordingly. An initial success of this structured approach was the acquisition of the Schleuniger Group, a manufacturer of cable processing equipment, by the METALL ZUG GROUP. The acquisition, which added a fourth related industry segment to the existing business units, was completed in January 2008, thus permitting the METALL ZUG GROUP to promote the group's international success.

In the course of business development, the household appliances business unit and the wire processing business unit set significant milestones in 2008. Aiming at incorporating important seal assembly technology and at strengthening its market position in the attractive project business at the same time, the Schleuniger Group acquired PAWO Systems AG in Unterägeri (Canton of Zug) mid-2008, while the SIBIRGroup acquired the core business of ESCO Schönmann AG in July 2008 – a strong brand for room-air dryers and dehumidifiers. Now, SIBIRGroup AG is the only full-range provider of appliances for common laundry facilities, including its own laundry hanging system. In October 2008, Novelan AG, retailer of household appliances of all brands offering Swiss-wide customer service, also joined the SIBIRGroup which resulted in valuable synergies to the great benefit of the group and of customers alike.

### Increased focus on further development of business units

The four business units of the METALL ZUG GROUP constitute a balanced and well-rounded portfolio that is in line with financial capacity. In parallel with the search for an additional industrial main pillar, the basis for further business development has also been established within the existing business units in the past years. Thus, the four business units are to directly initiate any further acquisitions and to bear the resulting costs themselves. METALL ZUG AG is planning to focus increasingly on its role as a strategic management holding company.

# Social and environmental policy

The individual companies belonging to the METALL ZUG GROUP assume responsibility towards society and pursue an active environmental policy. The measures adopted in 2008 represent the group's efforts to meet this commitment.

### V-ZUG AG: promotion of health at work and energy-saving innovations

The senior management of V-ZUG AG is convinced that an internal health management system is good for staff and employer alike and therefore, during the past year, invested again in preventive measures such as the sale of ski helmets and bicycle helmets to its staff at reduced prices and the implementation of sports days and health days. Furthermore, systematic absence management made it possible to quickly reintegrate staff recovering from illness or accident into the working environment, thus reducing the load on the other members of staff. V-ZUG AG also provided light jobs to assist recovery.

With regard to saving energy, V-ZUG AG proved its technical brilliance once more. New developments for kitchen and laundry room appliances enabled further reduction of electricity and water consumption, making it possible for consumers to actively contribute to the protection of the environment. In addition, V-ZUG AG consequently integrates environmental considerations into everyday business. Energy flows within the infrastructure, such as heating, ventilation, compressed air and lighting are constantly checked and improved if required. This approach helped V-ZUG AG to steadily reduce its energy consumption in the last few years and the new wastewater and multilayer filter system in the enamel factory made it possible to decrease the wastewater's degree of contamination to a level far below the limit values, while simultaneously increasing capacity.

### Belimed Ballwil: new gas heating system provides ecological benefits

Instead of simply replacing the 40-year-old oil-fired heating system, Belimed Ballwil decided to install a new gas heating system, featuring an innovative firing technology with a positive effect on life cycle assessment: energy consumption was reduced by 10% and $CO_2$ emissions by about 25% (= 50 tons less every year). The fact that Belimed Ballwil – the region's largest consumer of energy – chose gas as an energy source enabled the municipality of Ballwil to connect to the gas network. Belimed Ballwil also installed a solar-powered water processing unit for its test stations' water supply. These improvements demonstrate that it is possible to establish environmentally sound solutions, even within older building infrastructures.

### Schleuniger: together for a better world

Since 2001, Schleuniger's staff restaurant SchTop in the city of Thun has been partnering with the TRANSfair association, thus creating 10 jobs for people suffering from psychological disturbance. Every day, TRANSfair prepares staff lunches and coffee break snacks and provides catering for corporate events and visits by customers. TRANSfair is organized as an association and basically works at its own expense and under its own responsibility. To improve cost coverage, Schleuniger has been supporting the association with an additional fixed monthly payment since 2007.

Within the scope of the Schleuniger Community Service Connection, the staff of Schleuniger Inc., Manchester (US), provide active, voluntary humanitarian assistance. In 2008, for instance, they supported the New Horizons Soup Kitchen and the Food Pantry & Homeless Shelter in Manchester, where they supplied food to the homeless and donated money and food packages. At the same time, Schleuniger sponsored the New Horizons' Annual Walk against Hunger – and actively participated in this event – as well as the annual donation day for the St. Jude Children's Research Hospital in Memphis, which conducts research into child cancer.

# Reporting – METALL ZUG AG

METALL ZUG AG is the holding company responsible for the METALL ZUG GROUP. Basically, METALL ZUG AG has the role of a strategic management holding company. Managerial responsibility is distributed in a decentralized manner.

According to METALL ZUG AG's statutory accounting, the net income amounts to CHF 19.0 million in the year under review and is thus below the previous year's value of CHF 21.5 million. The financial result has considerably decreased while dividend income has slightly increased to CHF 63.8 million (compared to CHF 62.3 million in the previous year) and reserve allocations were reduced.

In January 2008, METALL ZUG AG sold CHF 65 million worth of securities in order to finance the acquisition of Schleuniger Holding AG. Due to the collapse of financial markets in the year under review, the remaining securities portfolio yielded a commercial net financial result of CHF – 29.3 million. In the previous year, the net financial result amounted to CHF – 0.4 million.

Pursuant to the decision of the 2008 general meeting of shareholders, the following measures were taken on 26 May 2008 to simplify the capital structure of METALL ZUG AG: through splitting of par values, the former registered shares were converted to new registered shares of type A with a par value of CHF 2.50 and the former bearer shares and participation certificates were converted to new registered shares of type B with a par value of CHF 25.00. The latter are quoted on the Local Caps segment of the SIX Swiss Exchange. Now, about 57% of the entire capital is quoted on the SIX Swiss Exchange.

The board of directors proposes the general meeting of shareholders to pay an unchanged dividend of CHF 20.3 million, whereas no dividend is to be paid for treasury shares. Thus, about 62% of the consolidated net income will be paid to shareholders – provided that the general meeting of shareholders approves this proposal.

**Net income**

| million CHF | 2008 | 2007 |
|---|---|---|
| | **19.0** | **21.5** |

**Dividend income**

| million CHF | 2008 | 2007 |
|---|---|---|
| V-ZUG AG | 60.0 | 60.0 |
| MZ-Immobilien AG | 2.3 | 2.3 |
| ZEW Immobilien AG | 1.5 | 0.0 |
| **Total** | **63.8** | **62.3** |

**Performance of registered shares of type B**


Diagram METN vs. Swiss Performance Index (SPI)

**Upcoming events**

8 May 2009
**General meeting of shareholders**

13 May 2009
**Payment of dividend**

31 August 2009
**Publication of half-year results**

# Information for investors

**Number of shares**

| | | 2008 | 2007[1] | 2006[1] | 2005[1] | 2004[1] |
|---|---|---|---|---|---|---|
| Registered shares of type A | par value CHF 2.50 | **1 948 640** | 1 948 640 | 1 948 640 | 1 948 640 | 1 948 640 |
| Registered shares of type B | par value CHF 25.00 | **255 136** | 255 136 | 255 136 | 255 136 | 245 690 |

**Figures per registered share of type A**

| in CHF | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Net income[2] | **7.07** | 18.79 | 21.86 | 18.23 | 13.57 |
| Cash flow | **14.84** | 25.39 | 26.50 | 23.38 | 20.79 |
| Shareholders' equity[2] | **155.83** | 180.11 | 170.91 | 152.18 | 135.19 |
| Dividend | **4.50**[3] | 4.50 | 4.50 | 3.25 | 2.50 |

**Figures per registered share of type B**

| in CHF | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Net income[2] | | **70.74** | 187.91 | 218.64 | 182.29 | 135.71 |
| Cash flow | | **148.43** | 253.93 | 265.02 | 233.76 | 207.94 |
| Shareholders' equity[2] | | **1 558.33** | 1 801.14 | 1 709.11 | 1 521.83 | 1 351.86 |
| Dividend | | **45.00**[3] | 45.00 | 45.00 | 32.50 | 25.00 |
| Stock exchange price | Maximum | **3 650** | 4 005 | 2 850 | 2 184 | 1 590 |
| | Minimum | **1 635** | 2 720 | 2 061 | 1 560 | 1 178 |
| | At year-end | **2 050** | 3 700 | 2 800 | 2 174 | 1 563 |

**Total market capitalization[4]**

| | | | | | | |
|---|---|---|---|---|---|---|
| in CHF million | At year-end | **923** | 1 665 | 1 260 | 978 | 688 |

1 The previous years' figures were converted to reflect the new capital structure

2 Excluding minority interests that existed until 2004

3 Proposal of the board of directors

4 Conversion of registered shares of type A on the basis of the year-end rate applicable to registered shares of type B

# Corporate bodies

From left to right:
Heinz M. Buhofer, Calvin Grieder, Jürgen Dormann, Werner O. Weber, Günter F. Kelm

## Board of directors

| Name, nationality | Year of birth | Function | First election | End of election period |
|---|---|---|---|---|
| Heinz Buhofer, CH | 1927 | Honorary chairman | – | – |
| Jürgen Dormann, DE | 1940 | Chairman of the board of directors since 2008 (non-executive) | 2008 | 2011 |
| Heinz M. Buhofer, CH | 1956 | Vice-chairman of the board of directors since 2002 (non-executive) | 1997 | 2011 |
| Werner O. Weber, CH | 1939 | Member of the board of directors (non-executive) | 1976 | 2009 |
| Günter F. Kelm, DE | 1940 | Member of the board of directors (non-executive) | 2005 | 2011 |
| Calvin Grieder, CH | 1955 | Member of the board of directors (non-executive) | 2006 | 2011 |

## Senior management

| Name, nationality | Year of birth | Function | From |
|---|---|---|---|
| Stephan Wintsch, CH | 1966 | Managing director | 2008 |

## Auditors

| Auditors | Duration of the mandate | Lead auditor | Term of office of the lead auditor |
|---|---|---|---|
| Ernst & Young AG, Zug | Since 2006 | Edgar Christen | Since 2006 |

# Group structure

## METALL ZUG AG

Operational organization of the METALL ZUG GROUP (on 31 December 2008)

**METALL ZUG AG**
Zug

- **V-ZUG AG**, Zug
  - **SIBIRGroup AG**, Schlieren
    - **Novelan AG**, Dällikon
  - **Gehrig Group AG**, Ballwil
    - **Hildebrand France S.A.R.L.**, La Boisse (FR)
- **Belimed AG**, Zug
    - **Belimed AG**, Ballwil
  - **Belimed Sauter AG**, Sulgen
  - **Belimed GmbH**, Fehring (AT)
  - **NV Belimed SA**, Louvain-la-Neuve (BE)
  - **Belimed SAS**, Limonest (FR)
  - **Belimed B.V.**, AD Beneden-Leeuwen (NL)
  - **Belimed d.o.o.**, Grosuplje (SI)
  - **Belimed Ltd.**, Shipley (UK)
  - **Belimed Inc.**, Charleston (US)
  - **Belimed Medical Equipment (Shanghai) Co., Ltd.**, Shanghai (CN)
  - **Belimed GmbH**, Mühldorf am Inn (DE)
    - **Belimed Technik GmbH**, Mühldorf am Inn (DE)
    - **Belimed Deutschland GmbH**, Mühldorf am Inn (DE)
- **Schleuniger Holding AG**, Thun
  - **Schleuniger AG**, Thun
    - **CrimpTec division**, Balsthal
  - **PAWO Systems AG**, Shanghai (CN)
  - **Schleuniger Automation GmbH**, Radevormwald (DE)
  - **Schleuniger GmbH**, Heimsheim (DE)
    - **Schleuniger s.r.o.**, Zeliezovce (SK)
  - **Schleuniger, Inc.**, Manchester, NH (US)
    - **Midwest Branch**, Rolling Meadows, IL (US)
    - **West Coast Branch**, Garden Grove, CA (US)
    - **Atlanta Office**, Marietta, GA (US)
    - **Canadian Branch**, Oakville (CA)
    - **Mexican Branch**, El Paso, TX (US)
  - **Schleuniger Japan Co., Ltd.**, Tokyo (JP)
  - **Schleuniger Trading (Shanghai) Co., Ltd.**, Shanghai (CN)
    - **Northern Branch**, Bejing (CN)
    - **Southern Branch**, Shenzhen (CN)
- **MZ-Immobilien AG**, Zug
  - **Parkhotel Zug AG**, Zug
- **ZEW Immobilien AG**, Oberentfelden

### Business units

- Household appliances
- Infection control
- Wire processing
- Real estate

# Corporate Governance

All information in this corporate governance section refers to the situation as on 31 December 2008, or to the year under review (2008) respectively, unless stated otherwise.

