



Annual Report 2011

Quality & Precision In everyday life with Metall Zug

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 Domestic Standard of SIX Swiss Exchange in Zurich (registered shares of type B: securities number 3982108, ticker symbol METN). In addition to the Swiss market leader V-ZUG AG, the household appliances business unit comprises SIBIRGroup AG and Gehrig Group AG. Other members of the Metall Zug Group are the Belimed Group (infection control business unit), the Schleuniger Group (wire processing business unit), MZ-Immobilien AG, Hotelbusiness Zug AG and ZEW Immobilien AG (real estate business unit).



V-ZUG AG

V-ZUG AG is the most important company in the Metall Zug Group. The Swiss market leader develops, manufactures and sells high-quality kitchen and laundry appliances. Within the industry, V-ZUG AG is well known for its innovations.

SIBIRGroup

SIBIRGroup AG

Based in Schlieren, SIBIRGroup AG is a full-range supplier of home kitchen and laundry appliances. SIBIR has branches and service centers in all parts of Switzerland.



Gehrig Group AG

Gehrig Group AG specializes in dishwashers and thermal appliances for the hotel and restaurant sector. The group's core competencies are food and beverage processing as well as hygiene. Gehrig is the Swiss market leader for professional dishwasher solutions.



Belimed Group

The Belimed Group is a professional full-range provider of infection control equipment. The group's cleaning, disinfection and sterilization solutions are used in the medical sector and in the pharmaceutical industry.



Schleuniger Group

Schleuniger is one of the leading manufacturers of high-precision wire-processing machinery. Ranging from semi-automatic benchtop models 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, Hotelbusiness Zug AG and ZEW Immobilien AG

MZ-Immobilien AG, which has gathered extensive know-how through managing the Metalli mall, provides third parties with facility management services for large-scale residential and commercial properties. All in all, MZ-Immobilien AG is in charge of more than 3 000 properties. Hotelbusiness Zug AG is the market leader in the Zug region in the hotel and catering business and for meetings/conferences. ZEW Immobilien AG owns an industrial property in Oberentfelden.

Key figures at a glance

Metall Zug Group

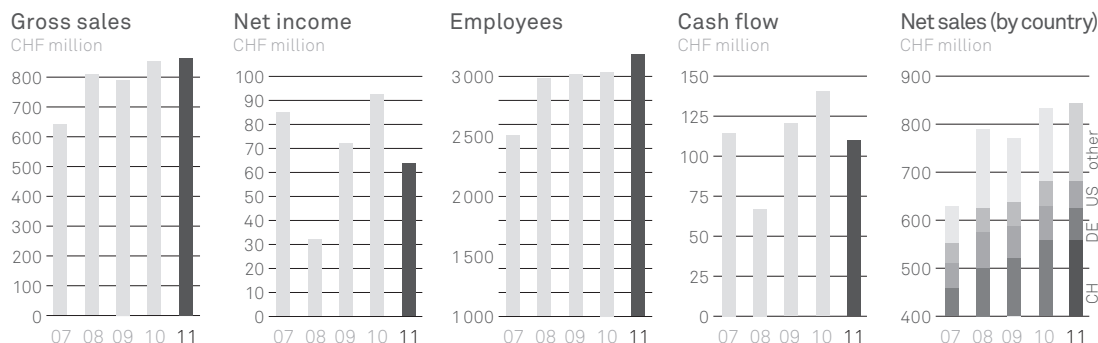
in CHF million	2011	2010	2009	2008	2007
Gross sales	864.2	852.3	790.2	808.6	641.5
Revenue from real estate operations	49.4	45.9	36.4	35.5	33.4
Operating income (EBIT)	96.7	105.4	61.8	90.5	94.2
Net income	63.4	92.3	71.7	31.8	84.6
Cashflow	111.5	140.2	120.0	66.8	114.3
in % of sales	12.9	16.5	15.2	8.3	17.8
Total assets	1 380	1 253	1 153	987	1 060
Current assets	755	684	636	577	738
in % of total assets	55	55	55	58	70
Fixed assets	625	569	517	410	322
in % of total assets	45	45	45	42	30
Total liabilities	525	436	412	285	249
in % of total assets	38	35	36	29	24
Shareholders' equity	855	818	740	701	811
in % of total assets	62	65	64	71	76
Investments	116.4	106.5	160.1	99.6	76.1
Employees	3 261	3 045	3 016	2 966	2 251

Metall Zug AG

in CHF million	2011	2010	2009	2008	2007
Total assets	577.4	530.7	498.3	450.7	426.4
Total liabilities	254.0	208.0	180.9	133.9	108.6
Shareholders' equity	323.4	322.7	317.4	316.8	317.8
Net income	25.0	25.0	20.4	19.0	21.5
Dividend in %	220 ¹⁾	220	180	180	180

¹⁾ According to the proposal of the board of directors

	2011	2010	%
Household appliances			
Sales in CHF m	566.2	562.2	+0.7
Employees	1 586	1 516	+4.6
Infection control			
Sales in CHF m	194.9	195.6	-0.3
Employees	1 069	991	+7.9
Wire processing			
Sales in CHF m	106.1	98.1	+8.2
Employees	443	404	+9.7
Real estate			
Revenue in CHF m	49.4	45.9	+7.6
Employees	160	130	+22.8



The Metall Zug Group posted sales growth in the household appliances and wire processing units in the year under review, and was able to lift **gross sales** by 1.4% to CHF 864.2 million (previous year: CHF 852.3 million). In local currencies this was equivalent to growth of 5.0%.

Net sales achieved **abroad** increased from 33.0% in 2010 to 33.9% in 2011, to stand at CHF 285.2 million (previous year: CHF 274.8 million).

Revenue from real estate rose by 7.6% to CHF 49.4 million (previous year: CHF 45.9 million).

While in the previous year expenditure for **research and development** temporarily declined to CHF 58.1 million or 6.8% of sales, in 2011 it amounted to CHF 64.7 million, once again representing around 7.5% of sales, as in the past.

The companies of the Metall Zug Group spent 3.2% of sales volume on **marketing activities**, matching last year's figure.

At CHF 96.7 million, **operating income (EBIT)** was 8.3% down on the previous year's record high of CHF 105.4 million. The decline is primarily attributable to the infection control business unit, which closed the year CHF 10.2 million lower, while the wire processing business unit in particular advanced by CHF 2.1 million.

The detailed **figures for the individual business units** are provided on pages 56 and 57 of the financial report. The proportion of operating income (EBIT) contributed by the household appliances business unit climbed to 72.8% (previous year: 66.5%) and that of the wire processing business unit to 13.8% (previous year: 10.6%).

The proportion of the real estate business unit rose slightly to 15.8% (previous year: 15.5%), while that of the infection control business unit fell from 7.4% in the previous year to -2.4%.

Due to unfavorable stock market developments, exchange rate losses, the result of the associated company, and financing costs for the expansion of the real estate business unit, the **financial result** showed a loss of CHF 20.2 million (previous year: gain of CHF 1.3 million).

Owing to the earnings situation of individual companies, **tax expenditure** was reduced from CHF 15.4 million in the previous year to CHF 13.1 million. In relation to income before taxes, however, the tax burden of 17.1% is higher than in the previous year (14.3%), on account of the higher loss contributions of individual business areas.

Owing in particular to the lower financial result, **net income** declined to CHF 63.4 million (previous year: CHF 92.3 million).

As a result of the lower net income figure, **cash flow** also fell, standing at CHF 111.5 million (previous year: CHF 140.2 million).

Headcount rose to 3 261 (previous year: 3 045). Of this figure, 2 327 staff were employed in Switzerland (previous year: 2 239) and 934 abroad (previous year: 806).

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The Metall Zug Group looks back on a challenging year in 2011. The international debt crisis, the associated turbulence on the foreign exchange markets and the natural disaster in Japan had an impact on the group's results. In this difficult market environment, gross sales rose by 1.4% to CHF 864.2 million. At CHF 96.7 million, operating income remained at almost the same level as the previous year. The financial loss in the year under review amounted to CHF 20.2 million, causing net income to fall to CHF 63.4 million.

Report of the chairman of the board of directors

Household appliances: Growth outstrips the market as a whole

In the 2011 financial year, the household appliances business unit generated sales totaling CHF 566.2 million, which translates into growth of 0.7% year-on-year. In comparison, sales in the overall Swiss market for household appliances fell by 1%. V-ZUG AG, in particular, successfully consolidated its leading market position in the face of mounting price pressure. SIBIRGroup AG and Gehrig Group AG posted sales totaling CHF 93.2 million, 2.6% lower than in the previous year. V-ZUG AG is committed to Switzerland as a production location: It intends to increase its assembly and logistics capacities in order to consolidate its position in the long term. To this end, V-ZUG AG is planning an extension to the assembly plant at its Zug headquarters, in which it will invest between CHF 40 and 50 million over the next few years.

V-ZUG AG also made pleasing progress in the export business. Despite the strong franc, it lifted sales abroad by more than 50%. Australia, in particular, experienced positive development. Although the share of export business remains at a low level, the growth generated nevertheless shows that V-ZUG AG is on the right path. Internationalization will therefore be stepped up in the coming years.

Infection control: Swiss franc tarnishes result

Owing to the current market situation, Belimed Group (infection control) was unable to maintain the dynamic growth of previous years. The strong Swiss franc, in particular, and the associated price pressure had a negative impact on Belimed. The group nevertheless achieved a solid volume of sales: at CHF 194.9 million, this was almost on a par with the previous year's figure

(CHF 195.6 million). Adjusted for currency translation effects, growth amounted to 9.5%. The pharmaceutical sector made the strongest contribution, posting an increase of 14% in Swiss francs. Sales in the medical sector remained stable at their 2010 level. As a result of the volatile foreign exchange markets however, operating income fell back to CHF -2.4 million.

Change at the top of Belimed

Niklaus Sauter, CEO of the Belimed Group, decided to accept a new challenge outside the company in the year under review. The Belimed Group has achieved remarkable growth under his leadership. The board of directors would like to thank him for his tremendous dedication. Dr. Claus Martini took over the role of CEO as of January 2012.

Preparations for spinning off the real estate business unit are progressing according to schedule.

Wire processing: Strong growth in North America

In the past year, the Schleuniger Group (wire processing) boosted its sales by 8.2% to CHF 106.1 million. The group's orders rose 6% to stand at CHF 107.6 million (previous year: CHF 101.2 million). In local currencies, growth was just under 20% in relation to both sales and orders. In terms of products, the fully automated crimp center segment again experienced the greatest success. As far as market regions are concerned, the Schleuniger Group reported its strongest growth in North America with an increase of 40%.



Real estate: Significant increase in revenue

The real estate business unit generated revenue of CHF 49.4 million in the year under review. This is equivalent to growth of 7.6% on the previous year. The hotel and catering sector in particular contributed to this result, increasing revenue by 18.4% to CHF 20.5 million. In May 2011, the board of directors of Metall Zug AG decided to look into the possibility of spinning off the real estate business unit from the industrial business. The necessary preparatory work is proceeding according to plan.

Proposals to the general meeting

In view of the stable business performance, the board of directors will propose to the general meeting of shareholders an unchanged dividend of CHF 5.50 gross per registered share of type A and CHF 55.00 per registered share of type B. If the general meeting of shareholders approves this proposal, a total amount of CHF 24.8 million will be paid out to shareholders.

Preparations for spinning off the real estate business unit are progressing according to schedule. If the board of directors were to put a proposal to this effect to the general meeting of shareholders, this would be published along with the invitation to the general meeting.