No essential changes occurred between 31 December 2008 and the submission deadline for the annual report.

To aid orientation, the order and numbering of chapters are in line with those of the "Directive on information relating to corporate governance" issued by the SIX Swiss Exchange.

## 1 Group structure and shareholders

### 1.1 Group structure

The operational group structure is illustrated on page 35 of this annual report. The management organization of the METALL ZUG GROUP is based on decentralized responsibility.

More detailed information on Zug-based METALL ZUG AG is available on page 32 of this annual report. Only METALL ZUG AG's registered shares of type B are quoted. The index regarding the scope of consolidation is described in the financial report on page 53.

### 1.2 Significant shareholders

All the significant shareholders who are known to METALL ZUG AG are listed in the financial report on page 63 (see "Significant shareholders"). Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer own a total of 67.3% of the voting rights together with Buhofer Trust, a fixed-interest trust according to the law of Liechtenstein. By means of the Buhofer Trust, Annelies Häcki Buhofer, Philipp Buhofer and Martin Buhofer indirectly have a participating interest in METALL ZUG AG. Other than these, there are no mutual agreements between shareholders who are subject to registration.

### 1.3 Cross-shareholdings

The METALL ZUG GROUP did not enter into any cross-shareholdings with other companies in terms of share capital or voting rights.

## 2 Capital structure

### 2.1 Capital

The shareholders' equity structure is described in the financial report on page 63 (see "Shareholders' equity").

### 2.2 Authorized and conditional capital in particular

METALL ZUG AG does not have any authorized or conditional capital.

### 2.3 Changes in capital

Information on the changes in capital in the last two years under review is listed in the financial report on page 49 (see "Changes in shareholders' equity"). Information on the changes of capital in 2006 can be found on page 45 of the German version of the annual report 2007 (see "Eigenkapitalnachweis").

### 2.4 Shares and participation certificates

Detailed information on the shares of METALL ZUG AG (number of shares, type and par value) is available in the financial report on page 63 (see "Shareholders' equity").

### Shares

The registered shares of type A are not quoted. The registered shares of type B are quoted on the Local Caps segment of SIX Swiss Exchange (securities number: 3982108, ticker symbol: METN).

### Participation certificates

METALL ZUG AG no longer issues participation certificates.

### 2.5 Profit sharing certificates

METALL ZUG AG did not issue any profit sharing certificates.

### 2.6 Limitations on transferability and nominee registrations

In relation to the company, only those registered in the share register are recognized as registered shareholders or beneficiaries. The transfer of shares of type A is subject to approval by the board of directors in each instance.

Approval can be denied for important reasons. These include:

- To keep away buyers who operate a business that competes with the purpose of the company, who have participating interest in such a business or who are employed by such a business.
- To ensure that the company remains independent based on the voting-rights-related control of the group of current registered shareholders. Usually, spouses and descendants of the current circle of shareholders must be admitted.
- To acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can be denied without giving reasons, provided that the board of directors acquires the shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted. METALL ZUG AG does not provide registration of nominees.

### 2.7 Convertible bonds and warrants / options

METALL ZUG AG does not have any outstanding convertible bonds or warrants / options.

## 3 Board of directors

### 3.1 Members of the board of directors

The board of directors consists of five members. An overview of the members, providing information such as nationality, age, function, first election and term of office, is available on page 34.

The board of directors comprises non-executive members only. Except for Heinz M. Buhofer, who was managing director until May 2008 in addition to his function as vice chairman of the board of directors, the members of the board of directors did not belong to the senior management of METALL ZUG AG nor to the senior management of an affiliated company for the last three business years, and they do not have any significant business connections with METALL ZUG AG or the METALL ZUG GROUP.

Honorary chairman Heinz Buhofer is entitled to participate in the meetings of the board of directors without right to vote.

### 3.2 Other activities and vested interests

**Jürgen Dormann**

**Education**

Master of economics, University of Heidelberg

**Professional background**

CEO of ABB AG, Zurich, 2002–2004, and chairman of the board of directors, 2001–2007; chairman of the executive board of Aventis SA, Strasbourg, 1999–2002, and of Hoechst AG, Frankfurt on the Main, 1994–1999

**Previous activities for the METALL ZUG GROUP**

None

**Activities in governing and supervisory bodies**

Chairman of the board of directors of V-ZUG AG, Zug; member of the board of directors of BG Group plc, London; chairman of the ETH Zurich Foundation, Zurich

**Heinz M. Buhofer**

**Education**

Master of economics (lic. oec.), University of St. Gallen

**Professional background**

Managing director of METALL ZUG AG, 2002–2008

**Previous activities for the METALL ZUG GROUP**

Various operational functions at MZ-Immobilien AG, Zug, 1984–1997

**Activities in governing and supervisory bodies**

Member of various boards of directors of the METALL ZUG GROUP; member of the board of directors of Buru Holding AG, Cham, and of HMZ Beteiligungen AG, Au SG; member of the board of trustees of the Ernst Göhner Foundation, Zug

**Werner O. Weber**

**Education**

Commercial education

# Corporate Governance

**Professional background**
Formerly various operational functions in the retail and department store business; construction, maintenance and management of real estate properties

**Previous activities for the METALL ZUG GROUP**
None

**Activities in governing and supervisory bodies**
Member of the board of directors of various SMBs in which he holds significant interests.

### Günter F. Kelm

**Education**
Master in industrial engineering (Dipl. Ing.), Technical University of Berlin

**Professional background**
Chief Executive Officer (CEO) of Geberit AG, Jona, until 2004

**Previous activities for the METALL ZUG GROUP**
None

**Activities in governing and supervisory bodies**
Chairman of the board of directors of Belimed AG, Zug, and Geberit AG, Jona; member of the board of directors of V-ZUG AG, Zug

### Calvin Grieder

**Education**
Master in process engineering (Dipl. Ing.), Swiss Federal Institute of Technology (ETH)

**Professional background**
CEO of Bühler AG, Uzwil, since 2001

**Previous activities for the METALL ZUG GROUP**
None

**Activities in governing and supervisory bodies**
Member of the board of directors of Belimed AG, Zug, Bühler AG, Uzwil, and Model-Holding AG, Weinfelden

None of the members of the board of directors has a permanent management or advisory function for an important interest group, nor an official function or political post.

**3.3 Cross-involvement**
On the key date (31 December 2008), no mutual memberships in the board of directors of METALL ZUG AG and in the board of directors of any other quoted company existed.

**3.4 Elections and terms of office**
The board of directors is elected by the general meeting of shareholders for a period of three years in each case. The members of the board of directors retire when attaining the age of 70, i.e. on the day of the subsequent general meeting of shareholders. This does not apply to members of the board of directors who have been involved with the METALL ZUG GROUP for less than six years at that time. They may be elected for up to three terms of office (nine years), while annual reelection is required from the age of 71.

**3.5 Internal organizational structure**
According to the law, the board of directors holds the highest decision-making power and specifies, among other things, the organizational, financial-planning-related and accounting-related directives that METALL ZUG AG and the METALL ZUG GROUP undertake to comply with. Decisions are made by the entire board of directors with the assistance of the following two committees: the audit committee and the staff committee.

METALL ZUG AG does not assume operational management tasks as a corporate group. The board of directors and the senior management or the managing director of the individual subsidiaries bear the primary responsibility for the management of the respective business and for the achievement of objectives. In its role as a strategic management holding company, METALL ZUG AG exerts influence on the strategic direction of the individual subsidiaries, allocates financial resources and has a say in the staffing of top executive positions. The board of directors of METALL ZUG AG has devolved the day-to-day management of METALL ZUG AG to METALL ZUG AG's senior management.

In the year under review, the board of directors met four times for regular meetings and held one special meeting. The agenda items for the meetings of the board of directors are specified by the chairman and prepared by the senior management. Every member of the board of directors and every member of the senior management is entitled to request the summoning of a meeting, upon specification of the meeting's purpose. Ten days prior to a meeting of the board of directors, the members of the board of directors will receive documentation that allows them to duly prepare for the discussion of the agenda items.

**Audit committee**

The audit committee holds at least two meetings a year. The audit committee makes an independent assessment of the quality of the annual financial statements and discusses these with the senior management and the external auditors. The audit committee proposes to the board of directors whether the financial statements may be recommended for submission to the general meeting of shareholders. The audit committee has direct access to the internal auditors and assigns tasks to them. The audit committee sets up the audit plan and defines the audit scope for internal and external auditing and evaluates the cooperation between internal and external auditors and their effectiveness. The audit committee assesses the efficiency of the internal control system considering risk management and evaluates compliance with laws, regulations and accounting standards as well as adherence to internal rules and directives. The audit committee assesses the external auditors' performance and their remuneration. The audit committee ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. The audit committee comprises the following members: Günter F. Kelm, chairman, Heinz M. Buhofer and Werner O. Weber. The members of the senior management and, if required, the auditors also participate in the meetings of the audit committee.

**Staff committee**

The staff committee develops the principles of corporate governance which are then submitted to the board of directors for approval. This also includes periodic revision of the composition and size of the board of directors and its committees and of the board of directors of each subsidiary. In addition, the staff committee proposes to the board of directors qualified candidates for the various bodies and also submits proposals to the board of directors regarding the compensation of the board of directors and of the senior management. The staff committee comprises the following members: Jürgen Dormann, chairman, and Heinz M. Buhofer.

**3.6 Definition of areas of responsibility**

The board of directors has established organizational regulations regarding the distribution of areas of responsibility between the senior management and the board of directors. In principle, the senior management's mandate is comprehensive. Even if an area of responsibility is due to the board of directors, the senior management undertakes to take intellectual initiatives and to deal with emerging business opportunities until they are ready for a decision.

**3.7 Information and control instruments vis-à-vis the senior management**

The chairman of the board of directors is continously updated about the course of business of METALL ZUG AG and its subsidiaries.

The METALL ZUG GROUP's management information system is organized as follows: usually, the subsidiaries' individual statements (income statement, balance sheet and statement of cash flows) are produced semi-annually. Depending on the size and the risks of the business, individual statements may also be produced either monthly or quarterly. The figures are consolidated for each business unit and for the METALL ZUG GROUP and compared to the previous year's period and the budget. Usually, the achievability of budgets, which are integrated into rolling medium-term plans, is verified on the basis of quarter-end statements which are then extrapolated.

The managing director or the head of each business unit submits a written report on the progress of budget achievement to the board of directors of the respective company as well as to the chairman of the board of directors of METALL ZUG AG and to the senior management of METALL ZUG AG. On the occasion of the meetings of the board of directors of METALL ZUG AG, the senior management and the chairman of the board of directors inform the entire board of directors about the course of business.