Acknowledgments

The Metall Zug Group looks back on a challenging year. That the group nevertheless achieved a positive result is thanks in no small measure to the tireless efforts of its employees. We would like to take this opportunity to express our warmest thanks to them. Our gratitude must also go to our customers, whose loyalty and appreciation of high-quality products give us a secure footing, even in a difficult market environment. Last but not least, I would like to thank you, our shareholders, for the trust you place in the board of directors. Your support not only spurs on the Metall Zug Group, but also benefits Switzerland as a location for business.

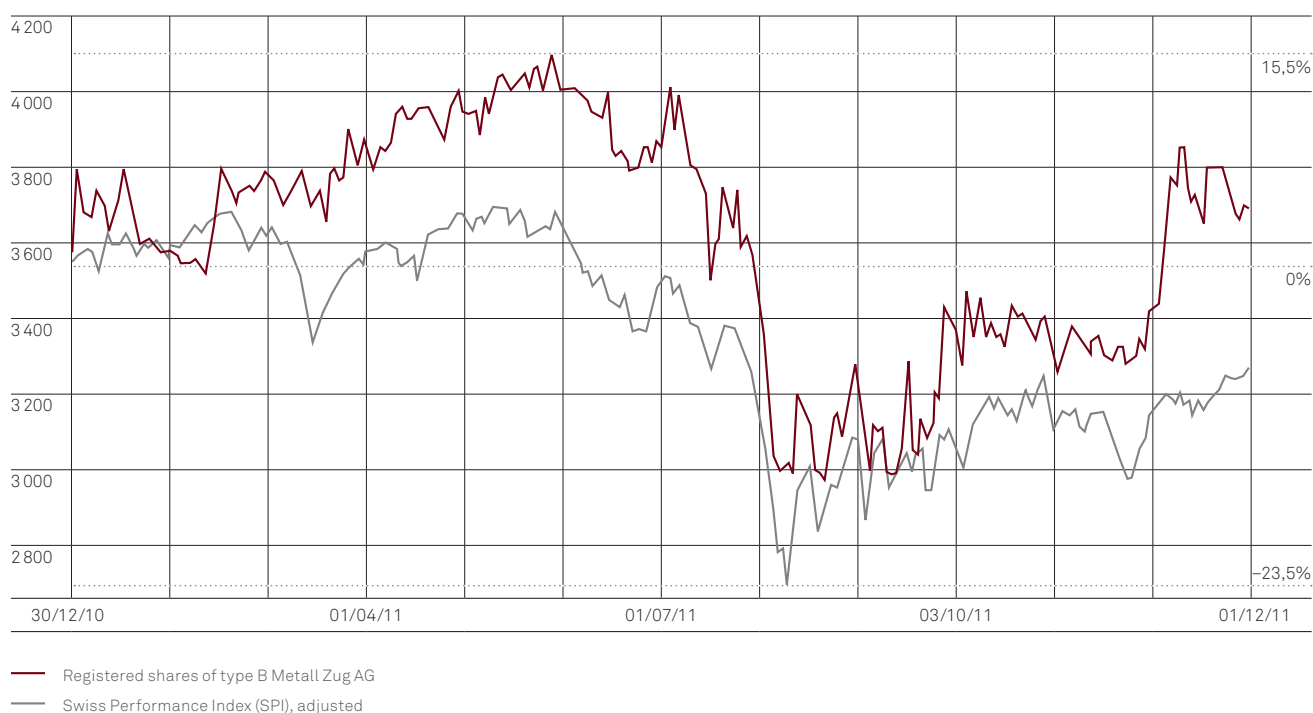
A handwritten signature in black ink that reads "Dormann". The signature is written in a cursive, flowing style.

Jürgen Dormann
Chairman of the board of directors

Metall Zug AG has two categories of share. The registered shares of type A (securities number 209262) are not listed, the registered shares of type B are quoted on the Domestic Standard segment of SIX Swiss Exchange in Zurich (securities number 3982108, ticker symbol METN).

Share information

Performance of registered shares of type B



In view of the Metall Zug Group's pleasing operating result for the reporting year and confidence that this trend is ongoing, the board of directors will propose to the general meeting of shareholders that the dividend remain unchanged at CHF 5.50 gross per registered share of type A and CHF 55.00 gross per registered share of type B. Provided that the general meeting of shareholders approves this proposal, a total amount of CHF 24.8 million – or about 39% of the consolidated net income – will be paid to shareholders, whereas no dividend is to be paid for treasury shares.

Upcoming events

June 22, 2012

General meeting of shareholders

June 29, 2012

Payment of dividend

July 2, 2012

Probable start of trading of real estate shares on SIX Swiss Exchange

August 27, 2012

Publication of half-year results

Number of shares

			2011	2010	2009	2008	2007 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	255 136

Figures per registered share of type A

in CHF							
Net income			14.08	20.50	15.94	7.07	18.79
Cash flow			24.78	31.16	26.67	14.84	25.39
Shareholders' equity			190.05	181.67	164.52	155.83	180.11
Dividend			5.50 ²⁾	5.50	4.50	4.50	4.50

Figures per registered share of type B

in CHF							
Net income			140.79	205.01	159.36	70.74	187.91
Cash flow			247.78	311.64	266.71	148.43	253.93
Shareholders' equity			1 900.52	1 816.70	1 645.17	1 558.33	1 801.14
Dividend			55.00 ²⁾	55.00	45.00	45.00	45.00

Stock market price	Maximum		4 100	3 599	2 560	3 650	4 005
	Minimum		2 968	2 350	1 465	1 635	2 720
	At year-end		3 693	3 535	2 490	2 050	3 700

Total market capitalization³⁾

in CHF million	At year-end		1 662	1 591	1 121	923	1 665
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¹⁾ The figures were converted to reflect the simplified capital structure implemented in May 2008

²⁾ Proposal of the board of directors

³⁾ Conversion of registered shares of type A on the basis of the year-end rate applicable to registered shares of type B



Corporate bodies

Heinz Buhofer (CH) b. 1927

_Honorary chairman

Board of directors

Jürgen Dormann (DE) b. 1940

_Chairman of the board of directors since 2008
(non-executive)

_First elected: 2008

_Elected until: 2012

Heinz M. Buhofer (CH) b. 1956

_Vice-chairman of the board of directors since 2002
(non-executive)

_First elected: 1997

_Elected until: 2012

Calvin Grieder (CH & USA) b. 1955

_Member of the board of directors (non-executive)

_First elected: 2006

_Elected until: 2012

Marga Gyger (DE & CH) b. 1945

_Member of the board of directors (non-executive)

_First elected: 2011

_Elected until: 2012

Dr. Peter Terwiesch (DE & CH) b. 1966

_Member of the board of directors (non-executive)

_First elected: 2010

_Elected until: 2012

Martin Wipfli (CH) b. 1963

_Member of the board of directors (non-executive)

_First elected: 2010

_Elected until: 2012

Senior management

Stephan Wintsch (CH) b. 1966

_Managing director

_In this position since 2008

Auditors

Ernst & Young AG, Zug

_Duration of the mandate: Since 2006

_Lead auditor: Edgar Christen

_Term of office of the lead auditor: Since 2006

From left to right:

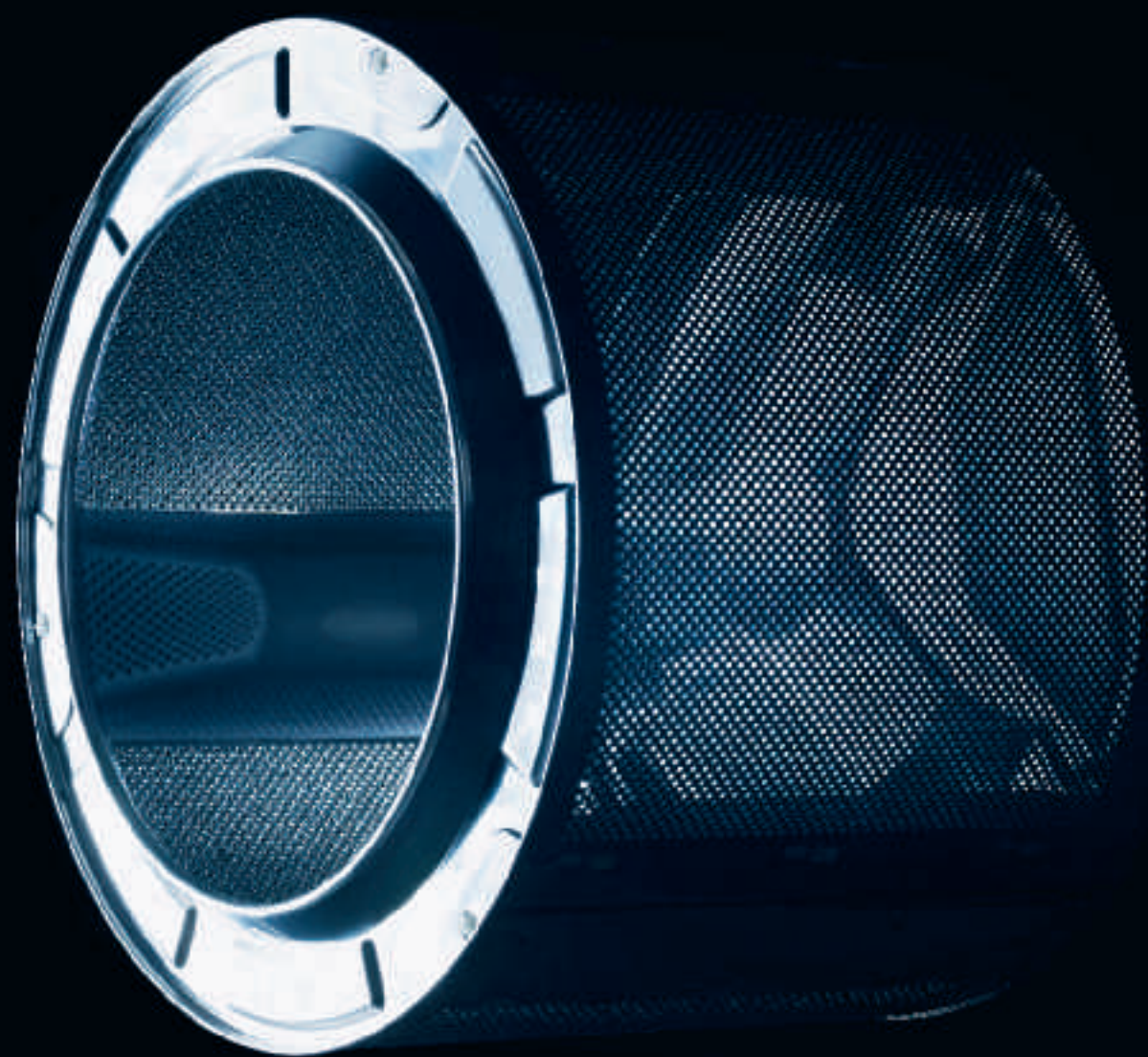
Calvin Grieder, Heinz M. Buhofer, Marga Gyger,
Jürgen Dormann, Martin Wipfli, Dr. Peter Terwiesch

Group structure

Operational organization of the Metall Zug Group (on December 31, 2011)

Metall Zug AG Zug

V-ZUG AG Zug	Belimed AG Zug	Schleuniger Holding AG Thun	MZ-Immobilien AG Zug
Household appliances	Infection control	Wire processing	Real estate
V-ZUG Australia Pty. Ltd. (AU)	Belimed Sauter AG (CH)	Schleuniger AG (CH)	Hotelbusiness Zug AG (CH)
V-ZUG Europe BVBA (BE)	Belimed GmbH (AT)	Schleuniger Solutions AG (CH)	
SIBIRGroup AG (CH)	NV Belimed SA (BE)	Schleuniger GmbH (DE)	
Gehrig Group AG (CH)	Belimed SAS (FR)	Schleuniger, Inc. (US)	ZEW Immobilien AG Oberentfelden
Hildebrand France S.A.R.L. (FR)	Belimed B.V. (NL)	Midwest branch (US)	
	Belimed Infection	West coast branch (US)	
	Control Kft. (HU)	Southeast branch (US)	
V-ZUG Immobilien AG Zug	Belimed d.o.o. (SI)	Canadian branch (CA)	
	Belimed Ltd. (UK)	Mexican branch (US)	
	Beltech Medical	Schleuniger Japan Co., Ltd. (JP)	
	Services Ltd. (UK)	Schleuniger Trading (Shanghai)	
	Belimed Inc. (US)	Co., Ltd. (CN)	
	Belimed Medical	Beijing branch (CN)	
	Equipment (Shanghai)	Shenzhen branch (CN)	
	Co., Ltd. (CN)		
	Belimed GmbH (DE)		
	Belimed Technik GmbH (DE)		
	Belimed Deutschland GmbH		
	(DE)		



← V-ZUG highlight: Washing machine drum

Although V-ZUG's Gentle Drum has been a leader in its field for around 20 years, it has been upgraded and improved once again. The result is a completely new surface structure, in effect a microstructure with almost 14 000 specially shaped holes. These ensure that loads of up to

8 kg dry weight are more completely saturated and washed with even greater care than ever before. Real-life tests at the Swiss textiles testing institute TESTEX have demonstrated that V-ZUG's Gentle Drum offers maximum protection for laundry.