# Corporate Governance

## 4 Senior management

### 4.1 Members of the senior management

Information on the nationality, the age and the function of the members of the senior management is available on page 34.

### 4.2 Other activities and vested interests

**Stephan Wintsch**

**Education**
MBA, University of Rochester (NY)

**Professional background**
Managing director, since 2008

**Previous activities for the METALL ZUG GROUP**
Head of corporate services (2005–2008)
Group controller (2004–2005)

**Activities in governing and supervisory bodies**
Member of the board of directors of Gehrig Group AG, Ballwil, ZEW Immobilien AG, Oberentfelden, HMZ Beteiligungen AG, Au SG, and vonRoll Infratec (Holding) AG, Zug

None of the members of the senior management has a permanent management or advisory function for an important interest group, nor an official function or political post.

### 4.3 Management contracts

METALL ZUG AG did not conclude any management contracts with third parties.

### 5 Compensations, shareholdings and loans

Information on the procedure for determining the compensation of the board of directors and the senior management and on the compensation amounts paid to the board of directors and the senior management is available on page 75f. of the notes to the annual financial statements of METALL ZUG AG.

## 6 Shareholders' participation

### 6.1 Voting rights and representation restrictions

All shareholders may act at the general meeting of shareholders through written proxy to a duly authorized person, the portfolio representative, the representative officer, or the independent representative.

### 6.2 Statutory quorums

Resolutions on
- the conversion of bearer shares into registered shares and vice versa;
- the restriction of the transferability of registered shares and the easing or cancellation of such restriction;
- the disbandment of the group with liquidation

require the approval of at least two-thirds of the voting shares represented and the absolute majority of the share par value represented, if beyond the cases set out in article 704 of the Swiss code of obligations (OR). In all other instances, the general meeting of shareholders of METALL ZUG AG shall adopt resolutions and hold elections by the majority of voting shares cast, irrespective of the number of shareholders present and of the number of voting shares represented.

### 6.3 Convocation of the general meeting of shareholders

Convocation of the general meeting of shareholders follows the legal provisions.

### 6.4 Agenda

In principle, the agenda is set up in compliance with the legal provisions. Shareholders representing shares with a par value of at least one million Swiss francs may request in writing, and upon specification of the motion, inclusion of an item in the agenda within 40 days prior to the general meeting, unless the group sets a different deadline by means of publication. The written request must be accompanied by a statement issued by a bank, confirming that the shares are deposited until after the general meeting.

### 6.5 Inscriptions into the share register

Registered shareholders who are listed in the share register as shareholders with right to vote on the day when the invitation to the general meeting of shareholders is published in the Swiss official trade journal (SHAB), i.e. usually about 20 days prior to the date of the meeting, directly receive the invitation to the regular general meeting. From this day to the day of the general meeting of shareholders, no inscriptions into the share register will be made.

## 7 Changes of control and defense measures

### 7.1 Duty to make an offer, opting out

The duty to make a public offer to purchase according to articles 32 and 52 of the Swiss stock exchange and securities trading act (BEHG) is removed within the meaning of article 53 BEHG.

### 7.2 Clauses on changes of control

In the event of a change of control, METALL ZUG AG is not obliged to make any additional payments, neither for the benefit of the members of the board of directors, nor for the benefit of members of the senior management or any other executives.

## 8 Auditors

### 8.1 Duration of the mandate and term of office of the lead auditor

An overview regarding the auditors of the annual financial statements of METALL ZUG AG and of the consolidated financial statements of the METALL ZUG GROUP, including information on the lead auditor, the lead auditor's term of office and the duration of the auditing mandate, is available on page 34.

### 8.2 Auditing fees

In the year under review, the independent auditors, in particular Ernst & Young, charged METALL ZUG AG, or the METALL ZUG GROUP respectively, total fees of approximately CHF 804 000 for services related to the audit of the annual financial statements of METALL ZUG AG and its subsidiaries, as well as for services related to the audit of the consolidated financial statements of the METALL ZUG GROUP.

### 8.3 Additional fees

Furthermore, the independent auditors, in particular Ernst & Young, charged METALL ZUG AG, or the METALL ZUG GROUP respectively, additional fees of approximately CHF 105 000 for additional services.

### 8.4 Informational instruments pertaining to the external audit

The audit committee assesses the performance, the remuneration and the independence of the auditors on an annual basis and reports to the board of directors. The board of directors makes proposals to the general meeting of shareholders regarding the election of the auditors. On an annual basis, the audit committee and the senior management jointly review the external auditing scope as well as the general conditions for any additional assignments. The audit committee also discusses the results of the audit with the external auditors.

## 9 Information policy

METALL ZUG AG and the METALL ZUG GROUP pursue a transparent information policy towards the public and towards financial markets. Media releases are issued if an important event occurs. METALL ZUG AG and the METALL ZUG GROUP publish their figures semi-annually by means of the half-yearly report and the annual report. The current media releases, important dates as well as general information about METALL ZUG AG or the METALL ZUG GROUP can be viewed at www.metallzug.ch.

# METALL ZUG GROUP

## Consolidated financial statements 2008

# Consolidated income statement

| in CHF thousands | Notes | 2008 | 2007 |
|---|---|---|---|
| Gross sales | | 808 561 | 641 494 |
| Sales deductions | | – 20 771 | – 13 645 |
| **Net sales** | 1 | **787 790** | **627 849** |
| Change in inventories | | 3 469 | 6 912 |
| Other operating revenues | 1 | 45 926 | 38 914 |
| **Operating revenues** | | **837 185** | **673 675** |
| Cost of materials | 2 | – 320 194 | – 246 436 |
| Wages, salaries and social insurances | 3 | – 279 419 | – 214 381 |
| Depreciation | 12 | – 36 461 | – 30 857 |
| Other operating expenses | 4 | – 110 612 | – 87 814 |
| **Operating expenses** | | **– 746 686** | **– 579 488** |
| **Operating income (EBIT)** | 1 | **90 499** | **94 187** |
| Financial income | 6 | 19 064 | 24 237 |
| Financial expenses | 6 | – 66 150 | – 20 136 |
| **Financial result** | | **– 47 086** | **4 101** |
| **Non-operating income** | 7 | **228** | **2 512** |
| **Income before taxes** | | **43 641** | **100 800** |
| Taxes | 8 | – 11 808 | – 16 239 |
| **Net income** | | **31 833** | **84 561** |

Details to the individual items are available in the notes to the consolidated financial statements on page 54.

# Consolidated balance sheet

| Assets | | | |
|---|---|---|---|
| **in CHF thousands** | **Notes** | **12/31/2008** | **12/31/2007** |
| Cash and cash equivalents | | 70 563 | 194 124 |
| Securities | 9 | 216 204 | 319 150 |
| Trade receivables | 10 | 108 366 | 81 063 |
| Other receivables | | 24 134 | 22 174 |
| Inventories | 11 | 150 251 | 117 713 |
| Prepaid expenses | | 7 198 | 3 815 |
| **Current assets** | | **576 716** | **738 039** |
| Tangible fixed assets | | | |
| – Land | 12 | 8 228 | 8 393 |
| – Land and buildings | 12 | 280 872 | 219 310 |
| – Plant and equipment | 12 | 54 331 | 39 993 |
| – Prepayments and assets under construction | 12 | 369 | 334 |
| – Other tangible assets | 12 | 24 306 | 19 005 |
| Financial assets | | | |
| – Employer's contribution reserves | 12, 23 | 7 547 | 7 292 |
| – Associated companies | 12 | 15 710 | 0 |
| – Other financial assets | 12 | 14 179 | 25 390 |
| Intangible assets | | | |
| – Software | 12 | 4 236 | 2 222 |
| – Other intangible assets | 12 | 39 | 0 |
| **Fixed assets** | | **409 817** | **321 939** |
| **Total assets** | | **986 533** | **1 059 978** |

Details to the individual items are available in the notes to the consolidated financial statements on page 57.

| **Liabilities and shareholders' equity** | | | |
|---|---|---|---|
| **in CHF thousands** | **Notes** | **12/31/2008** | **12/31/2007** |
| | | | |
| Current financial liabilities | | 7 129 | 5 384 |
| Trade payables | | 53 284 | 41 645 |
| Other current liabilities | 11, 13 | 58 644 | 60 440 |
| Accrued expenses | | 49 479 | 48 104 |
| Current provisions | 15 | 25 558 | 25 154 |
| **Current liabilities** | | **194 094** | **180 727** |
| | | | |
| Long-term financial liabilities | 14 | 31 627 | 11 248 |
| Long-term provisions | 15 | 59 563 | 57 490 |
| **Long-term liabilities** | | **91 190** | **68 738** |
| | | | |
| **Total liabilities** | | **285 284** | **249 465** |
| | | | |
| Share capital and participation capital | 17 | 11 250 | 11 250 |
| Capital reserves | | 342 170 | 342 170 |
| Treasury shares and treasury participation certificates | 17 | – 28 236 | – 15 600 |
| Retained earnings | | 376 065 | 472 693 |
| **Shareholders' equity** | | **701 249** | **810 513** |
| | | | |
| **Total liabilities and shareholders' equity** | | **986 533** | **1 059 978** |

Details to the individual items are available in the notes to the consolidated financial statements on page 57.

# Consolidated statement of cash flows

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Net income | 31 833 | 84 561 |
| Income from sale of fixed assets | – 228 | – 1 885 |
| Depreciation on tangible assets and intangible assets | 36 461 | 30 857 |
| Net changes in provisions | – 1 271 | 737 |
| **Cash flow** | **66 795** | **114 270** |
| Change in securities | 102 946 | – 49 117 |
| Change in trade receivables | – 3 392 | – 4 386 |
| Change in other receivables and prepaid expenses | – 1 044 | – 9 152 |
| Change in inventories | – 693 | – 12 446 |
| Change in trade payables | 3 098 | 5 269 |
| Change in other current liabilities and accrued expenses | – 14 952 | 1 142 |
| **Cash flow from operating activities** | **152 758** | **45 580** |
| Investments in tangible assets | – 82 759 | – 58 467 |
| Investments in financial assets | – 13 323 | – 16 406 |
| Investments in intangible assets | – 3 534 | – 1 184 |
| Acquisitions net of cash and cash equivalents | – 140 757 | – 9 159 |
| Disposals of tangible assets | 5 122 | 6 310 |
| Disposals of financial assets | 0 | 237 |
| Disposals of intangible assets | 467 | 2 |
| **Cash flow from investing activities** | **– 234 784** | **– 78 667** |
| Change in long-term financial liabilities | – 7 986 | 911 |
| Purchase of treasury shares | – 12 636 | – 15 600 |
| Dividend | – 20 070 | – 20 250 |
| **Cash flow from financing activities** | **– 40 692** | **– 34 939** |
| **Currency translation differences** | **– 2 588** | **– 656** |
| **Decrease in "Net cash and cash equivalents"** | **– 125 306** | **– 68 682** |

Information on the composition of "Net cash and cash equivalents" is available on page 67.

Investments that do not affect liquidity amount to TCHF 13 600 (previous year: TCHF 0).

# Changes in shareholders' equity

| in CHF thousands | Share capital and participation capital | Capital reserves | Treasury shares and participation capital | Retained earnings | Total |
|---|---|---|---|---|---|
| **Balance on 01/01/2007** | **11 250** | **342 170** | **0** | **418 014** | **771 434** |
| Dividend | | | | – 20 250 | – 20 250 |
| Purchase of treasury participation certificates | | | – 15 600 | | – 15 600 |
| Goodwill from acquisitions | | | | – 10 596 | – 10 596 |
| Currency translation differences | | | | 964 | 964 |
| Net income | | | | 84 561 | 84 561 |
| **Balance on 12/31/2007** | **11 250** | **342 170** | **– 15 600** | **472 693** | **810 513** |
| | | | | | |
| **Balance on 01/01/2008** | **11 250** | **342 170** | **– 15 600** | **472 693** | **810 513** |
| Dividend | | | | – 20 070 | – 20 070 |
| Purchase of treasury shares | | | – 12 636 | | – 12 636 |
| Goodwill from acquisitions | | | | – 103 294 | – 103 294 |
| Currency translation differences | | | | – 5 097 | – 5 097 |
| Net income | | | | 31 833 | 31 833 |
| **Balance on 12/31/2008** | **11 250** | **342 170** | **– 28 236** | **376 065** | **701 249** |

See note 17 (page 63) for more detailed information on the purchase of treasury shares and note 22 (page 65) for more detailed information on acquisitions.

# Notes to the consolidated financial statements

## General

The consolidated financial statements of the METALL ZUG GROUP comply with the Swiss GAAP FER financial reporting standard as a whole. It is prepared on the basis of acquisition values. The revised Swiss GAAP FER standards were already applied as of 1 January 2007, thus the principles of consolidation and the principles of valuation are unchanged compared to the previous year. The business year that forms the basis for the consolidated financial statements is equivalent to the calendar year.

On 20 March 2009, the board of directors released the consolidated financial statements for publication.

## Scope of consolidation

The group owns more than 50% of the votes and of the capital of all group companies. The full consolidation method is applied, i.e. assets and liabilities as well as expenses and revenues are consolidated at 100%. The share of minority shareholders in net income and shareholders' equity is reported separately. Associated companies, in which the METALL ZUG GROUP holds direct or indirect participations of 20% to 50%, are consolidated according to the equity accounting method (proportional equity). Participations below 20% are not consolidated. Real estate property is included in the consolidated financial statements on the basis of the applicable ownership share.

On the date of the initial consolidation, the assets and the liabilities of the consolidated companies or of the acquired business participations respectively are evaluated in compliance with group-wide accounting and valuation principles. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired business is recorded as goodwill. This goodwill is offset against retained earnings without affecting net income. The impact of a theoretical capitalization is presented in the notes to the consolidated financial statements (see fixed assets table, page 57 ff.). The economic life, which is usually 3 to 5 years and up to 20 years in exceptional cases, is determined at the time of acquisition.

## Principles of consolidation

### Consolidation method

Capital consolidation is performed to show the equity of the entire group. In this context, the purchase method is applied.

### Currency translation

With regard to currency translation for consolidation purposes, the annual financial statements of the foreign group companies are translated into Swiss francs according to the current rate method. The exchange rate at the end of the year is applied to balance sheets while the average exchange rate during the period under review is used for income statements. Equity is converted on the basis of historical exchange rates and the resulting exchange rate differences are offset against retained earnings without affecting net income.

### Exchange rates into CHF

| Income statement (average rate) | | 2008 | 2007 |
|---|---|---|---|
| 1 | EUR | 1.5874 | 1.6432 |
| 1 | USD | 1.0831 | 1.2004 |
| 1 | GBP | 2.0006 | 2.4016 |
| 100 | CNY | 15.6160 | 15.7980 |
| 100 | JPY | 1.0510 | 1.0190 |

| Balance sheet (exchange rate on 12/31) | | 2008 | 2007 |
|---|---|---|---|
| 1 | EUR | 1.4888 | 1.6587 |
| 1 | USD | 1.0561 | 1.1267 |
| 1 | GBP | 1.5286 | 2.2498 |
| 100 | CNY | 15.4900 | 15.4500 |
| 100 | JPY | 1.1688 | 1.0033 |

### Intragroup transactions

Intragroup receivables, payables and transactions are eliminated for fully consolidated companies. Depreciation and impairments for intragroup receivables and investments are reversed. The individual group companies' intragroup profits on inventories and tangible assets are assessed and also eliminated.

## Principles of valuation

### Securities

Listed securities and portfolios that are managed by third parties are valued at stock market prices at the balance sheet date. Unlisted securities are shown in the balance sheet at acquisition costs less impairments.

### Trade receivables

In addition to specific value adjustments, general value adjustments of up to 2% for domestic receivables and up to 5% for foreign receivables are made.

### Inventories

With regard to inventories, purchased goods are shown in the balance sheet at cost, predominantly according to the standard cost method, or at market value, if lower. Self-produced goods are valued at production costs including indirect production costs, or at market value, if lower.

In addition to specific value adjustments, general value adjustments of up to 10% for general valuation risks are made according to past experience.

### Tangible assets

Tangible assets are valued at acquisition costs or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, impairments are recorded to reflect the decrease in value.

### Depreciation table

| | No. of years |
|---|---|
| Industrial, commercial, hotel and office buildings | 33–50 |
| Residential buildings | 50–66 |
| Plant and equipment | 6–12 |
| Special tools | 3–5 |
| Vehicles | 5–10 |
| Other movable property | 2–8 |
| Software licenses | 2–5 |
| Other intangible values | 2–20 |

### Financial assets

Financial assets are reported at their nominal value less impairments. Associated companies are consolidated according to the equity accounting method (proportional equity).

### Intangible assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are valued at acquisition costs less straight-line depreciation according to the above depreciation table. Self-developed intangible assets are not recognized in the balance sheet.

### Liabilities

Liabilities are valued at their nominal value.

# Notes to the consolidated financial statements

**Employee benefits**

The group provides pension plans for the majority of staff in compliance with the respective country-specific legal provisions. The most important companies are located in Switzerland where staff pensions are organized through independent foundations or insured pension plans. These plans cover economic consequences of old age, death or disability. Most pension plans are financed through employer's and employee's contributions. Staff pension contributions are calculated as a percentage of the insured salary. In Germany, seniority-related staff pension contributions are established on the basis of actuarial calculations. These staff pension contributions are partially re-insured.

Changes in employer's contribution reserves as well as any economic impact of overcoverage or undercoverage of pension schemes on the group are recorded under Wages, salaries and social insurances. They affect net income.

**Income taxes**

Current income taxes are calculated at the prevailing tax rates on the basis of the fiscal annual income as per commercial law and according to the respective tax assessment rules. They are included in accrued expenses.

**Deferred taxes**

Deferred taxes are calculated on the differences between the tax balance sheet and the group companies' balance sheet that was prepared for consolidation purposes, insofar as these deviations affect income tax. The individual group companies' maximum tax rates are applied to calculate deferred taxes. Tax loss carry forwards that can be used for tax purposes are neither capitalized nor offset against the provisions for deferred taxes.

**Provisions**

Provisions are in line with recognizable risks and also include deferred taxes. They are structured according to their maturity, i.e. a distinction is made between current provisions with an expected cash outflow within the next 12 months, and long-term provisions with an expected cash outflow within more than one year. Provisions for guarantees are calculated on the basis of historical values (average of actual costs in recent years).

**Contingent liabilities**

Contingent liabilities are assessed according to the probability and the scope of future unilateral performance and costs and are disclosed in the notes.

**List of material investments** (as of 12/31/2008)

| Company | Domicile | Currency | Share capital | Participation rate |
|---|---|---|---|---|
| V-ZUG AG | Zug | CHF | 1 900 000 | 100% |
| SIBIRGroup AG (formerly SIBIR Haushalttechnik AG) | Schlieren | CHF | 500 000 | 100% |
| Novelan AG | Dällikon | CHF | 1 250 000 | 100% |
| Gehrig Group AG | Ballwil | CHF | 2 000 000 | 100% |
| Hildebrand France S.A.R.L. | La Boisse (FR) | EUR | 426 720 | 100% |
| Belimed AG | Zug | CHF | 6 500 000 | 100% |
| Belimed Inc. | Charleston (US) | USD | 6 000 000 | 100% |
| Belimed Ltd. | Shipley (UK) | GBP | 350 000 | 100% |
| Belimed GmbH | Fehring (AT) | EUR | 180 000 | 100% |
| Belimed GmbH | Mühldorf am Inn (DE) | EUR | 6 135 550 | 100% |
| Belimed Technik GmbH | Mühldorf am Inn (DE) | EUR | 25 000 | 100% |
| Belimed Deutschland GmbH | Mühldorf am Inn (DE) | EUR | 25 000 | 100% |
| Belimed d.o.o. | Grosuplje (SI) | EUR | 28 000 | 100% |
| Belimed Sauter AG | Sulgen | CHF | 350 000 | 100% |
| Belimed B.V. | AD Beneden-Leeuwen (NL) | EUR | 18 151 | 100% |
| NV Belimed SA | Louvain-la-Neuve (BE) | EUR | 198 315 | 100% |
| Belimed SAS | Limonest (FR) | EUR | 1 650 000 | 100% |
| Belimed Medical Equipment (Shanghai) Co., Ltd. | Shanghai (CN) | CNY | 4 223 000 | 100% |
| Schleuniger Holding AG | Thun | CHF | 2 500 000 | 100% |
| Schleuniger AG | Thun | CHF | 150 000 | 100% |
| PAWO Systems AG | Unterägeri | CHF | 250 000 | 100% |
| Schleuniger Automation GmbH | Radevormwald (DE) | EUR | 1 000 000 | 100% |
| Schleuniger GmbH | Heimsheim (DE) | EUR | 26 000 | 100% |
| Schleuniger Inc. | Manchester (US) | USD | 200 000 | 100% |
| Schleuniger s.r.o. | Zeliezovce (SK) | SKK | 200 000 | 100% |
| Schleuniger Japan Co., Ltd. | Tokyo (JP) | JPY | 40 000 000 | 100% |
| Schleuniger Trading (Shanghai) Co., Ltd. | Shanghai (CN) | CNY | 5 294 000 | 100% |
| MZ-Immobilien AG | Zug | CHF | 1 500 000 | 100% |
| Parkhotel Zug AG | Zug | CHF | 1 000 000 | 100% |
| ZEW Immobilien AG | Oberentfelden | CHF | 4 500 000 | 100% |
| Schlatter Holding AG | Schlieren | CHF | 17 575 000 | 26.18% |

Upon closing of the acquisition contract on 9 January 2008, the Schleuniger Group was incorporated into the scope of consolidation as the new wire processing business unit. As of 22 July 2008, Schleuniger Holding AG acquired PAWO Systems AG, Unterägeri. SIBIR Haushalttechnik AG acquired the core business of ESCO Schönmann AG on 1 July 2008 as well as Novelan AG, Dällikon, on 28 October 2008. As of 1 July 2008, the legal implementation of the integration of ATPM SA into the French Belimed SAS was completed, thus increasing the share capital of Belimed SAS to EUR 1 650 000 (+ EUR 1 350 000). The share capital of Belimed Medical Equipment (Shanghai) Co. Ltd. was raised to CNY 4 223 000 (+ CNY 3 485 000) in the year under review. The share capital of Schleuniger Trading Co. Ltd. was increased to CNY 5 294 000 (+ CNY 3 750 000) in the year under review. The direct and indirect participation in Schlatter Holding AG was increased from 18.46% to 26.18% in the year under review. For the first time, the consolidation of Schlatter Holding AG is based on the equity accounting method in the year under review. All other investments are unchanged compared to the previous year.