Group report

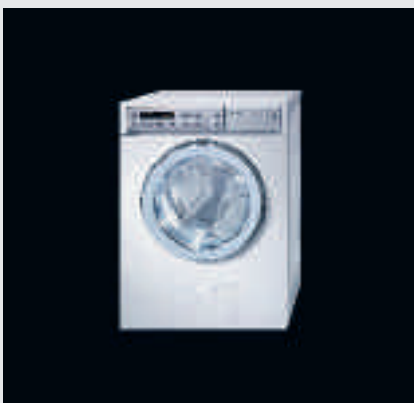
The business units of the Metall Zug Group performed well in a difficult environment. The strong Swiss franc, the associated pressure on prices and the international debt crisis nevertheless had an impact on their results. The industrial business units in particular would have posted higher growth in local currency. The household appliances (+0.7%) and wire processing (+8.2%) units experienced growth. The infection control business unit reported sales on a par with the previous year. The real estate unit also grew 7.6% year-on-year.

Cook like a star. With Combi-Steam XSL from V-ZUG.

You've invited friends over for an enjoyable evening and would like to rustle up an ingenious menu – no problem with the Vacuisine® technology from V-ZUG. It stands for sous-vide, or cooking “under vacuum”, and is the preferred technique among top professional chefs. Thanks to this method, meat stays tender, herbs retain their full flavor and the colors remain fresh. And it is also a very healthy way to cook as it helps retain valuable nutrients. In other words: with the Combi-Steam XSL compliments are guaranteed.

Adora SLQ

The Adora SLQ uses steam to remove creases – so thoroughly that ironing is frequently unnecessary. The Vibration Absorbing System (VAS) actively counteracts unbalanced loads.



Combi-Steam XSL

The Combi-Steam XSL has a 51 liter capacity. Thanks to its Roastomatic function, the steamer senses how well cooked the dish is and automatically determines the cooking time, the operating mode and the climate.





The household appliances business unit successfully consolidated its strong market position in the face of high price pressure. Intact construction activity and innovative products led to sales of CHF 566.2 million. Progress has been made on expanding the export business.

Household appliances business unit

The household appliances business unit develops, manufactures and distributes high-quality kitchen and laundry appliances for private and commercial customers. It comprises V-ZUG AG and its foreign subsidiaries V-ZUG Australia and V-ZUG Europe as well as the subsidiaries SIBIRGroup AG and Gehrig Group AG.

Swiss construction industry in good shape

The household appliances business unit can look back on a turbulent year. Although 2011 got off to a promising start, the international debt crisis led to an economic downturn in Switzerland. Attractive mortgage interest rates, Switzerland's popularity as a place to live and work, and the persistently low apartment-vacancy levels kept the Swiss construction industry in good shape. The number of newly built apartments and single family homes remained on a par with last year's high level – a trend from which the household appliances business unit also profited. However, pressure on prices remained fierce. The market situation deteriorated in particular due to low-price offers from the eurozone. Against this backdrop, our mission of providing top-quality products with leading-edge technology once again proved its worth. In 2011 the household appliances business unit thus generated sales growth of 0.7% to CHF 566.2 million (previous year: CHF 562.2 million). In comparison, sales in the overall Swiss market for household appliances fell by 1%.

V-ZUG AG grows despite price pressure

Last year, V-ZUG AG achieved sales of CHF 485.5 million (previous year: CHF 480.9 million), which represents an increase of around 1%. The number of employees rose to 1 280 (previous year: 1 225). These figures do not include the revenue generated by the subsidiaries. This means that V-ZUG AG has once again succeeded

in expanding its position at the head of the market. Despite the persistently strong Swiss franc, V-ZUG AG also lifted sales abroad by more than 50%. Although the share of export business remained at a low level, the growth in sales shows that the first successes have been achieved.

In the course of 2012, V-ZUG AG will create the position of Director of Foreign Markets, whose objective will be to continue to step up activities in the European markets, Australia, Russia, Singapore and China.

The new assembly plant underscores V-ZUG AG's commitment to Switzerland.

Adorina SL line with intelligent electronics

V-ZUG AG attributes its positive result not least to the successful development and launch of innovations. In laundry room appliances, V-ZUG AG launched the Adorina line in 2011, comprising fully automatic washing machines and dryers. The Adorina SL automatic washing machine features intelligent electronics that control all the programs from start to finish. For example, water and electricity consumption is automatically adjusted for each wash program. What is more, energy consumption can be reduced in addition by using the "Night eco" option.

New generation of heat pump technology

V-ZUG AG has also incorporated a new heat pump technology in its tumble dryers. The models Adorina,

Adora and Unimatic are equipped with this trend-setting technology. This helps to save up to 50% energy as compared to the requirements of the best energy efficiency class. ZUG dryers are therefore also among the best on the market as regards environmental compatibility.

Steam ovens remain on course for success

V-ZUG AG has established itself as a high-end provider of kitchen appliances. This trend has been reinforced by the comprehensive range of steamers with their sleek design and Switzerland's top chefs as brand ambassadors.

Climate-neutral production as aim

Over the past few years, V-ZUG AG has significantly lowered both its use of fossil fuels and its greenhouse gas emissions. In 2011, it achieved savings of more than 200 tons of CO₂. Now, V-ZUG AG has set itself even higher goals: it is striving to achieve climate-neutral production for all its products within a decade. The aim is to end the company's dependence on imported, fossil-based energy sources and to use non-fossil energy, wherever possible from local sources.

Commitment to production facilities in Switzerland

Globalization presents V-ZUG AG with growth opportunities that it would like to explore. Nevertheless, Switzerland remains its most important market. To sustainably increase its assembly and logistics capacities, it is planning to extend the assembly plant at the company's Zug headquarters. The required investment of between CHF 40 and 50 million represents a clear commitment to Switzerland as a production location.

SIBIRGroup AG experiences mild winter 2010/2011

SIBIRGroup AG posted sales of CHF 47.2 million in 2011. Compared with the previous year, this represents a decrease of 3.2%. SIBIRGroup AG attributes this development, among other factors, to a decline in sales at SIBIRtherm, where the late arrival of winter had a negative impact on demand for oil-fired hot air furnaces. Pellet-fired furnaces, on the other hand, performed well: sales were up significantly and new developments of major suppliers mean the outlook is promising.

V-ZUG AG aims to cut its reliance on imported, fossil-based energy sources within a decade.

In relation to the ESCO laundry room dryers, SIBIRtherm has consistently built up its property management relations, which led to a gratifyingly high level of quote at the end of 2011. However, this will not impact on sales until 2012. At year-end, SIBIRGroup AG had 121 employees (full-time equivalents).

Gehrig Group AG: leading market position consolidated

In Switzerland, Gehrig Group AG is synonymous with high-quality kitchen and nursing care equipment. The group recorded sales of CHF 46.1 million in 2011. Compared with the previous year, this represents a reduction of 1.7%. Gehrig Group AG succeeded in concluding long-term cooperation agreements with five well-known hospitals for its bedpan washer systems. Gehrig Group AG's

customer service also experienced positive development, generating sales of CHF 18.3 million. This translates into growth of 2.8% (previous year: CHF 17.7 million). A total of more than 53 000 jobs were carried out. At the end of 2011, the group employed a staff of 162.

Outlook

The economic environment is expected to remain challenging in 2012. In particular, there will be no easing of pressure on prices. Nevertheless, the household appliances business unit has entered the new year in confident mood. Unless there are significant changes in the interest situation, investing in property will remain an attractive proposition for private and institutional investors alike. The number of new-build apartments should therefore roughly match the high level seen in the previous year.

Matthias Michel, President of
the Cantonal Government of Zug

“For me, V-ZUG is a prime example
of a company that showcases
Zug’s continuing attraction as a
good location for industry.”



Matthias Michel has been a member of the Cantonal Government since January 2003 and Head of the Department of Economic Affairs since 2007. One of his responsibilities in this capacity is further developing Zug as a location for business.

Matthias Michel, how is Zug faring as a location for business?
The overall picture is very good. The framework conditions for companies, especially those with international operations, have improved considerably in recent decades, so that a competitive economy has now developed. For me, this was proven by the fact that the Zug economy mastered the crisis of 2008/2009 comparatively well. It all has to do with differentiation: we are home to a number of clusters ranging from the metal and electrical engineering industry to medical technology right through to information technology and financial services. The Zug economy thus rests on a number of “pillars”.

What are the hot topics in relation to economic promotion at the moment?

Our top priority is to look after the companies that are based here. Their wellbeing is the basis for all economic development and the best form of external advertising. We have also recently started working closely together with the Greater Zurich Area (GZA): this organization promotes the strengths of the wider Zurich region, to which our canton belongs, in selected markets abroad.

What are the decisive arguments when competing against other cantons?

Previously, it was mainly the lower taxes. Now, it’s the combination of all the key location factors: taxation of individuals and legal entities that is internationally competitive, the well-educated local population, the availability of a highly qualified workforce and good transport links. Zug beats the Swiss average in all these areas. From what our clients tell us, the administration is also better than most; in particular, it is

client-focused, professional and fast. This is something I am particularly proud of.

What role does a company like V-ZUG play for the canton of Zug?

For me, V-ZUG is above all a prime example of a company that showcases Zug’s continuing attraction as a good location for industry – a location that currently features a high-tech industry as well as a high proportion of research and development. Second, V-ZUG proves that Switzerland still has strengths and opportunities as a location for employment in the international arena thanks to its continuous development activities and top quality.

How do you keep the canton of Zug attractive for companies like V-ZUG?

I have to come back to the location factors already mentioned: recent revisions of our tax legislation have reduced the tax burden for companies. We ensure there is a good transport infrastructure, both by road and rail. This benefits not only the employees of V-ZUG, but also its suppliers. And we are continuing to develop educational opportunities so that the specialist workforce required by V-ZUG and other companies can be trained in or around Zug. One example of this is the new Institut für Wissen Energie Rohstoffe Zug (WERZ), a higher education institute promoting knowledge of energy and raw materials.