# Notes to the consolidated financial statements

**1 Segment information**

The METALL ZUG GROUP's economic activity comprises the following four business units

| | |
|---|---|
| **– Household appliances** | Appliances for kitchen and laundry as well as for the hotel industry, incl. other products a) |
| **– Infection control** | Equipment for medical institutions, pharmaceutical institutions and laboratories, incl. other products a) |
| **– Wire processing** | Wire processing machines |
| **– Real estate** | Non-operating properties, incl. a hotel |

| **By business unit** | Net sales to third parties | | Operating income (EBIT) | | Net assets invested b) | |
|---|---|---|---|---|---|---|
| **in CHF thousands** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Household appliances | 484 872 | 449 235 | 61 897 | 68 110 | 174 257 | 127 600 |
| Infection control | 188 856 | 178 614 | 8 404 | 13 978 | 94 054 | 83 012 |
| Wire processing | 114 062 | c) | 6 030 | c) | 66 743 | c) |
| Real estate | d) | d) | 14 168 | 12 099 | 164 994 | 154 784 |
| **Total** | **787 790** | **627 849** | **90 499** | **94 187** | **500 047** | **365 396** |

| | Operating margin | | Contribution to the operating income (EBIT) | | EBIT in % of net assets invested | |
|---|---|---|---|---|---|---|
| **In percent** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| Household appliances | 12.8% | 15.2% | 68.4% | 72.3% | 35.5% | 53.4% |
| Infection control | 4.4% | 7.8% | 9.3% | 14.8% | 8.9% | 16.8% |
| Wire processing | 5.3% | c) | 6.7% | c) | 9.0% | c) |
| Real estate | d) | d) | 15.7% | 12.8% | 8.6% | 7.8% e) |
| **Total** | | | **100.0%** | **100.0%** | **18.1%** | **25.8%** |

a) Other products of the household appliances business unit and the infection control business unit comprise containers, surface technology and special products. In the previous year as well as in the year under review, these other products contributed about 2% of net sales.

b) Average current assets and average fixed assets, excl. cash and cash equivalents and securities, minus interest-free liabilities.

c) The wire processing business unit was consolidated for the first time as of 9 January 2008.

d) Real estate and hotel net sales of TCHF 35 512 (previous year: TCHF 33 430) are reported as other operating revenues and not as sales. The total operating margin is not informative for the real estate sector.

e) Real estate property is valued at cost less accumulated depreciation. Accounting on the basis of market value would result in considerably lower margin-related key figures.

**By country**

| in CHF thousands | CH | DE | FR | US | Others | Total 2008 | Total 2007 |
|---|---|---|---|---|---|---|---|
| Household appliances | 476 462 | 4 832 | 177 | 1 097 | 2 304 | 484 872 | 449 235 |
| Infection control | 21 660 | 45 188 | 21 122 | 29 094 | 71 792 | 188 856 | 178 614 |
| Wire processing | 1 833 | 26 013 | 3 021 | 19 685 | 63 510 | 114 062 | c) |
| **Total net sales 2008** | **499 955** | **76 033** | **24 320** | **49 876** | **137 606** | **787 790** | |
| **Total net sales 2007** | **457 777** | **52 553** | **12 397** | **40 226** | **64 896** | | **627 849** |

**2 Cost of materials**

The increase in cost of materials to TCHF 320 194 (previous year: TCHF 246 436) is proportionally slightly higher than sales growth and is largely due to a strong raise in raw material prices until mid-2008. Cash discounts on goods purchased are posted as acquisition cost reductions.

**3 Wages, salaries and social insurances**

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Wages and salaries | – 222 713 | – 170 707 |
| Staff pension contributions | – 15 069 | – 11 394 |
| Other social and staff expenses | – 41 637 | – 32 279 |
| **Total wages, salaries and social insurance costs** | **– 279 419** | **– 214 381** |

The acquisition of the Schleuniger Group and of PAWO Systems AG resulted in a head count growth of 513. The acquisition of Novelan AG added another 40 staff. Furthermore, new jobs were created in all business units, 114 full-time jobs in the Belimed Group alone. Altogether, this amounts to an increase of 715 full-time jobs to 2 966 full-time jobs (previous year: 2 251). This growth as well as performance-oriented pay raises made a considerable contribution to the increase in wages, salaries and social insurance costs of 30.0%.

**4 Other operating expenses**

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Public relations / sales promotion | – 26 793 | – 21 357 |
| Change in provisions | – 692 | – 939 |
| Maintenance and repair | – 16 025 | – 13 800 |
| Administrative expenses | – 29 192 | – 26 159 |
| Other costs | – 37 910 | – 25 559 |
| **Total other operating expenses** | **– 110 612** | **– 87 814** |

In relation to total sales, the other operating expenses remained stable compared to the previous year. The strong absolute increase in other operating expenses is essentially due to the effects of the acquisitions of the Schleuniger Group, PAWO Systems AG, Novelan AG and the core business of ESCO Schönmann AG in the year under review. In 2008, the expenses of FCC Group AG, ATPM SA and Hildebrand AG, all acquired in the course of the previous year, were for the first time considered for the entire year.

# Notes to the consolidated financial statements

### 5 Research and development

Expenses for research and development are included in the operating expenses and relate to personnel costs (wages, salaries and social insurances), cost of materials, overhead costs and external labor. Research and development expenses increased from 7.0% to 7.4% of total sales, thus amounting to TCHF 59 447 (previous year: TCHF 44 630). As in the previous years, these expenses were directly charged to the income statement.

### 6 Financial result

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Interest income | 2 028 | 4 676 |
| Income from securities | 13 009 | 16 906 |
| Income from financial assets | 162 | 116 |
| Foreign exchange gains | 3 865 | 2 539 |
| **Total financial income** | **19 064** | **24 237** |
| | | |
| Interest expenses | – 1 750 | – 802 |
| Losses on securities | – 55 818 | – 16 274 |
| Other financial expenses | – 342 | – 234 |
| Foreign exchange losses | – 8 240 | – 2 826 |
| **Total financial expenses** | **– 66 150** | **– 20 136** |
| | | |
| **Net financial result** | **– 47 086** | **4 101** |

In the course of the global financial crisis, virtually all asset categories of the securities portfolio suffered from heavy losses. Coupled with the devaluation of most foreign currencies against the Swiss franc and the resulting foreign exchange losses, this lead to a considerably weaker financial result than in the previous year. In the year under review and in the previous year, interest income and interest expenses correspond to interest received and interest paid.

### 7 Non-operating income

In the year under review, MZ-Immobilien AG sold newly built single-family houses which resulted in a capital gain of TCHF 228. In the previous year, non-operating income due to capital gains included the sale of the bedpan washer business by Belimed AG (TCHF 329), the sale of a piece of land by ZEW Immobilien AG (TCHF 1 885) and the sale of newly built condominiums by MZ-Immobilien AG (TCHF 298).

### 8 Taxes

**Expenditure**

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Current income taxes | – 9 334 | – 13 959 |
| Deferred income taxes | – 2 474 | – 2 280 |
| **Total** | **– 11 808** | **– 16 239** |

**Liabilities**

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Current income taxes | 11 699 | 13 534 |
| Deferred income taxes | 35 344 | 32 312 |
| **Total** | **47 043** | **45 846** |

In the year under review, cash outflow for income taxes amounts to TCHF 14 170 (previous year: TCHF 18 050).

Potential tax reductions resulting from loss carried forward and timing differences amount to TCHF 13 980 (previous year: TCHF 11 560). These are not shown in the balance sheet. Moreover, it is not certain if these tax reductions can be realized. Taxes amount to 27.1% (previous year: 16.1%) of income before taxes. The higher tax rate is due to the negative financial result which was borne by companies with low tax rates.

The average tax rate for deferred income taxes amounts to 15.6% (previous year: 15.5%).

### 9 Securities

| in CHF thousands | 2008 | % | 2007 | % |
|---|---|---|---|---|
| Fixed-income assets up to 12 months | 26 015 | 12.0 | 59 309 | 18.6 |
| Fixed-income securities over 12 months | 90 371 | 41.8 | 127 536 | 40.0 |
| Shares and similar assets | 99 818 | 46.2 | 132 305 | 41.5 |
| **Total securities** | **216 204** | **100.0** | **319 150** | **100.0** |

For the most part, securities are managed by third parties in portfolios.

### 10 Trade receivables

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Gross trade receivables | 112 494 | 85 075 |
| Provisions for doubtful debts | – 4 128 | – 4 012 |
| **Total trade receivables** | **108 366** | **81 063** |

### 11 Inventories

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Raw materials | 34 371 | 26 614 |
| Trade goods | 43 994 | 36 789 |
| Semifinished and finished products | 106 828 | 78 159 |
| Advance payments to suppliers | 1 133 | 279 |
| Specific value adjustments | – 25 144 | – 18 203 |
| General value adjustments | – 10 931 | – 5 925 |
| **Total inventories** | **150 251** | **117 713** |

Semifinished and finished products also include real estate properties earmarked for sale (TCHF 223, previous year: TCHF 3 500). Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 19 207 (previous year: TCHF 23 335).

### 12 Fixed assets table

| in CHF thousands | Land | Land and buildings | Plant and equipment | Prepayments and assets under construction | Other fixed assets | Total fixed assets |
|---|---|---|---|---|---|---|
| Net book values on 01/01/2007 | 8 393 | 200 133 | 36 339 | 4 | 17 048 | 261 917 |
| **Acquisition costs** | | | | | | |
| Balance on 01/01/2007 | 8 393 | 352 087 | 118 192 | 4 | 58 474 | 537 150 |
| Changes in scope of consolidation | | | 33 | | 133 | 166 |
| Additions | | 32 908 | 15 702 | 505 | 9 518 | 58 467 |
| Disposals | | – 4 406 | – 8 862 | – 176 | – 5 458 | – 18 902 |
| Exchange differences | | 322 | 37 | | – 30 | 329 |
| **Balance on 12/31/2007** | **8 393** | **380 911** | **125 102** | **334** | **62 637** | **577 377** |

# Notes to the consolidated financial statements

| **Accumulated depreciation** in CHF thousands | Land | Land and buildings | Plant and equipment | Prepayments and assets under construction | Other fixed assets | Total fixed assets |
|---|---|---|---|---|---|---|
| Balance on 01/01/2007 | 0 | – 151 954 | – 81 853 | 0 | – 41 426 | – 275 233 |
| Depreciation current year | | – 10 258 | – 12 049 | | – 7 257 | – 29 564 |
| Disposals | | 661 | 8 816 | | 5 000 | 14 477 |
| Exchange differences | | – 50 | – 23 | | 51 | – 22 |
| **Balance on 12/31/2007** | **0** | **– 161 601** | **– 85 109** | **0** | **– 43 632** | **– 290 342** |
| **Net book values on 12/31/2007** | **8 393** | **219 310** | **39 993** | **334** | **19 005** | **287 035** |
| | | | | | | |
| thereof land 01/01/2007 | 8 393 | 19 103 | | | | 27 496 |
| thereof land 12/31/2007 | 8 393 | 20 211 | | | | 28 604 |
| insurance values 01/01/2007 | | 464 754 | 158 937 | | 69 680 | 693 371 |
| insurance values 12/31/2007 | | 499 077 | 150 511 | | 65 986 | 715 574 |

| | Financial assets | Intangible assets | Total fixed assets |
|---|---|---|---|
| Net book values on 01/01/2007 | 16 093 | 2 334 | 280 344 |
| **Acquisition costs** | | | |
| Balance on 01/01/2007 | 19 292 | 7 322 | 563 764 |
| Changes in scope of consolidation | 419 | 15 | 600 |
| Additions | 16 406 | 1 184 | 76 057 |
| Disposals | – 2 235 | – 2 | – 21 139 |
| Exchange differences | 1 | – 25 | 305 |
| **Balance on 12/31/2007** | **33 883** | **8 494** | **619 754** |
| | | | |
| **Accumulated depreciation** | | | |
| Balance on 01/01/2007 | – 3 199 | – 4 989 | – 283 421 |
| Depreciation current year | | – 1 293 | – 30 857 |
| Disposals | 1 998 | | 16 475 |
| Exchange differences | | 10 | – 12 |
| **Balance on 12/31/2007** | **– 1 201** | **– 6 272** | **– 297 815** |
| **Net book values on 12/31/2007** | **32 682** | **2 222** | **321 939** |