Where do you come across V-ZUG in your day-to-day life?

In our kitchen. As I like to cook, the hob is the main appliance I use. I am totally impressed by the V-ZUG induction hob. My guests tell me it is reflected in the quality of the dishes we prepare!



Ready for the next operation. Perfectly cleaned and disinfected by Belimed systems.

Hygiene and sterility are top priorities in the operating theater. The instruments used have to be clean and sterile for the next operation within the shortest time frame. Belimed helps its customers in hospitals comply with high standards in the area of infection control. As a system provider, Belimed has over 40 years of experience in developing, producing and marketing innovative cleaning, disinfection and sterilization equipment and systems. All equipment is geared toward efficient processes, thus guaranteeing continuity and safety in the operating theater.

CLEANSTATION 750

The CLEANSTATION CS 750 large-scale cleaning system offers the shortest cycle times in its class, thus combining perfect cleaning results with high cost efficiency.

Area of use: Surgery tables, beds and trolleys, etc.



MST-V steam sterilizer

The MST-V is the highest-performing and most compact sterilizer with the largest capacity in its class. The loading and unloading processes can be fully automated where appropriate.

Area of use: Surgical instruments, textiles, glass, etc.



The Belimed Group (infection control) concluded 2011 with sales of CHF 194.9 million, matching the level of the previous year. The pharmaceutical sector posted the strongest growth, climbing by 14%. However, organizational challenges and the strong Swiss franc tarnished the group's result.

Infection control business unit

The Belimed Group (infection control) is a leading global supplier of innovative cleaning, disinfection and sterilization solutions for medical, pharmaceutical and laboratory applications. Belimed has about 1 000 employees in a total of 11 countries and is represented by a global network of sales subsidiaries and authorized partners in more than 80 countries.

The Belimed Group concluded 2011 with a solid sales result overall. However, it was unable to maintain the dynamic growth of the previous years. The strong Swiss franc, in particular, and the associated price pressure impacted negatively on Belimed's result. Sales stood at CHF 194.9 million, almost on a par with the previous year's level (CHF 195.6 million). In local currencies, growth amounted to 9.5%. The pharmaceutical sector experienced the strongest growth of all sectors and posted an increase of 14% in Swiss francs. Sales in the medical sector remained stable at last year's record-high levels. Belimed sustained its sales volume in western Europe, and lifted sales slightly in central Europe. Operating income fell from CHF 7.8 million to CHF -2.4 million. Currency effects of more than CHF 5 million impacted negatively on operating income in the year under review. While new orders were lower in Swiss franc terms, the order level at year-end was still at the high level of CHF 106 million.

Increased focus on the pharmaceuticals sector

Profitable growth remains a strategic objective of the Belimed Group going forward. To achieve this, it intends to focus more deliberately on the technology company's strengths by placing an emphasis on the group's market and customer orientation. To this end, a new organizational structure came into effect on November 1, 2011, which reflects Belimed's business sectors even better

in terms of management: the executive board was therefore strengthened by the addition of the head of the pharmaceutical business segment.

Change at the top of Belimed


Niklaus Sauter, CEO of the Belimed Group, decided to accept a new challenge outside the company in the year under review. The Belimed Group has achieved remarkable growth under his leadership. Dr. Claus Martini took over the role of CEO as of January 2012.

Revenue-enhancing projects on course

In 2010, the Belimed Group decided to expand its production capacity in Slovenia. The related construction of a new factory is progressing according to schedule. Belimed also showed great commitment in tackling a variety of internal challenges in 2011. For example, the centralized procurement function began operating and has achieved its first savings. Net working capital was reduced substantially, for the most part offsetting the reduction in operating cash flow.

Outlook

The Belimed Group is in a satisfactory starting position for 2012. Thanks to the high order backlog, innovative products, focused distribution efforts and improvements in costs, the group anticipates further profitable growth.

A portrait of Fer Delhey, a middle-aged man with a mustache and glasses, wearing a grey blazer over a red and blue plaid shirt. He is smiling and standing against a light blue background.

Fer Delhey, Manager of the Central Sterile Supply Department and Expert for Sterile Medical Devices at the Atrium Medical Center Parkstad, Holland

“Belimed has a comprehensive research and development department, from whose strength in innovation we benefit daily.”

Fer Delhey is head of the Central Sterile Supply Department (CSSD) at the Atrium Medical Center Parkstad in the Netherlands. The Atrium MC is one of the largest hospitals in the Netherlands. The hospital covers all medical disciplines with the exception of heart surgery. Four years ago, the Atrium MC switched from Sanamij B.V. to Belimed – i.e. before the two companies merged.

Fer Delhey, what are the most-debated topics in the hospital sector in the Netherlands at the moment?

In the Netherlands too, cost optimization is taking center stage in the healthcare system. That's why patients are now only kept in hospital for as long as absolutely necessary. But in following this practice, we mustn't lose sight of the wellbeing and safety of the patients. If a patient still needs treatment after leaving hospital, then the Atrium MC comes up with a care arrangement specific to that customer. To ensure the quality of care, we collaborate closely with all our care partners in the region.

What was the reason for changing to Belimed?

We based the decision on a number of different criteria. One important reason was certainly the fact that Belimed has a comprehensive research and development department, from whose strength in innovation we benefit daily. Its product portfolio is also much larger. What's more, Belimed is also extremely customer-focused – Belimed answers our calls quickly and competently. And we appreciate the fact that we always deal with the same technicians. That way, they get to know our hospital and our Technical Service staff very well, indeed.

Does Belimed help save costs?

Yes, and in many ways. For one, Belimed's equipment is extremely reliable and therefore requires very little maintenance. This means our overall operating costs as well as the costs for water, detergents, disinfectants and energy are low. These are budget items that shouldn't be forgotten when acquiring new machines. And then, the Belimed equipment is built to last.

What do you like about Belimed as regards service?

For us, Belimed is a partner in whom we have every confidence: we always do the planning for any maintenance work that is required together – and for several years in advance. We therefore enjoy a very high degree of investment security, knowing that Belimed is our system provider. If a machine should happen to fail – which only occurs very rarely – it is repaired within 24 hours. Even replacement parts from Switzerland reach us within 24 hours.

Can you sum up for us what Belimed means to the Atrium MC?

Belimed is an important link in our hospital's supply chain, because without instruments, we can't perform any operations. Our main task at CSSD is to ensure continuity in the operating theater. And that can only be done with machines that are extremely good.

Ready for take off. Always on time thanks to Schleuniger.

Wherever we encounter electronics in our daily lives, there's a good chance that Schleuniger was involved in producing them. Since 1975, Schleuniger has been developing high-precision, high-performance wire processing machines. Cars, medical equipment, laptops, cell phones, even airplanes all become cheaper, safer and more reliable thanks to Schleuniger technology.

CrimpCenter 64

The CrimpCenter 64 is a fully automatic crimping machine. At a maximum feed rate of 12 m/s, this all-in-one solution allows crimping, sealing, twisting and tinning of cables from 0.13 to 6 mm² (26–10 AWG).



Powerstrip 9550

The Powerstrip 9550 stands for precision and top performance in cutting and stripping. Thanks to its modular design, the machine can be tailored to customers' production needs and retrofitted at any time.



Abflug|Departure

Flug	Flughafen	Zeit	Status
1001	Frankfurt	08:00	On-Time
1002	Paris	08:15	On-Time
1003	London	08:30	On-Time
1004	Madrid	08:45	On-Time
1005	Amsterdam	09:00	On-Time
1006	Brussels	09:15	On-Time
1007	Geneva	09:30	On-Time
1008	Zurich	09:45	On-Time
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1050	St. Gallen	20:15	On-Time

Flug	Flughafen	Zeit	Status
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1099	Basel	20:00	On-Time
1100	St. Gallen	20:15	On-Time

Flug	Flughafen	Zeit	Status
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Flug	Flughafen	Zeit	Status
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1198	Bern	19:45	On-Time
1199	Basel	20:00	On-Time
1200	St. Gallen	20:15	On-Time

TAX + DUTY FREE

The Schleuniger Group achieved substantial growth in the past year. Sales totaled CHF 106.1 million, equivalent to growth of 8.2% year-on-year. The group experienced its strongest growth by far in North America, which reported an increase of more than 40%. In terms of products, the fully automated crimp center segment again experienced the greatest success.

Wire processing business unit

The Schleuniger Group is a world-leading manufacturer of high-precision wire processing machinery. The group employs some 400 people and provides services to distinguished customers around the world.

The Schleuniger Group achieved sales of CHF 106.1 million last year (previous year: CHF 98.1 million). This represents a year-on-year increase of 8.2%. Orders rose by 6% to stand at CHF 107.6 million (previous year: CHF 101.2 million). In local currencies, growth in relation to sales and orders was just under 20%, showing that the Schleuniger Group was not immune to the volatility on the foreign exchange markets. By optimizing working hours at the Schleuniger sites and stepping up sales efforts, it proved possible to substantially reduce the negative currency effects.

North America with 40% growth

The results in North America were particularly gratifying. With growth of over 40%, the Schleuniger Group was able to significantly further extend its leading position. The Schleuniger Group achieved a new sales record in the strategically important Chinese market in 2011. Compared to 2010, growth was over 20%. The group also made progress in Japan: in spite of the devastating earthquake, sales were 20% higher than the previous year.

New key accounts in the fully automated crimp center segment

Of all the product segments, the segment of fully automated crimp centers produced in Germany once again enjoyed the greatest success in the 2011 business year. The main sales market was Asia including, in particular, China. Schleuniger attributes the persistently strong growth to newly acquired key accounts.

Shift of focus in project business

In wire processing, demand for large automated assembly systems improved considerably. Nevertheless, an analysis of the market as a whole that was initiated at the end of 2010 showed that it will hardly be possible to manage the large-scale systems business profitably in the medium term. The Schleuniger Group therefore intends to shift the focus in its project business to systems of medium size and complexity. The site in Unterägeri will thus become the Schleuniger Group's new Solution Center.

Outlook

The Schleuniger Group continued its success in the 2011 financial year. The decisions taken in 2009 and 2010 to strengthen profitability and improve market coverage are having an effect. The Schleuniger Group will therefore continue to rely on innovation, customer relationships and product quality going forward. As long as the market environment does not change, it should achieve a growth again in 2012.

Hyung Won Choi, Yura Corporation Ltd., Korea

“Schleuniger is receptive to our requests and able to adapt its systems to our needs.”



Mr. Choi, what products does Yura manufacture for the automobile industry?

Yura Corporation is a tier 1 supplier to Hyundai/Kia Motors of core electrical and electronic components. These include various types of wire harness, connectors and electronic control units (Smart Junction Boxes). In addition, Yura is striving to develop components for eco-friendly vehicles and thus includes high-voltage wire harnesses and connectors for hybrid and electric vehicles in its product range.

What specific requirements does Yura have to meet?

Quality is and remains the decisive factor in terms of our competitiveness. To be able to supply our customers with top-of-the-range products, we require absolute precision in our production processes. For us, quality therefore begins with the high-precision cutting and crimping of cables. In addition, our production facilities need to be highly automated and very fast, so these are the aspects to which we pay particular attention when choosing our equipment.

What can Schleuniger do to help you achieve your goals?

And how did your collaboration with Schleuniger come about in the first place?

Schleuniger is well-known for its cutting-edge technology and its expertise. This is reflected in the products. As an innovative company, Yura needs to be able to continuously expand its production capacities. In Schleuniger, we have found a partner that responds to our needs. We have already developed our first joint projects. After we found that Yura and Schleuniger understood each other really well, numerous other projects followed, including the automation of our wire harness production.

What prompted you to collaborate with the Schleuniger Group?

We were on the lookout for the most efficient equipment, to enable us to boost our productivity. We tested a number of systems from various manufacturers, including Schleuniger. After thorough and comprehensive tests, my colleagues on the production side were very satisfied with the Schleuniger systems, which stood out thanks to their precision, longevity and high speeds. What's more, Schleuniger was receptive to our requests and proved itself able to adapt its systems to our needs.

What do you particularly like about working together with Schleuniger?

What we appreciate most is the willingness to really listen to the customer and to actively look for solutions that meet customer-specific needs and requirements. In doing so, Schleuniger not only adapts its own systems, it is even prepared to collaborate with Yura in developing brand new pieces of equipment that are tailored to our special needs. We at Yura really appreciate this level of commitment.



A village within a village. CO₂-free living in Rotkreuz.

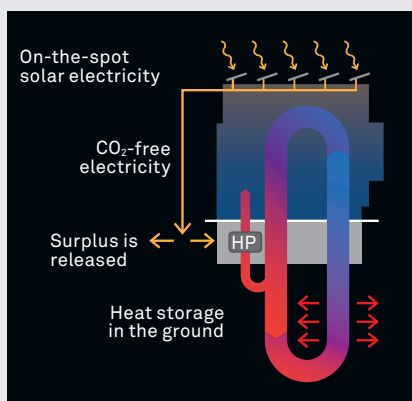
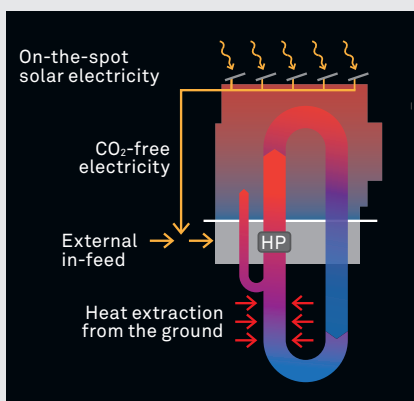
MZ-Immobilien AG focuses on sustainable building. It is setting new standards in this respect with the Suurstoffi development. At a central location in Rotkreuz (canton of Zug), it is creating a CO₂-free district that will use geothermal and photovoltaic systems. This technology means that the energy required within the annual balance can be generated completely on-site. When finished, Suurstoffi will provide work space for 2 500 jobs and apartments for 1 500 residents.

Winter: Focus on heating

Geothermal probes and heat pumps generate the required heating. This involves drawing energy from the earth, which is transferred back in summer. This method guarantees efficient heating.

Summer: Focus on cooling

In summer, waste heat is fed into a closed network and stored in the ground. Once the heat has been discharged, the water temperature falls to around 15 °C and can then be used to cool the buildings.



The real estate business unit generated revenue of CHF 49.4 million in the past year. This is equivalent to growth of 7.6% on the previous year. The hotel and catering sector in particular contributed to this result, increasing revenue by 18% to CHF 20.4 million.

Real estate business unit

MZ-Immobilien AG owns a broadly diversified real estate portfolio. All properties are located in Zug and Rotkreuz. The market value of the entire portfolio (including the property belonging to ZEW Immobilien AG) is around CHF 790 million. MZ-Immobilien AG follows an integrated business model. By conceiving, developing, building, marketing and managing its properties, it safeguards the long-term value of the portfolio.

Real estate portfolio expanded according to plan

MZ-Immobilien AG further expanded its real estate portfolio in the past year. Numerous projects were either completed or made significant progress. In Zug, another 30 serviced city apartments came into operation in the Haldenhof development. In addition, MZ-Immobilien AG completed renovation work at the Park-hotel and in the former Congress Center premises of the Metalli shopping mall. The latter is now being used for retail and catering. In Rotkreuz, the Suurstoffi real estate project is proceeding according to plan: the first occupants moved into the newly constructed buildings of the first stage in December 2011. In addition, long-term rental contracts have been signed with well-known companies. These include Novartis, which will have around 400 employees at the site from January 2013. And Switzerland's biggest private school – SIS Swiss International School – will take up residence in summer 2012. In 2011, MZ Immobilien AG invested approximately CHF 60 million overall in its real estate portfolio.

Activities in 2012 will also focus on moving current investment projects forward. In the Suurstoffi district, for instance, the first 141 apartments will be ready by the end of the first semester. By the end of the year, most of the entire first stage will have been completed. One further site from the existing development plan will enter

the construction readiness phase and the eastern half of the site is being made ready for construction approval. The office space expansion in the Metalli shopping mall in Zug will be completed and ready for handover to the tenants by the third quarter.

Hotelbusiness Zug AG concludes expansion phase

Last year, Hotelbusiness Zug AG largely concluded its long-term expansion phase: with the entry into use of further serviced city apartments and the takeover of catering operations at Theater Casino Zug, it has sustainably strengthened its position as a full-service provider and the market leader in the region.

Outlook

Despite the challenging market environment, and based on the expansion of its offering and the current pre-leasing level, MZ-Immobilien AG expects to see a significant increase in revenue in 2012. This trend provides a sound basis for the further development of MZ-Immobilien AG: in May 2011, the board of directors of Metall Zug AG decided to look into the possibility of spinning off the real estate business unit from the industrial business. This would entail establishing the real estate business unit in the course of 2012 as a separate company listed on SIX Swiss Exchange, Zurich and distributing its shares to the shareholders of Metall Zug AG. The new company would have the same capital structure as Metall Zug AG and independent management bodies. The necessary preparatory work is proceeding according to plan.

A portrait of Armin J. Zust, a middle-aged man with a mustache, wearing a dark suit, white shirt, and a red and blue striped tie. He is smiling and standing against a light blue background.

Armin J. Zust, former President of Novartis Switzerland

“The new workspaces are CO₂-neutral and best-in-class in terms of energy efficiency.”

The healthcare company plans to amalgamate its local Swiss business units by the beginning of 2013 and is relocating 400 jobs from Berne and Zurich to the Suurstoffi district in Rotkreuz. Armin J. Zust, former President of Novartis Switzerland explains why Rotkreuz and the Suurstoffi are of interest to Novartis Switzerland.

Armin J. Zust, what does Rotkreuz have that other locations in Switzerland don't?

The main points in favor of Rotkreuz were its proximity to the talent pool along the Zurich-Zug axis, its closeness to the Sandoz site in Cham and that of Alcon Switzerland in Hünenberg, and the plans to develop the Suurstoffi district. As a location, Rotkreuz boasts a superb infrastructure and a great quality of life. Just like the Novartis Campus in Basel, we expect the Suurstoffi to develop synergies and facilitate cross-divisional collaboration.

Are there any other reasons that make Rotkreuz the ideal location for a pharmaceuticals company?

The site we have chosen is in a central location and advantageous in terms of recruitment, synergies, space and accessibility. Moreover, the presence of numerous other companies from our sector means there is already a pharmaceuticals cluster in the region. This not only makes it easier to recruit highly qualified staff, it also leads to an exchange of expertise all along the value chain.

What aspects make the Suurstoffi development of interest to Novartis?

A new complex of buildings with places for 400 workers in a multi-space environment is being built in the Suurstoffi district in Rotkreuz. The new offices and the working environment are both outstanding. Individual business activities will no longer be spatially separated from one another. We are adhering to the same philosophy that we applied at our campus in

Basel: strengthening collaboration and interaction between various functions will benefit cross-divisional exchanges and encourage innovation. The new workspaces are CO₂-neutral and best-in-class in terms of energy efficiency.

And how has the Novartis workforce reacted to the change of location?

There are plans to amalgamate the sites in Berne (Pharma, Vaccines & Diagnostics and OTC) and Cham (Sandoz) as well as Alcon in Hünenberg, all of whom work directly for the Swiss market. This move to a new location won't change very much for the employees of Alcon Switzerland and Sandoz, who are already based in the region. We are giving the staff in Berne a considerable period of advance notice (around 18 months) so that those affected can all take stock of their own situation. No jobs will be lost. Novartis naturally hopes that as many employees as possible will move to Rotkreuz.

What is Novartis doing to make the move attractive to its employees?

Novartis is offering its staff wide-ranging help in making the transfer. This ranges from an internal hotline to in-house information events featuring local Zug specialties through to look-and-see trips at which staff and their partners can get to know the region. Employees moving to the new location will receive support in finding accommodation, a relocation allowance to cover the costs that arise, plus a relocation payment and a lump sum toward furnishing. Together with our relocation partners, we will ensure that the move is well coordinated and professionally handled.

The Metall Zug Group comprises the household appliances, infection control, wire processing and real estate business units. Metall Zug AG will further strengthen its role as a strategic management holding company in relation to the potential spin-off of the real estate business unit. There are plans to step up the integration of the industrial business units.

Strategy

The Metall Zug Group is a conglomerate of various industrial companies and service providers. The group's household appliances, infection control, wire processing and real estate business units give it a balanced, well-rounded portfolio that is in line with its financial capacities. Despite the challenging economic environment of recent years, Metall Zug AG is in very sound financial shape. The group is therefore still open for further acquisitions. Metall Zug AG has empowered its four business units to initiate attractive acquisition transactions themselves, provided they also bear the resulting costs.

Metall Zug AG will further strengthen its role as a strategic management holding company in relation to the potential spin-off of the real estate business unit. There are plans to step up the integration of the industrial business units. Industrial acquisition opportunities are also examined on a regular basis. As part of its long-term investment strategy, Metall Zug AG usually aims to take a controlling interest or make a full acquisition, so as to be able to actively and efficiently support the acquired company in addressing strategic challenges. In addition, Metall Zug AG pursues a long-term investment strategy and focuses on a form of business development that is geared towards sustainability. Preferably, potential acquisition targets are international companies that are headquartered in Switzerland or in the neighboring countries. Further conditions include a good to leading market position in their segment or market niche. These companies should also have sustainable earning power and a qualified management team and share the values represented by the Metall Zug Group.

Separation of business units:

Preparatory work is proceeding according to plan

In May 2011, the board of directors of Metall Zug AG decided to look into the possibility of spinning off the real estate business unit from the industrial business. This would entail establishing the real estate business unit in the course of 2012 as a separate company listed on SIX Swiss Exchange, Zurich, and distributing its shares to the shareholders of Metall Zug AG. The new company would have the same capital structure as Metall Zug AG and independent management bodies. The necessary preparatory work is proceeding according to plan.

The business units of the Metall Zug Group are represented around the globe. However, the most important market is and remains Switzerland. This is where the Metall Zug Group generates around 66% of its sales. The highest-earning business unit is household appliances, with revenue of CHF 566.2 million.

Customers and markets

Household appliances

New growth opportunities have emerged for V-ZUG AG as a result of globalization. Internationalization and expansion into foreign markets are thus of vital importance to the company. Nevertheless, Switzerland remains the most important market for V-ZUG AG. This is where it generates around 98% of its sales. Or, put another way: in every second household in Switzerland, a ZUG appliance is used to help cook, roast, bake, wash dishes, do the laundry or dry the laundry. V-ZUG AG aspires to further growth in Switzerland, and especially abroad. To cope with rising unit volumes, an extension to the assembly plant is planned. An investment in the magnitude of some CHF 50 million has been approved, reinforcing the company's commitment to production facilities in Switzerland.