| in CHF thousands | Land | Land and buildings | Plant and equipment | Prepayments and assets under construction | Other fixed assets | **Total fixed assets** |
|---|---|---|---|---|---|---|
| Net book values on 01/01/2008 | 8 393 | 219 310 | 39 993 | 334 | 19 005 | 287 035 |
| **Acquisition costs** | | | | | | |
| Balance on 01/01/2008 | 8 393 | 380 911 | 125 102 | 334 | 62 637 | 577 377 |
| Changes in scope of consolidation | | 32 252 | 6 769 | | 1 604 | 40 625 |
| Additions | | 44 849 | 25 498 | 369 | 12 043 | 82 759 |
| Disposals | | – 4 544 | – 8 056 | | – 4 256 | – 16 856 |
| Reclassifications | – 165 | 165 | 110 | – 311 | 201 | 0 |
| Exchange differences | | – 2 165 | – 704 | – 23 | – 553 | – 3 445 |
| **Balance on 12/31/2008** | **8 228** | **451 468** | **148 719** | **369** | **71 676** | **680 460** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| Balance on 01/01/2008 | 0 | – 161 601 | – 85 109 | 0 | – 43 632 | – 290 342 |
| Depreciation current year | | – 10 266 | – 16 340 | | – 8 325 | – 34 931 |
| Disposals | | 1 033 | 6 799 | | 4 130 | 11 962 |
| Exchange differences | | 238 | 262 | | 457 | 957 |
| **Balance on 12/31/2008** | **0** | **– 170 596** | **– 94 388** | **0** | **– 47 370** | **– 312 354** |
| **Net book values on 12/31/2008** | **8 228** | **280 872** | **54 331** | **369** | **24 306** | **368 106** |
| | | | | | | |
| thereof land 01/01/2008 | 8 393 | 20 211 | | | | 28 604 |
| thereof land 12/31/2008 | 8 228 | 21 852 | | | | 30 080 |
| insurance values 01/01/2008 | | 499 077 | 150 511 | | 65 986 | 715 574 |
| insurance values 12/31/2008 | | 580 581 | 174 634 | | 85 067 | 840 282 |

# Notes to the consolidated financial statements

| | Financial assets | Intangible assets | Total fixed assets |
|---|---|---|---|
| Net book values on 01/01/2008 | 32 682 | 2 222 | 321 939 |
| **Acquisition costs** | | | |
| Balance on 01/01/2008 | 33 883 | 8 494 | 619 754 |
| Changes in scope of consolidation | – 8 565 | 533 | 32 593 |
| Additions | 13 323 | 3 534 | 99 616 |
| Disposals | – 1 128 | – 553 | – 18 537 |
| Reclassifications | | | 0 |
| Exchange differences | – 3 | – 75 | – 3 523 |
| **Balance on 12/31/2008** | **37 510** | **11 933** | **729 903** |
| | | | |
| **Accumulated depreciation** | | | |
| Balance on 01/01/2008 | – 1 201 | – 6 272 | – 297 815 |
| Depreciation current year | | – 1 530 | – 36 461 |
| Disposals | 1 128 | 86 | 13 176 |
| Exchange differences | – 1 | 58 | 1 014 |
| **Balance on 12/31/2008** | **– 74** | **– 7 658** | **– 320 086** |
| **Net book values on 12/31/2008** | **37 436** | **4 275*** | **409 817** |

* Thereof TCHF 4 236 (previous year: TCHF 2 222) software.

Financial assets include employer's contribution reserves of TCHF 7 547 (previous year: TCHF 7 292), non-consolidated participations of TCHF 14 179 (previous year: TCHF 25 390) and participations in associated companies of TCHF 15 710 (previous year: TCHF 0). Due to additional acquisitions in the year under review, the direct and indirect participation in Schlatter Holding AG exceeded the 20% limit on 18 December 2008. The participation in Schlatter Holding AG of 26.18% (previous year: 18.46%) is thus for the first time consolidated according to the equity accounting method using proportional equity (for details see note 22) on 31 December 2008. The goodwill from acquisition of TCHF 8 570, which was offset against retained earnings in the scope of this initial consolidation, is included in the fixed assets table under Change in scope of consolidation.

Goodwill from acquisitions: The goodwill which was offset against retained earnings in the previous years and in the year under review would mean an additional expense of TCHF 34 143 (previous year: TCHF 1 457) on the consolidated financial statement; this includes an impairment with regard to the participation in Schlatter Holding AG of TCHF 885. The goodwill which is not yet written off in the scope of a theoretical capitalization amounts to TCHF 80 743 (previous year: TCHF 10 229).

Fixed assets, which are kept for reasons of yield, include land and buildings worth TCHF 163 774 (previous year: TCHF 156 616).

### 13 Liabilities towards pension schemes

Liabilities towards pension schemes amount to TCHF 1 438 (previous year: TCHF 727). They are included as Other current liabilities.

### 14 Long-term financial liabilities

Long-term financial liabilities are structured as follows, according to maturity and type of coverage:

| **in CHF thousands** | | | **2008** | **2007** |
|---|---|---|---|---|
| Residual term | Pledged | Blank | Total | Total |
| up to 1 year | 8 179* | | 8 179 | 8 678 |
| up to 3 years | 4 781 | 16 109** | 20 890 | 2 520 |
| up to 5 years | 1 176 | | 1 176 | 40 |
| over 5 years | 1 382 | | 1 382 | 10 |
| **Total 2008** | 15 518 | 16 109 | **31 627** | |
| **Total 2007** | 8 650 | 2 598 | | **11 248** |

* This figure includes variable-rate mortgages of TCHF 2 836 (previous year: TCHF 5 000) that are legally terminable on six months' notice.

** This figure includes deferred acquisition price payments of TCHF 13 600 in the scope of the acquisition of Schleuniger, payable by the end of 2010.

In order to secure current and long-term financial liabilities of TCHF 25 156 (previous year: TCHF 16 612), assets with a balance sheet value of TCHF 93 206 (previous year: TCHF 86 215) have been encumbered, however only TCHF 19 197 (previous year: TCHF 12 504) are actually pledged; for the other assets, mortgage assignments of TCHF 74 009 (previous year: TCHF 73 711) exist which are yet to be given as security.

# Notes to the consolidated financial statements

## 15 Provisions

| in CHF thousands | Deferred taxes | Guarantees | Staff pension | Restructuring | Others | Total |
|---|---|---|---|---|---|---|
| **Current provisions** | | | | | | |
| **Balance on 01/01/2007** | **0** | **20 037** | **324** | **34** | **1 072** | **21 467** |
| Additions | | 19 014 | 1 475 | 101 | 582 | 21 172 |
| Utilization | | – 16 478 | – 1 014 | – 34 | – 485 | – 18 011 |
| Change in scope of consolidation | | 439 | | | | 439 |
| Exchange differences | | 104 | 4 | | – 21 | 87 |
| **Balance on 12/31/2007** | **0** | **23 116** | **789** | **101** | **1 148** | **25 154** |
| | | | | | | |
| **Balance on 01/01/2008** | **0** | **23 116** | **789** | **101** | **1 148** | **25 154** |
| Additions | | 19 319 | 583 | | 916 | 20 818 |
| Utilization | | – 18 217 | – 789 | | – 656 | – 19 662 |
| Dissolution | | – 1 454 | | – 101 | – 353 | – 1 908 |
| Changes in scope of consolidation | | 1 043 | | | 674 | 1 717 |
| Exchange differences | | – 462 | | | – 99 | – 561 |
| **Balance on 12/31/2008** | **0** | **23 345** | **583** | **0** | **1 630** | **25 558** |
| | | | | | | |
| **Long-term provisions** | | | | | | |
| **Balance on 01/01/2007** | **30 032** | **19 983** | **8 258** | **0** | **1 605** | **59 878** |
| Additions | 2 740 | | | | 551 | 3 291 |
| Utilization | – 457 | | | | – 418 | – 875 |
| Dissolution | | – 3 452 | – 1 504 | | | – 4 956 |
| Exchange differences | – 3 | 17 | 98 | | 40 | 152 |
| **Balance on 12/31/2007** | **32 312** | **16 548** | **6 852** | **0** | **1 778** | **57 490** |
| | | | | | | |
| **Balance on 01/01/2008** | **32 312** | **16 548** | **6 852** | **0** | **1 778** | **57 490** |
| Additions | 2 474 | 139 | 219 | | 627 | 3 459 |
| Utilization | – 136 | | – 67 | | – 203 | – 406 |
| Dissolution | | – 996 | – 574 | | – 203 | – 1 773 |
| Change in scope of consolidation | 684 | 5 | 559 | | 128 | 1 376 |
| Exchange differences | 10 | – 35 | – 396 | | – 162 | – 583 |
| **Balance on 12/31/2008** | **35 344** | **15 661** | **6 593** | **0** | **1 965** | **59 563** |

Provisions for guarantees are calculated on the basis of historical values (average of actual costs in recent years).

### 16 Significant shareholders

While maintaining the respective capital shares, registered shares were exchanged for bearer shares or participation certificates among the significant shareholders in the year under review. This exchange of shares and, to a minor degree, also the simplification of the capital structure resulted in a change of the distribution of voting rights from the previous year. As of 31 December 2008, the following shareholders owned more than 5% of total voting rights (2 203 776 votes):

| | Registered shares of type A | Registered shares of type B | Share of voting rights |
|---|---|---|---|
| Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer* | 1 482 920 | 1 242 | 67.3% |
| Werner O. Weber, indirectly through Wemaco Invest AG | 81 920 | 41 552 | 5.6% |
| Ursula Stöckli-Rubli | 328 000 | 17 006 | 15.7% |

* and Annelies Häcki Buhofer, Philipp Buhofer and Martin Buhofer, if acting in mutual agreement

### 17 Shareholders' equity

**Shares issued**

| | | | |
|---|---|---|---|
| 1 948 640 | registered shares of type A at a par value of CHF 2.50 each | Securities no. 209 262 | **CHF 4 871 600** |
| 255 136 | registered shares of type B at a par value of CHF 25.00 each | Securities no. 3 982 108 | **CHF 6 378 400** |
| **2 203 776** | **votes** | **Share capital** | **CHF 11 250 000** |

In the year under review, the capital structure was simplified through splitting and conversion of previous titles according to the following table:

| Old capital structure | | Split | New capital structure | |
|---|---|---|---|---|
| 48 716 | Registered shares | 1:40 | 1 948 640 | Registered shares of type A |
| | Par value CHF 100 | | | Par value CHF 2.50 |
| 6 190 | Bearer shares | 1:16 | | |
| | Par value CHF 400 | | 255 136 | Registered shares of type B |
| 78 048 | Participation certificates | 1:2 | | Par value CHF 25.00 |
| | Par value CHF 50 | | | |

No new equity instruments were issued in the year under review, nor in the previous year. Undistributable, statutory or legal reserves amount to TCHF 13 848 (previous year: TCHF 9 700).

In spring 2008, METALL ZUG AG exchanged 1 000 participation certificates for 500 registered shares with Werner O. Weber, member of the board of directors. Then, after simplification of the capital structure, 1 600 registered shares of type A were exchanged with another shareholder for 160 registered shares of type B. In the year under review, METALL ZUG AG also purchased a total of 5 991 registered shares of type B on the market at an average price of CHF 2 104 (previous year: purchase of 2 000 participation certificates at a market price of CHF 7 800, which equates to 4 000 registered shares of type B at CHF 3 900 after simplification of the capital structure) in various transactions from 25 August 2008. As of 31 December 2008, METALL ZUG AG holds 18 400 of its own registered shares of type A and 8 151 of its own registered shares of type B (previous year: 2 000 participation certificates, which today equates to 4 000 registered shares of type B). Of these, 3 538 registered shares of type B are held for settlement of the outstanding acquisition price payment for the acquisition of Schleuniger Holding AG.