Infection control

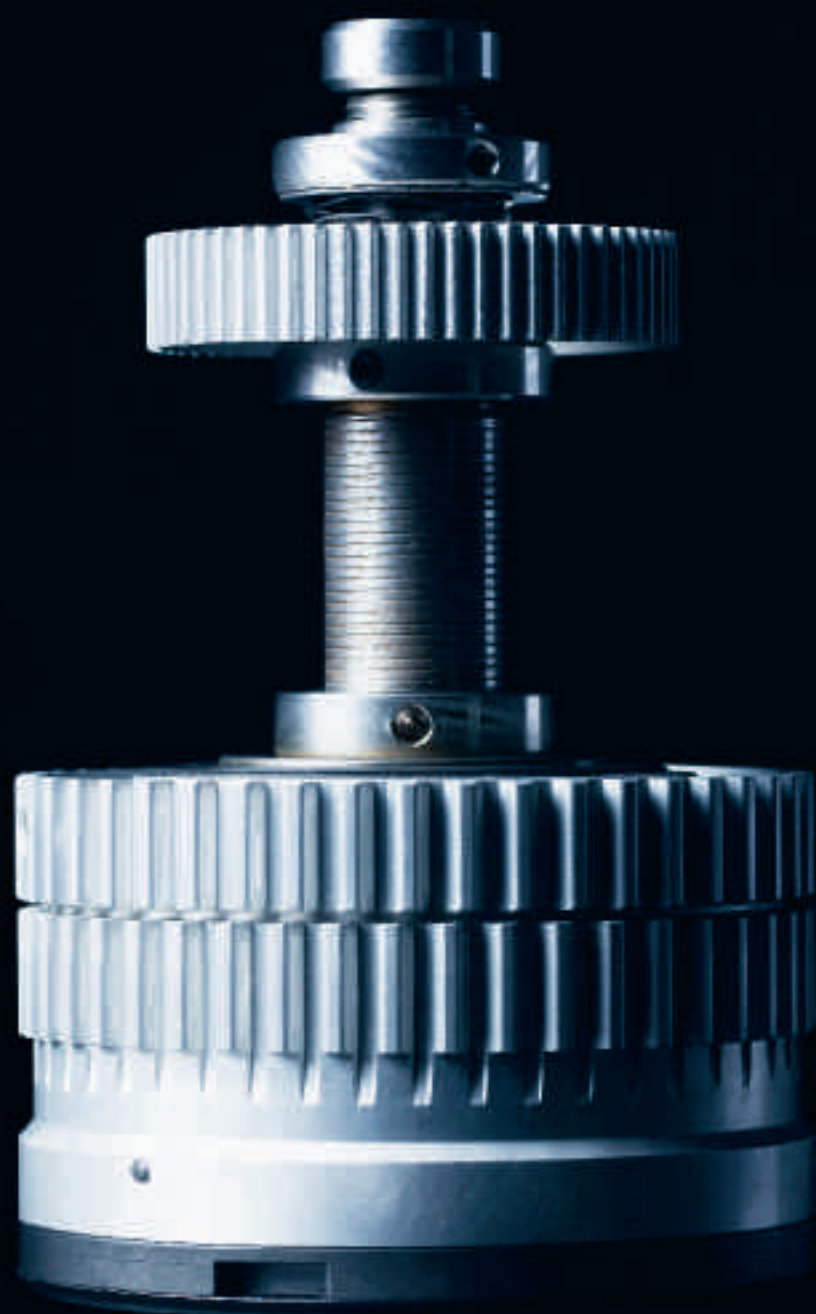
Top quality, outstanding services, a consistent focus on customer benefits and a commitment to innovation are the reasons why the Swiss-based company is able to post continuous healthy growth. The Belimed Group generates around 91% of its sales abroad. Its key markets are Europe, North America and China. The business is divided into three segments: pharmaceutical, medical and laboratory. The Belimed Group has manufacturing facilities in Switzerland, Germany and Slovenia, where it is currently expanding its production capacities. The related construction of a new factory is progressing according to schedule. The ground-breaking ceremony for the new building took place in October of the year under review.

Wire processing

The Schleuniger Group has its origins in Thun, from where its innovative technology and quality have made their way around the world. Today, the Schleuniger Group achieves around 98% of its sales outside Switzerland. Its key markets are the USA, Germany, China and Japan. The Schleuniger Group's research and development activities are based in Switzerland and Germany. More than 40 distributors around the globe sell Schleuniger products.

Real estate

MZ-Immobilien AG owns a broadly diversified real estate portfolio in the canton of Zug, with a market value of around CHF 790 million. MZ-Immobilien AG follows an integrated business model. By conceiving, developing, building, marketing and managing its properties, it safeguards the long-term value of the portfolio.



← **Schleuniger highlight: Stripping head**
Schleuniger's new RX technology is a further development of the company's world-leading rotary stripping technology for coaxial cables. Thanks to a wide range of technical innovations such as the stripping head shown here and significantly increased rotational speeds,

the new RX models are now even more precise in the ultrasmall diameter range. Coaxial cables are used to transmit large volumes of data, for example in wireless technology or consumer electronics, and thus can be found in everything from WLAN and WiFi aeri-als, through laptops and games consoles, to airport display boards.

Sustainability and responsibility

The business units of the Metall Zug Group bear great responsibility toward society and the environment. To secure their long-term competitiveness, they are committed to closely linking sustainable practices with economic benefits. The following chapter illustrates this using real-life examples. Moreover, the further development of the business units is closely supervised within the scope of the corporate governance policies of the Metall Zug Group, with the aim of sustainably increasing the value of the group as a whole.

Innovative strength and sustainable thinking and action form the basis for the long-term business success of the Metall Zug Group. Last year, the business units once again conducted a number of activities in this respect.

Sustainability and employees

V-ZUG AG: Good track record in the area of eco-friendly production

Quality, innovative strength and the sustainable handling of resources are all top priorities for V-ZUG AG. Over the past few years, this Swiss company has scored quite a few achievements with regard to environmentally friendly products and their eco-friendly production. For example, the water needed to wash 5 kg of laundry has been successfully reduced by 85% from 230 liters in 1960 to 35 liters today. The amount of energy consumed has fallen by 87% over the same period from 4.9 kWh to 0.63 kWh. Thanks to its innovative technology, V-ZUG AG has also managed to reduce the amount of energy used by its tumble dryers by 60% over the last 10 years. And this sparing use of resources ultimately is greatly appreciated by the customers.

V-ZUG-AG: Striving for climate-neutral production within a decade

In recent years, V-ZUG AG has made considerable investments in modern, environmentally friendly buildings. For example, in its “North” production hall, a support-free wooden building with a green flat roof for rain water retention that also has low heat consumption. Or in its new “ZUGgate” logistics center, where the brake energy of the large storage and retrieval machines is regenerated and fed back into the network. A photovoltaic system is integrated in the multi-functional south facade and the waste heat from the computer center is used to heat the building. Thanks to efforts of this kind, there has been a strong downward trend in both fossil energy consumption and the emission of greenhouse gases at the Zug site for many years now. In 2011, for example, V-ZUG AG once more achieved savings of more than 200 metric tons of CO₂. However, the Swiss market leader for household appliances has set its sights even

higher: V-ZUG AG is striving to achieve climate-neutral production within a decade. The aim is to end the company’s reliance on imported, fossil-based energy sources and to use non-fossil fuels instead – wherever possible from local sources.

Belimed: Employees do voluntary work

As part of corporate volunteering activities, Belimed employees took part in campaigns on behalf of Trident United Way (TUW) and the American Heart Association in 2011. For its annual “Day of Caring”, the Belimed team last year chose to help out at the Creative Spark Center in Mount Pleasant. The task set for the TUW project day was to renovate this facility for young people, which is specialized in arts education, and redesign its garden. The team was overwhelmed by the positive response to its efforts. In addition, a number of Belimed employees took part in the American Heart Association’s annual fund-raising event on September 17, collecting donations on the five kilometer-long “Heart Walk” to support the battle against two of the commonest causes of death in the USA: heart disease and stroke.

Schleuniger: Sustainable boost in productivity

The Schleuniger Group once again managed to sustainably boost its productivity. This is all the more remarkable given that two of the group’s three production sites are located in Switzerland: Schleuniger Solutions AG in Unterägeri and Schleuniger AG in Thun, both of which are highly export oriented. This means that a large part of the costs are incurred in Swiss francs. Owing to the continuing strength of the franc, Schleuniger was forced to take rapid, proactive action. To this end, the management and workforce together came up with more than 130 ideas on how to raise productivity, 115 of which were realized or are in the process of being implemented.

In spite of these and other measures such as selective price rises, intensified efforts on the purchasing side, and efficiency improvements on the distribution side, the Schleuniger Group was unable to avoid increasing its working time. Specifically, new break arrangements had to be introduced at the Swiss locations and the weekly working time was temporarily increased to 41 hours. The entire workforce wholeheartedly agreed to this step, thereby making a significant contribution to securing jobs in Switzerland. In the interests of distributing the workload evenly, management employees were also asked to put in overtime, even though these extra hours are not recorded. They are expected to work at least 43 hours per week. In addition, all senior managers throughout the group – and not just in Switzerland – agreed to have their bonuses pegged to the euro, in effect forgoing 5% of their variable salary component. This expression of solidarity affects around 40 managers worldwide.

MZ-Immobilien AG: The Suurstoffi district as showcase project in Rotkreuz

With the Suurstoffi development, MZ-Immobilien AG is resolutely continuing its commitment to sustainable building. With the aid of geothermal and photovoltaic technology, the site can be run practically CO₂ and emission free. For example, the energy required by the district each year for its 150 000 square meters of usable floor space can be generated completely on-site. This is made possible by an underground storage system incorporating over 200 ground probes and a closed network known as a waste heat network, which is capable of storing surplus heat and transferring it efficiently between all the buildings. For example, the computers in the offices produce waste heat throughout the year that can be used for warm water or to heat and cool the floor spaces. Moreover, the photovoltaic systems in-

stalled in the district will supply the energy required for the building technology systems such as lighting, ventilation and elevators. The waste heat network project will be supported by the Center for Interdisciplinary Building Technology of the Lucerne University of Applied Sciences, which will provide valuable input on how to optimize the system and suggestions for other projects of this kind.

The corporate governance policies of the Metall Zug Group guarantee responsible and targeted management and control mechanisms at the highest corporate level. The guidelines are in keeping with those of SIX Swiss Exchange.

Corporate governance

All information in this corporate governance section refers to the situation as on 31 December 2011, or to the year under review (2011) respectively, unless stated otherwise. No essential changes occurred between 31 December 2011 and the publication date of 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 SIX Swiss Exchange.

1 Group structure and shareholders

1.1 Group structure

The operational group structure is illustrated on page 9 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 6 ff. of this annual report. The index regarding the scope of consolidation is described in the financial report on page 55.

1.2 Significant shareholders

All the significant shareholders who are known to Metall Zug AG are listed in the financial report on page 65 (see "Significant shareholders"). Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer own a total of 67.2% of the voting rights together with the Buhofer Trust, a fixed-interest trust according to the law of Liechtenstein. By means of the Buhofer Trust, alongside Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki and Maurus Häcki also 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 65 (see "Shares issued").

2.2 Authorized and conditional capital

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 reporting years is listed in the financial report on page 51 (see "Changes in shareholders' equity"). Information on the changes in capital in 2009 can be found on page 49 of the annual report 2010 (see "Changes in shareholders' equity").

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 65 (see "Shares issued").

Shares

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

Participation certificates

Metall Zug AG did not issue any 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 a 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 six members. An overview of the members, providing information on nationality, age, function, first election and term of office, is available on page 8.

The board of directors comprises non-executive members only. 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. In the reporting year, he did not make use of this entitlement.

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 Hoechst AG, Frankfurt am Main, 1994–1999

_ Previous activities for the Metall Zug Group:

None

_ Activities in governing and supervisory bodies:

Chairman of the board of directors of Sulzer AG, Winterthur; 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 the board of directors of Wasserwerke 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 Bühler AG, Uzwil, and Model-Holding AG, Weinfelden

Marga Gyger

- _ Education:
Graduate of the Auslands- und Dolmetscherinstitut of the Johannes Gutenberg University, Mainz
- _ Professional background:
Corporate Consultant of Franke Artemis Management AG, Aarburg, since 2010; CEO of Franke Coffee Systems, Aarburg, 2004–2010; and member of the Expanded Group Management of Franke Group, 2007–2010; managing director of various Franke Coffee Systems companies in Switzerland and Germany, 1994–2003
- _ Previous activities for the Metall Zug Group:
None

- _ Activities in governing and supervisory bodies:
Member of the board of directors of Franke Kaffeemaschinen AG, of Franke Foodservice Systems AG and of Franke Washroom Systems AG, all in Aarburg, as well as Precious Woods Holding AG, Zug, and Precious Woods Central America Ltd, Baar

Peter Terwiesch

- _ Education:
Doctorate in technical sciences (electrical engineering), Swiss Federal Institute of Technology (ETH)
- _ Professional background:
CEO of ABB AG, Germany, since 2011; Chief Technology Officer of ABB Group, Zurich, 2005–2011; Head of ABB Automation GmbH Germany, 2003–2005; Head of the Industrial Division of ABB Switzerland, 2001–2002 and Head of ABB Corporate Research Limited, Switzerland 1999–2001
- _ Previous activities for the Metall Zug Group:
None
- _ Activities in governing and supervisory bodies:
Chairman of the board of directors of ABB Switzerland AG, Baden; member of the board of directors of various companies within the ABB Group; member of the Market Strategy Board of the IEC (International Electrotechnical Commission)

Martin Wipfli

- _ Education: Attorney (University of Berne)
- _ Professional background:
Managing Partner of Baryon AG, Zurich, since 1998
- _ Previous activities for the Metall Zug Group:
None
- _ Activities in governing and supervisory bodies:
Chairman of the board of directors of Elma Electronic AG, Wetzikon, nebag ag, Zurich; member of the board of directors of Kardex AG, Zurich, and other non-listed companies.

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

As at 31 December 2011, 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

Members of the board of directors are elected by the general meeting of shareholders, usually on an individual basis and for a period of one year in each case. They may be re-elected at any time, but retire when attaining the age of 70, i.e. on the day of the subsequent general meeting of shareholders, without further involvement. 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 nine years.

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 three committees: the audit committee, the staff committee, and the strategy 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 respon-

sibility 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 directs the staffing of top executive positions. The board of directors has devolved the day-to-day management of Metall Zug AG to senior management.

In the year under review, the board of directors met five times. These meetings typically last half a day. 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 prepare for the discussion of the agenda items.

Audit committee

The audit committee meets four times a year. It 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 nominates the internal auditors, designs the organization of the internal audit department and assigns tasks to them. The audit committee sets up the audit plan, 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. It also 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: Martin Wipfli, chairman, and Heinz M. Buhofer. The members of the senior management and the internal and external auditors also participate in the meetings of the audit committee.

Staff committee

The staff committee met four times in the reporting year. It 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.

Strategy committee

The strategy committee met eight times in the reporting year. It supervises the further development of the industrial business units of the Metall Zug Group with the aim of sustainably increasing the value of the group. It draws up strategies for the Metall Zug Group or for its individual business units, which are then submitted to the board of directors, and reviews alternatives with

a view to assuring and improving the technological, commercial and financial future of the business units. By contrast, the decision-making authority for strategic projects and transactions lies with the entire board of directors, which is provided with information on the activities of the strategy committee on a regular basis. The strategy committee comprises the following members: Heinz M. Buhofer, chairman, Peter Terwiesch and Marga Gyger. The members of the senior management of Metall Zug AG and occasionally members of the boards of directors and senior management of the individual business units likewise participate in meetings of the strategy committee.

3.6 Definition of areas of responsibility

The board of directors has established organizational regulations regarding the areas of responsibility of senior management and the board of directors. These can be found at www.metallzug.ch. In principle, the senior management's mandate is comprehensive. Even if an area of responsibility lies with the board of directors, the senior management is expected 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 Metall Zug Group's management information system is organized as follows: usually, the separate financial statements (income statement, balance sheet and statement of cash flows) of the individual subsidiaries are produced semi-annually. Depending on the size and the risks of the business, separate financial statements may also be produced either monthly or quarterly. The results are consolidated for each business unit and for the Metall Zug Group and compared to the previous year's period and the budget. The achievability

of budgets, which are integrated into rolling medium-term plans, is reviewed several times a year on the basis of extrapolations. 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. The entire board of directors of Metall Zug AG receives the key figures on a monthly basis, and is informed at its meetings about the course of business by the senior management and the chairman of the board of directors.

The internal auditors conducted three audits in the reporting year. The results of each audit are discussed in detail with the corresponding companies and business units, and the key measures are agreed. The chairman of the board of directors, members of the audit committee, the senior management, and other line managers of the head of the audited unit receive a copy of each audit report. In addition, the reports and the main measures agreed are discussed by the audit committee. The internal auditors are administratively subordinate to the managing director, but for specialist purposes report to the chairman of the audit committee.

The board of directors has put in place a comprehensive system for monitoring and managing the risks associated with the company's activity. This process involves risk identification, risk analysis, risk management and risk reporting. The business unit heads are responsible for monitoring and managing their risks at an operational level. In all business units, certain individuals are assigned responsibility for substantial individual risks. These individuals are responsible for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the audit committee,

the senior management draws up a risk report for the board of directors at regular intervals.

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 8.

4.2 Other activities and vested interests

Stephan Wintsch

_ Education:

MBA, University of Rochester (NY)

_ Professional background:

Metall Zug AG: managing director since 2008, CFO / Head of Corporate Services, 2004–2008; previously Group Controller, Siemens Building Technologies, Zurich/Zug, 2000–2004; Division Controller, Balzers & Leybold Instrumentation, Balzers (Liechtenstein), 1997–2000; assistant to the CEO, AO Foundation, Davos / Synthes AG, Chur, 1991–1997

_ Activities in governing and supervisory bodies:

Member of the board of directors of vonRoll infratec (holding) ag, Zug, and Transmission Technology 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 has not concluded 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 75ff. 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 attend the general meeting of shareholders in person to exercise their rights or 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

In addition to the instances stated in article 704 of the Swiss Code of Obligations (OR), resolutions on

- the conversion of registered shares into bearer shares (and vice versa);
- the restriction of the transferability of registered shares and the easing or cancellation of such restriction;
- the dissolution 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. 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 items

In principle, items are placed on the agenda 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 the right to vote on the day when the invitation to the general meeting of shareholders is published in the Swiss Official Gazette of Commerce (SOGC), i.e. usually about 20 days prior to the date of the meeting, directly receive the invitation to the 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 in accordance with articles 32 and 52 of the Swiss stock exchange and securities trading act (BEHG) is excluded 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 8.

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 TCHF 800 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

The independent auditors charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of approximately TCHF 108, of which TCHF 55 were for audit-related additional services and TCHF 53 for tax consulting 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 and monitors the compliance with the rotation modus for the lead auditors (seven years period). 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.



← Belimed highlight: Wash arm

The newly developed Belimed wash arm heralds the arrival of a novel cleaning system. The wash arm shown here combines a unique design with outstanding performance. The scissor action of the nozzle arrangement means that items are washed from two sides. This wash arm

principle, for which a patent application has been submitted, is used both in the machine and on the instrument rack wash arms. Spray shadows are minimized. Furthermore, its removable end caps make it easy to clean.

Financial report

During the year under review, the Metall Zug Group posted sales growth in the household appliances and wire processing business units and was able to increase gross sales by 1.4% to CHF 864.2 million (previous year: CHF 852.3 million). In local currencies the growth amounted to 5.0%. The operating result (EBIT) reached CHF 96.7 million (previous year: CHF 105.4 million). The decline is mainly attributable to the infection control business unit. As a result of a lower financial result, net income declined to CHF 63.4 million (previous year: CHF 92.3 million).

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Consolidated income statement

in CHF thousands	Notes	2011	2010
Gross sales		864 168	852 270
Sales deductions		-21 674	-20 181
Net sales	1	842 494	832 089
Changes in inventories		3 948	-3 833
Other operating revenue	1	53 818	53 169
Operating revenue		900 260	881 425
Cost of materials	2	-319 316	-310 809
Personnel expenses	3	-316 094	-298 579
Depreciation	12	-46 955	-47 572
Other operating expenses	4	-121 192	-119 055
Operating expenses		-803 557	-776 015
Operating income (EBIT)	1	96 703	105 410
Financial income	6	14 285	23 653
Financial expenses	6	-31 175	-21 796
Associated companies	6, 12	-3 348	-566
Financial result		-20 238	1 291
Non-operating income	7	0	947
Income before taxes		76 465	107 648
Taxes	8	-13 110	-15 395
Net income		63 355	92 253

Details to the individual items are available in the notes to the consolidated financial statements on page 56.

Consolidated balance sheet

Assets

in CHF thousands	Notes	12/31/2011	12/31/2010
Cash and cash equivalents		239 108	162 036
Securities	9	231 129	242 329
Trade receivables	10	114 598	108 286
Other receivables		18 700	21 384
Inventories	11	144 677	144 468
Prepaid expenses		6 506	5 812
Currents assets		754 718	684 315
Land	12	9 849	8 228
Land and buildings	12	465 189	417 554
Plant and equipment	12	68 171	68 579
Prepayments and assets under construction	12	1 262	593
Other tangible assets	12	30 458	29 047
Tangible assets		574 929	524 001
Employer's contribution reserves	12, 23	8 129	8 044
Associated companies	12	10 431	8 225
Other financial assets	12	16 837	17 168
Financial assets		35 397	33 437
Software	12	14 805	11 291
Other intangible assets	12	182	100
Intangible assets		14 987	11 391
Fixed assets		625 313	568 829
Total assets		1 380 031	1 253 144

Details to the individual items are available in the notes to the consolidated financial statements on page 59.

Liabilities and shareholders' equity

in CHF thousands	Notes	12/31/2011	12/31/2010
Current financial liabilities		8 058	8 089
Trade payables		41 615	47 735
Other current liabilities	11, 13	72 327	58 990
Accrued expenses		41 838	50 875
Current provisions	15	27 385	28 303
Current liabilities		191 223	193 992
Long-term financial liabilities	14	274 283	178 987
Other long-term liabilities		5 322	4 915
Long-term provisions	15	53 968	57 735
Non-current liabilities		333 573	241 637
Total liabilities		524 796	435 629
Share capital	17	11 250	11 250
Capital reserves	17	342 170	342 170
Treasury shares	17	-17 019	-17 019
Retained earnings	17	518 834	481 114
Shareholders' equity		855 235	817 515
Total liabilities and shareholders' equity		1 380 031	1 253 144

Details to the individual items are available in the notes to the consolidated financial statements on page 59.

Consolidated statement of cash flows

in CHF thousands	2011	2010
Net income	63 355	92 253
Income from sale of tangible assets	0	-947
Depreciation	46 955	47 572
Associated companies	3 348	566
Value adjustments of financial assets	2 324	-1 302
Net changes in provisions	-4 480	2 096
Cash flow	111 502	140 238
Change in securities	11 156	-7 564
Change in trade receivables	-6 501	5 886
Change in other receivables and prepaid expenses	1 980	2 972
Change in inventories	-596	8 326
Change in trade payables	-6 027	-9 058
Change in other current liabilities and accrued expenses	4 645	-6 294
Cash flow from operating activities	116 159	134 506
Investments in tangible assets	-101 885	-97 773
Investments in financial assets	-8 473	-1 938
Investments in intangible assets	-6 007	-6 810
Divestments / acquisitions net of cash acquired	0	-10
Disposals of tangible assets	5 925	2 183
Disposals of financial assets	343	967
Disposals of intangible assets	11	0
Cash flow from investing activities	-110 086	-103 381
Change in long-term financial liabilities	95 734	51 506
Dividend	-24 322	-19 740
Cash flow from financing activities	71 412	31 766
Currency translation effects	-382	-5 672
Change in net cash and cash equivalents	77 103	57 219

Information on the composition of net cash and cash equivalents is available on page 69.