# Notes to the consolidated financial statements

### 18 Transactions with related parties

Some years ago, one of the group companies allowed its pension fund to construct buildings under leasehold on the group company's land. The resulting claim towards the pension fund for leasehold interest in 2008 amounts to TCHF 35 (previous year: TCHF 33). In the previous year, one of the group companies reported outstanding loans of TCHF 18 and TCHF 13 granted to two of their executive staff. These loans were issued with an interest of 3.5% and 0% respectively. They were paid back in full during the year under review. METALL ZUG AG exchanged 1 000 participation certificates for 500 registered shares with a member of the board of directors. A similar exchange transaction was conducted with an independent shareholder under the same conditions.

Information on the procedure for determining the compensation of the board of directors and the senior management and on the compensation amounts paid to the board of directors and the senior management is available in the notes to the annual financial statements of METALL ZUG AG (page 75 f.).

### 19 Leasing liabilities

The liabilities from operating leasing that are not shown in the balance sheet are structured as follows, according to maturity:

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| up to 1 year | 1 025 | 959 |
| up to 3 years | 1 105 | 963 |
| over 3 years | 227 | 140 |
| **Total** | **2 357** | **2 062** |

### 20 Derivative financial instruments

Within the securities portfolios managed by third parties, limited investments in derivative financial instruments are allowed. These derivative financial instruments are held for commercial purposes. They are shown in the balance sheet at market values.

| Contract values in CHF thousands | 2008 | 2007 |
|---|---|---|
| Currency futures | 8 535 | 8 064 |
| Share options / index options | 4 846 | 25 718 |
| Other derivative instruments | 1 056 | 2 133 |
| **Total contract values** | **14 437** | **35 915** |

| Market values in CHF thousands | 2008 | 2007 |
|---|---|---|
| Currency futures | – 19 | – 392 |
| Share options / index options | 9 | – 687 |
| Other derivative instruments | – 5 | – 58 |
| **Total market values** | **– 15** | **– 1 137** |

The following financial instruments are kept for hedging purposes. Analogous to the underlying transaction (future cash flow), these are not shown in the balance sheet:

| Contract values in CHF thousands | 2008 | 2007 |
|---|---|---|
| Currency futures | 13 048 | 0 |
| Share options / index options | 0 | 0 |
| Other derivative instruments | 0 | 0 |
| **Total contract values** | **13 048** | **0** |

| Market values in CHF thousands | 2008 | 2007 |
|---|---|---|
| Currency futures | 277 | 0 |
| Share options / index options | 0 | 0 |
| Other derivative instruments | 0 | 0 |
| **Total market value** | **277** | **0** |

**21 Contingent liabilities / other liabilities not shown in the balance sheet**

Guarantees issued to third parties by banks amount to TCHF 16 922 (previous year: TCHF 17 297). They are used to protect customer prepayments for ordered equipment. In addition, trade receivables worth TCHF 10 680 (previous year: TCHF 11 432) were ceded to protect a credit line, and fixed-term deposits and securities of TCHF 14 565 (previous year: TCHF 5 754) were pledged as security.

During a period of three years from the date of foundation of the sold WEZ Kunststoffwerk AG (21 February 2006), ZEW Immobilien AG is jointly liable with WEZ Kunststoffwerk AG for the liabilities that existed on the founding date.

MZ-Immobilien AG is the majority shareholder of Miteigentümergemeinschaft Metalli, Zug. For this reason, joint liability can apply in relations with third parties.

Metall Zug AG made two private equity fund investment commitments, totaling TCHF 12 444 (previous year: TCHF 13 293), of which TCHF 5 677 were paid by the end of 2008 (previous year: TCHF 1 932).

**22 Acquisition and sale of consolidated participations**

Through the acquisition of the Schleuniger Group, PAWO Systems AG, Novelan AG and the core business of ESCO Schönmann AG, the following assets and liabilities were acquired as of the acquisition date:

| | Schleuniger Group | PAWO Systems AG | Novelan AG | ESCO Schönmann AG |
|---|---|---|---|---|
| Current assets | 51 644 | 12 180 | 2 888 | 716 |
| Fixed assets | 33 655 | 4 385 | 3 003 | 120 |
| Current liabilities | – 16 278 | – 10 021 | – 1 424 | |
| Long-term liabilities | – 11 696 | – 3 463 | – 1 702 | |
| **Net assets** | **57 325** | **3 081** | **2 765** | **836** |

Goodwill paid in the scope of these transactions amounts to a net total of TCHF 94 969. The goodwill was offset against retained earnings at the time of acquisition (see Changes in shareholders' equity, page 49).

Due to additional acquisitions in the year under review, the direct and indirect participation in Schlatter Holding AG exceeded the 20% limit on 18 December 2008. The participation in Schlatter Holding AG of 26.18% (previous year: 18.46%) is thus for the first time consolidated according to the equity accounting method (proportional equity) on 31 December 2008. Schlatter Holding AG is also for the first time listed as an associated company in the balance sheet on 31 December 2008. The proportional equity value was calculated on the basis of the latest published figures of Schlatter Holding AG and of analyst estimates for the business year 2008. Any deviations from the actual value on 31 December 2008 will be recorded in the subsequent period. Proportional equity amounts to TCHF 15 710 as of 31 December 2008 and the deviation of TCHF 8 570 from the acquisition value of TCHF 24 280 was offset as goodwill against retained earnings. The shares' market value on 31 December 2008 is TCHF 23 395. Since the initial consolidation was conducted as of 31 December 2008, the income statement for the business year 2008 does not include any proportional income.

# Notes to the consolidated financial statements

### 23 Employee benefits

The most important companies providing pension plans are located in Switzerland where staff pensions are organized through independent foundations or insured pension plans according to the Swiss pension law (BVG). Patronage funds are also in place. The purpose of these funds is to provide ex-gratia contributions to current and former staff against the economic consequences of old age, disability, death and emergency situations.

**Employer's contribution reserves (ECR)**

| in CHF thousands | Nominal value 12/31/08 | Renounced use 12/31/08 | Other provisions 12/31/08 | Discount 12/31/08 | Balance sheet 12/31/08 | Balance sheet 12/31/07 | Result from ECR or similar plans in wages, salaries and social insurances 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|
| Patronage funds / pension schemes | 6 772 | | | | 6 772 | 6 527 | 245 | 220 |
| Pension plans without surplus / deficit | 120 | | | | 120 | 120 | 0 | 0 |
| Pension plans with surplus | 655 | | | | 655 | 645 | 10 | 5 |
| Pension plans with deficit | | | | | | | 0 | 0 |
| **Total** | **7 547** | **0** | **0** | **0** | **7 547** | **7 292** | **255** | **225** |

**Economic benefits / economic liabilities and staff pension expenses**

| in CHF thousands | Surplus / deficit according to pension plans 12/31/08 | Economic part of the organization 12/31/08 | 12/31/07 | Change or affecting net income in business year | Deferred contributions for the period | Staff pension expenses incl. in wages, salaries and social insurances 2008 | 2007 |
|---|---|---|---|---|---|---|---|
| Patronage funds / pension schemes | 9 800 | | | | – 168 | – 168 | – 96 |
| Pension plans without surplus / deficit | | | | | – 11 230 | – 11 230 | – 9 115 |
| Pension plans with surplus | | | | | – 1 000 | – 1 000 | – 2 365 |
| Pension plans with deficit | – 6 115 | – 2 890 | – 3 150 | – 60 | – 2 866 | – 2 926 | – 43 |
| **Total** | **3 685** | **– 2 890** | **– 3 150** | **– 60** | **– 15 264** | **– 15 324** | **– 11 620** |

In most pension plans, financing depends on employer's and employee's contributions. Contributions are calculated as a percentage of the insured salary.

Patronage funds can provide ex-gratia contributions to current and former staff against the economic consequences of old age, disability, death and emergency situations. It is not the companies' intention to obtain an economic benefit from the uncommitted resources of these patronage funds in the foreseeable future. This does not apply to employer's contribution reserves.

**Composition of staff pension expenses**

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Staff pension contributions at the company's expense | – 15 264 | – 11 821 |
| Contributions to pension plans from employer's contribution reserves | 0 | 0 |
| **Total contributions*** | **– 15 264** | **– 11 821** |
| Change in ECR due to asset development, value adjustments, discounting, interest payments, etc. | 255 | 225 |
| **Contributions and changes in employer's contribution reserves** | **– 15 009** | **– 11 596** |
| Change in economic benefits for the company from surplus | 0 | 0 |
| Change in economic liabilities for the company from deficit | – 60 | 202 |
| **Total change in economic impact of surplus / deficit** | **– 60** | **202** |
| **Staff pension expenses included in wages, salaries and social insurances** | **– 15 069** | **– 11 394** |

* No extraordinary financial contributions were agreed upon or paid in the business year, nor in the previous year.

**24 Changes in fund**

The statement of cash flows is based on the "Net cash and cash equivalents" fund, which is composed as follows:

| in CHF thousands | 2008 | 2007 |
|---|---|---|
| Cash and cash equivalents | 70 563 | 194 124 |
| Current financial liabilities | – 7 129 | – 5 384 |
| **Total "Net cash and cash equivalents" fund** | **63 434** | **188 740** |
| Changes from the previous year | – 125 306 | – 68 682 |

**25 Risk assessment**

Information on the execution of a risk assessment is available in the notes to the annual financial statements of METALL ZUG AG (page 75).

**26 Events after the balance sheet date**

No events that must be disclosed took place after the balance sheet date.

# Auditor's report

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To the General Meeting of

**METALL ZUG AG, Zug**

Zug, 20 March 2009

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

As statutory auditor, we have audited the consolidated financial statements presented on page 45 to 67 of METALL ZUG AG, which comprise the balance sheet, income statement, statement of cash flow, changes in shareholders' equity and notes for the year ended 31 December 2008.

*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 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 consolidated 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 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 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (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.

Ernst & Young Ltd

| | |
|---|---|
| Edgar Christen | Andreas Blank |
| Licensed audit expert | Licensed audit expert |
| (Auditor in charge) | |

# METALL ZUG AG

## 122nd annual financial statements 2008

# Income statement

| Revenues in CHF | 2008 | 2007 |
|---|---|---|
| Income from investment | 63 750 000 | 62 250 000 |
| Income from interest and securities | 15 434 373 | 21 387 953 |
| Income from real estate | 0 | 30 640 |
| Other revenues | 1 121 000 | 871 000 |
| **Total revenues** | **80 305 373** | **84 539 593** |

| Expenses in CHF | 2008 | 2007 |
|---|---|---|
| Interest and securities expenses | – 44 767 761 | – 21 828 814 |
| Wages, salaries and social insurances | – 1 706 291 | – 1 619 628 |
| Real estate expenses | 0 | – 10 258 |
| Other expenses | – 2 788 866 | – 1 663 576 |
| Depreciation | – 5 026 | 0 |
| Net formation of provisions | – 12 000 000 | – 37 905 000 |
| Taxes | – 12 700 | – 35 200 |
| **Total expenses** | **– 61 280 644** | **– 63 062 476** |
| | | |
| **Net income** | **19 024 729** | **21 477 117** |

# Balance sheet

| Assets in CHF | 12/31/2008 | 12/31/2007 |
|---|---|---|
| Cash and cash equivalents | 13 087 192 | 87 219 316 |
| Securities | 155 639 817 | 234 010 701 |
| Accounts receivable third parties | 594 323 | 969 828 |
| Accounts receivable intragroup | 157 096 | 2 890 |
| Prepaid expenses | 991 412 | 295 247 |
| **Current assets** | **170 469 840** | **322 497 982** |
| Mobile assets | 20 300 | 0 |
| Intragroup loans | 76 700 000 | 48 300 000 |
| Investments | 166 554 088 | 30 554 088 |
| Financial assets | 36 940 723 | 25 082 914 |
| **Fixed assets** | **280 215 111** | **103 937 002** |
| **Total assets** | **450 684 951** | **426 434 984** |

| Liabilities in CHF | 12/31/2008 | 12/31/2007 |
|---|---|---|
| Accounts payable third parties | 333 323 | 629 959 |
| Accounts payable intragroup | 19 102 | 14 540 |
| Accrued expenses | 379 212 | 359 500 |
| **Current liabilities** | **731 637** | **1 003 999** |
| Long-term financial liabilities | 13 600 000 | 0 |
| Provisions | 119 584 480 | 107 616 880 |
| **Long-term liabilities** | **133 184 480** | **107 616 880** |
| **Liabilities** | **133 916 117** | **108 620 879** |
| Share capital | 11 250 000 | 7 347 600 |
| Participation capital | 0 | 3 902 400 |
| Legal reserves | 5 625 000 | 5 625 000 |
| Reserves for treasury shares and participation capital | 28 202 279 | 15 600 000 |
| Free reserves | 250 262 244 | 262 864 523 |
| Retained earnings carried forward | 2 404 582 | 997 465 |
| Net income | 19 024 729 | 21 477 117 |
| Retained earnings | 21 429 311 | 22 474 582 |
| **Shareholders' equity** | **316 768 834** | **317 814 105** |
| **Total liabilities and shareholders' equity** | **450 684 951** | **426 434 984** |

# Notes to the annual financial statements

**1 Investments**

Detailed information on the investments of METALL ZUG AG as of 31 December 2008 is available on page 53.

**2 Significant shareholders**

See notes to the consolidated financial statements, page 63.

| Share ownership by current members of the corporate bodies | as of 12/31/2008 | | as of 12/31/2007 | | |
|---|---|---|---|---|---|
| | Registered shares of type A | Registered shares of type B | Registered shares | Bearer shares | Participation certificates |
| Jürgen Dormann, chairman of the board of directors since the 2008 general meeting of shareholders | 0 | 1 364 | – | – | – |
| Heinz M. Buhofer, vice-chairman of the board of directors | 409 360 [1] | 184 | 9 948 [1] | 34 | 392 |
| Calvin Grieder, member of the board of directors | 0 | 0 | 0 | 0 | 0 |
| Günter F. Kelm, member of the board of directors | 0 | 16 | 0 | 1 | 0 |
| Werner O. Weber, member of the board of directors | 81 920 [2] | 41 552 [2] | 12 048 | 11 | 688 |
| Tony Reis, chairman of the board of directors until the 2008 general meeting of shareholders | 0 | 142 | 0 | 1 | 35 |
| Ernst Odermatt, member of the board of directors until the 2008 general meeting of shareholders | 0 | 0 | 0 | 1 | 0 |
| Stephan Wintsch, managing director | 0 | 40 | 0 | 0 | 0 |

1 For the most part held through the Buhofer Trust.

2 Indirectly held through Wemaco Invest AG.

**3 Pension liabilities**

As of 31 December 2008, liabilities towards staff pension schemes amount to TCHF 124 (previous year: TCHF 0).

**4 Ownership restrictions**

Shares worth TCHF 2 900 (previous year: TCHF 2 900) were given as security for liabilities.

**5 Treasury shares**

In spring 2008, METALL ZUG AG exchanged 1 000 participation certificates for 500 registered shares with Werner O. Weber, member of the board of directors. Then, after simplification of the capital structure, 1 600 registered shares of type A were exchanged with another shareholder for 160 registered shares of type B. In the year under review, METALL ZUG AG also purchased a total of 5 991 registered shares of type B on the market at an average price of CHF 2 104 (previous year: purchase of 2 000 participation certificates at a market price of CHF 7 800, which equates to 4 000 registered shares of type B at CHF 3 900 after simplification of the capital structure) in various transactions from 25 August 2008. As of 31 December 2008, METALL ZUG AG holds 18 400 of its own registered shares of type A and 8 151 of its own registered shares of type B (previous year: 2 000 participation certificates, which today equates to 4 000 registered shares of type B).

### 6 Information on the execution of a risk assessment

Risk assessment and risk control within the METALL ZUG GROUP are based on a standardized, four-stage risk management process which includes the following steps:

1. Identification of risks: Every three years, an extensive group-wide risk survey is conducted. In the scope of this survey, all business risks are compiled and documented on the basis of standard criteria. The identified risks are updated on an annual basis until the next extensive survey.
2. Risk analysis: The top executives of the respective business units evaluate the risks identified in step 1 according to their probability of occurrence and their impact. When assessing the impact of a risk, financial impact as well as the effect on reputation is considered.
3. Risk control: The individual business units assign so-called risk managers to each business risk or risk category, who define specific measures and monitor the implementation of these measures.
4. Risk reporting: Annual reporting to the board of directors of METALL ZUG AG occurs within the scope of a consolidated risk report.

### 7 Compensation

The members of the board of directors receive a fixed compensation for their activities which is determined periodically by the entire board of directors. They are entitled to additional fixed compensation for offices held in subsidiaries. These are included in the following compensation table. At the request of the staff committee, the board of directors approves the compensation of the members of senior management. On the basis of the decentralized operational distribution of responsibilities, the variable component of the senior management's total remuneration, which to date has mainly depended on the net income of the group, was removed in the year under review and fixed compensation was adjusted accordingly. METALL ZUG AG does not have any participation programs or option programs and no shares were assigned to members of the board of directors, members of the senior management or associated persons. Neither loans nor credits were granted to members of the board of directors or to members of the senior management.

| Compensations for the business year in CHF | 2008 Net compensation | 2008 Social[1] contributions | 2008 Total | 2007 Net compensation | 2007 Social[1] contributions | 2007 Total |
|---|---|---|---|---|---|---|
| Jürgen Dormann, chairman of the board of directors since the 2008 general meeting of shareholders, non-executive | 400 000 | 41 674 | **441 674** | – | – | **–** |
| Heinz M. Buhofer, managing director and vice-chairman of the board of directors until the 2008 general meeting of shareholders, vice-chairman of the board of directors since the 2008 general meeting of shareholders, non-executive | 436 062 | 96 400 | **532 462** | 507 505 | 89 888 | **597 393** |
| Calvin Grieder, member of the board of directors, non-executive | 90 000 | 12 678 | **102 678** | 75 000 | 10 746 | **85 746** |
| Günter F. Kelm, member of the board of directors, non-executive | 292 000 | 25 720 | **317 720** | 225 400 | 19 854 | **245 254** |
| Werner O. Weber, member of the board of directors, non-executive | 70 000 | 6 777 | **76 777** | 70 000 | 6 786 | **76 786** |
| Tony Reis, chairman of the board of directors until the 2008 general meeting of shareholders, non-executive | 115 000 | 11 908 | **126 908** | 230 000 | 24 011 | **254 011** |
| Ernst Odermatt, member of the board of directors until the 2008 general meeting of shareholders, non-executive | 130 000 | 16 371 | **146 371** | 258 185 | 33 322 | **291 507** |
| **Total board of directors** | **1 533 062** | **211 528** | **1 744 590** | **1 366 090** | **184 607** | **1 550 697** |
| | | | | | | |
| Stephan Wintsch, managing director since the 2008 general meeting of shareholders | 320 600 | 124 643 | **445 243** | 253 614[2] | 90 854 | **344 468** |
| **Total senior management** | **320 600** | **124 643** | **445 243** | **253 614** | **90 854** | **344 468** |
| | | | | | | |
| Heinz Buhofer, former chairman of the board of directors and CEO | 324 000 | 0 | **324 000** | 324 000 | 0 | **324 000** |
| Rino Rossi, former chairman of the board of directors and CEO | 143 879 | 12 242 | **156 121** | 148 424[3] | 12 315 | **160 739** |
| **Total former members** | **467 879** | **12 242** | **480 121** | **472 424** | **12 315** | **484 739** |

1 Employer's and employee's contributions to staff pension schemes, AHV (old age and survivors' insurance), IV (invalidity insurance), health insurance and accident insurance

2 of which CHF 56 370 as variable compensation

3 of which CHF 4 545 payments in kind

# Proposal on the appropriation of available earnings

| in CHF | 12/31/2008 | 12/31/2007 |
|---|---|---|
| Retained earnings carried forward | 2 404 582 | 997 465 |
| Net income | 19 024 729 | 21 477 117 |
| **Retained earnings** | **21 429 311** | **22 474 582** |
| Dividend, 180% (previous year: 180%) of share capital or participation capital | 20 250 000 | 20 250 000 |
| minus dividend on treasury shares* | – 449 595 | – 180 000 |
| **Retained earnings to be carried forward** | **1 628 906** | **2 404 582** |

* No dividend is paid on treasury shares. Thus, the amount to be paid is likely to be reduced by CHF 449 595 (previous year: CHF 180 000).

Subject to the general meeting of shareholders' approval of the board of directors' proposal, the dividend will be paid on Wednesday, 13 May 2009, as follows ("ex dividend" date):

| | | | |
|---|---|---|---|
| for each registered share of type A | CHF 4.50 gross | or | CHF 2.93 net |
| for each registered share of type B | CHF 45.00 gross | or | CHF 29.25 net |

# Auditor's report

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To the General Meeting of

**METALL ZUG AG, Zug**

Zug, 20 March 2009

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of METALL ZUG AG on page 72 to 76, which comprise the balance sheet, income statement and notes for the year ended 31 December 2008.

*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 2008 comply with Swiss law and the company's articles of incorporation.

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (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.

Ernst & Young Ltd

| | |
|---|---|
| Edgar Christen<br>Licensed audit expert<br>(Auditor in charge) | Andreas Blank<br>Licensed audit expert |

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# Group companies

### V-ZUG AG
V-ZUG AG is the most important member of the METALL ZUG GROUP. This Swiss market leader develops, manufactures and sells high-quality kitchen and laundry appliances. In the industry, V-ZUG AG is well known for its innovations: the company spares no effort to make its appliances more useful, more powerful, more environment-friendly and, at the same time, easier to install.

### SIBIRGroup AG
SIBIRGroup AG in Schlieren is a full-range supplier of kitchen and laundry appliances with operations all over Switzerland. The company has subsidiaries in Lausanne / Prilly, St. Gallen, Bern and Lugano as well as several service centers in the various regions. For real estate professionals and institutional investors, SIBIR is an important partner when it comes to all brands of kitchen and laundry appliances.

### Gehrig Group AG
Gehrig Group AG provides dishwashers and thermical appliances for hotels and restaurants. The group's core competencies are food processing, water processing and hygiene. Gehrig is the Swiss market leader for professional dishwasher solutions.

### Belimed Group
The Belimed Group is a competent full-range provider of infection control equipment. The group's cleaning, disinfection and sterilization solutions are used in medicine, in pharmaceutical institutions and in laboratories.

### Schleuniger Group
Schleuniger is among the leading machine manufacturers specializing in high-precision wire processing. Ranging from semi-automatic benchtop machines to fully automatic processing lines, Schleuniger offers a wide selection of innovative solutions for stripping, cutting, crimping and marking all types of wire.

### MZ-Immobilien AG, Parkhotel Zug AG und ZEW Immobilien AG
MZ-Immobilien AG, which has gathered extensive know-how through managing the Metalli shopping mall, provides third parties with building and facility management services for large-scale residential and commercial properties. All in all, MZ-Immobilien AG manages more than 3 000 properties. Operation of the Parkhotel Zug and the Congress Center Metalli Zug (CCMZ) has been transferred to MZ-Immobilien AG's subsidiary Parkhotel Zug AG. ZEW Immobilien AG owns an industrial property in Oberentfelden.