In the year 2011, there were no non-cash investment or financing activities. In the previous year the deferred purchase price payment of TCHF 13 600 to the seller of Schleuniger Holding AG (see note 17, page 65) had no effect on the cash flow.

Changes in shareholders' equity

in CHF thousands	Share capital	Capital reserves	Treasury shares	Retained earnings	Accumulated currency translation differences	Total retained earnings	Total
Balance on 01/01/2010	11 250	342 170	-30 619	421 670	-4 146	417 524	740 325
Dividend				-19 740		-19 740	-19 740
Disposal of treasury shares			13 600			0	13 600
Purchase price adjustment from acquisitions				283		283	283
Associated companies				-98		-98	-98
Currency translation effects					-9 108	-9 108	-9 108
Net income				92 253		92 253	92 253
Balance on 12/31/2010	11 250	342 170	-17 019	494 368	-13 254	481 114	817 515
Balance on 01/01/2011	11 250	342 170	-17 019	494 368	-13 254	481 114	817 515
Dividend				-24 322		-24 322	-24 322
Associated companies				-483		-483	-483
Currency translation effects				-427	-403	-830	-830
Net income				63 355		63 355	63 355
Balance on 12/31/2011	11 250	342 170	-17 019	532 491	-13 657	518 834	855 235

See note 17 (page 65) for more detailed information on the purchase/disposal of treasury shares, note 12 (page 62) for more detailed information on acquisitions and on associated companies.

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 and are prepared on the basis of historical cost. The revised Swiss GAAP FER standards (2010/2011 edition) were applied for the first time for the reporting period 2010. The Metall Zug Group was not required to change the accounting principles or to adapt the previous year's values. The business year that forms the basis for the consolidated financial statements is equivalent to the calendar year.

The board of directors released the consolidated financial statements for publication on 12 March 2012.

Scope of consolidation

The group owns more than 50% of the votes and of the capital of all consolidated subsidiaries. The full consolidation method is applied, i.e. assets and liabilities as well as expenses and revenue are consolidated at 100%. Any 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.

At time of the initial consolidation, the assets and liabilities of the consolidated companies or the acquired business shares are shown in the balance sheet in accordance with uniform group principles (see note 22 on page 67). The excess of the acquisition price over the revalued net assets of the acquired company or the acquired business share is defined 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 on page 60 ff.). The useful life, which is usually 3 to 5 years and up to 20 years in exceptional cases, is determined at the time of the 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 effects are offset against retained earnings without affecting net income.

Exchange rates into CHF

Income statement (average rate)	2011	2010
1 EUR	1.2336	1.3833
1 USD	0.8871	1.0433
1 GBP	1.4221	1.6112
100 CNY	13.7420	15.4270
100 JPY	1.1130	1.1890

Balance sheet (exchange rate on 12/31)	2011	2010
1 EUR	1.2171	1.2468
1 USD	0.9399	0.9408
1 GBP	1.4526	1.4554
100 CNY	14.8000	14.2700
100 JPY	1.2143	1.1540

Intercompany transactions

Intercompany receivables, payables and transactions are eliminated for fully consolidated companies. Depreciation and value adjustments for intercompany receivables and participations are reversed. The individual group companies' intercompany profits on inventories and tangible assets are assessed and also eliminated.

Principles of valuation

Securities

Listed securities and portfolios 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 cost less impairment.

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 acquisition 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 historical cost 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 and amortization table

	Years
Industrial, commercial, hotel and office buildings	33–50
Residential buildings	50–66
Plant and equipment	5–12
Special tools	3–5
Vehicles	5–10
Other tangible assets	2–8
Software licenses	2–5
Other intangible assets	2–20

Financial assets

Financial assets are reported at their nominal value less value adjustments. Associated companies are consolidated according to the equity accounting method (proportional equity). The associated companies' proportional result is recorded and shown in the result for the period. Adjustments to the equity of associated companies are recorded in shareholders' equity and do not affect net income.

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 historical cost less straight-line amortization 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.

Employee benefits

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

Income taxes

Current income taxes are calculated at the prevailing tax rates on the basis of the expected 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 prepared for consolidation purposes, insofar as these deviations affect income tax. The individual group companies' current or expected 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 set up for 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 flow after 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 per 12/31/2011)

Company	Domicile	Currency	Share capital	Participation rate
V-ZUG AG	Zug	CHF	1 900 000	100%
V-ZUG Australia Pty. Ltd.	Beaumaris VIC (AU)	AUD	100	100%
V-ZUG Europe BVBA	Waregem (BE)	EUR	100 000	100%
SIBIRGroup AG	Schlieren	CHF	500 000	100%
Gehrig Group AG	Rümlang	CHF	2 000 000	100%
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426 720	100%
V-ZUG Immobilien AG	Zug	CHF	1 000 000	100%
Belimed AG	Zug	CHF	6 500 000	100%
Belimed Sauter AG	Sulgen	CHF	350 000	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 GmbH	Fehring (AT)	EUR	180 000	100%
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18 151	100%
Belimed Infection Control Kft.	Budapest (HU)	HUF	3 000 000	100%
NV Belimed SA	Louvain-la-Neuve (BE)	EUR	198 315	100%
Belimed SAS	Limonest (FR)	EUR	1 650 000	100%
Belimed Ltd.	Shipley (UK)	GBP	200 000	100%
Beltech Medical Services Ltd.	Shipley (UK)	GBP	200	100%
Belimed Inc.	Charleston (US)	USD	6 000 000	100%
Belimed Medical Equipment (Shanghai) Co.	Shanghai (CN)	CNY	4 223 000	100%
Schleuniger Holding AG	Thun	CHF	2 500 000	100%
Schleuniger AG	Thun	CHF	150 000	100%
Schleuniger Solutions AG	Unterägeri	CHF	250 000	100%
Schleuniger GmbH	Radevormwald (DE)	EUR	1 025 000	100%
Schleuniger Inc.	Manchester (US)	USD	200 000	100%
Schleuniger Japan Co.	Tokyo (JP)	JPY	200 000 000	100%
Schleuniger Trading (Shanghai) Co.	Shanghai (CN)	CNY	10 864 000	100%
MZ-Immobilien AG	Zug	CHF	1 500 000	100%
Hotelbusiness Zug AG	Zug	CHF	1 000 000	100%
ZEW Immobilien AG	Oberentfelden	CHF	101 250	100%
Schlatter Holding AG	Schlieren	CHF	25 575 000	27.43%

In 2011 the following companies with a participation rate of 100% each were incorporated: V-ZUG Europe BVBA in Belgium, V-ZUG Immobilien AG in Zug and Beltech Medical Services Ltd. in Great Britain. Schleuniger Japan Co. increased its share capital in 2011 from MJPY 100 to MJPY 200, Schleuniger Trading (Shanghai) Co. similarly from TCNY 5 294 to TCNY 10 864. Schlatter Holding AG increased its share capital from TCHF 17 575 020 to TCHF 25 575 000. Due to this increase, the participation rate in this company rose from 26.18% in 2010 to 27.43% as of 2011.

1 Segment information

The economic activity of the Metall Zug Group 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 equipment
- Real estate Properties held for investment purposes incl. hotels used for operational purposes

By business unit

	Net sales to third parties		Operating income (EBIT)		Net assets invested ^{b)}	
in CHF thousands	2011	2010	2011	2010	2011	2010
Household appliances	549 110	544 879	70 381	70 103	235 626	213 571
Infection control	190 716	190 288	–2 367	7 783	103 765	103 892
Wire processing	102 668	96 922	13 369	11 199	58 851	59 357
Real estate	^{c)}	^{c)}	15 320	16 325	324 354	282 416
Total	842 494	832 089	96 703	105 410	722 596	659 236

	EBIT as % of net sales		Contribution to operating income (EBIT)		EBIT in % of net assets invested	
in percent	2011	2010	2011	2010	2011	2010
Household appliances	12.8%	12.9%	72.8%	66.5%	29.9%	32.8%
Infection control	–1.2%	4.1%	–2.4%	7.4%	–2.3%	7.5%
Wire processing	13.0%	11.6%	13.8%	10.6%	22.7%	18.9%
Real estate	^{c)}	^{c)}	15.8%	15.5%	4.7%	5.8% ^{d)}
Total			100.0%	100.0%	13.4%	16.0%

a) Other products of the household appliances and infection control business units comprise containers, surface technology and special products. Both in the reporting year and in the previous year these other products contributed less than 1% of net sales

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

c) Real estate and hotel net sales of TCHF 49 422 (previous year: TCHF 45 933) are reported as other operating revenue and not as sales. The total operating margin has no informative value for the real estate sector.

d) Real estate property is valued at historical costs. Accounting on the basis of market values would result in considerably lower margin-related key figures.

By country in CHF thousands	Household appliances	Infection control	Wire processing	2011 Total	2010 Total
Switzerland	537 889	17 582	1 820	557 291	557 290
Germany	2 169	49 169	15 946	67 284	70 178
France	1 131	15 832	4 321	21 284	16 702
Other European countries	2 257	41 778	16 650	60 685	67 994
US	1 270	38 543	16 579	56 392	52 106
Other Americas	0	2 558	13 103	15 661	11 877
Asia/Pacific	4 080	19 188	32 566	55 834	53 534
Other	314	6 066	1 683	8 063	2 408
Total 2011	549 110	190 716	102 668	842 494	
Total 2010	544 879	190 288	96 922		832 089

2 Cost of materials

In the year under review, the cost of materials rose by 2.7% to TCHF 319 316 (previous year: TCHF 310 809). While cost evolution in 2010 was counter to the increase in sales mainly due to the strong Swiss franc, this tendency was not sustained in 2011. Lower euro and US dollar exchange rates were compensated by rising raw material prices. In addition, the product mix led to a disproportionate increase of the cost in materials. Cash discounts on goods purchased are posted as cost reductions.

3 Personnel expenses

in CHF thousands	2011	2010
Wages and salaries	-246 461	-234 818
Pension contributions	-16 886	-15 873
Other personnel expenses	-52 747	-47 888
Total personnel expenses	-316 094	-298 579

Headcount rose in the reporting year by 216 (previous year: 29) to 3 261 (previous year: 3 045). In 2011, all business units created new jobs: household appliances 70, infection control 78, wire processing 39, and real estate 30. Due to low exchange rates, particularly with respect to salaries paid in euros or US dollars, personnel expenses increased less than the corresponding headcount.

4 Other operating expenses

in CHF thousands	2011	2010
Marketing / sales promotion	-27 579	-27 242
Change in provisions	3 635	-1 702
Maintenance and repair	-15 056	-16 613
Administrative expenses	-42 855	-35 243
Other costs	-39 337	-38 255
Total other operating expenses	-121 192	-119 055

In relation to total sales, other operating expenses remained constant at 14.0%, however there are some shifts in several positions: Whereas the provisions for guarantees were reduced by TCHF 3 635 (previous year: increase of TCHF 1 702), administrative expenses rose by TCHF 7 612 as a consequence of preparatory work for the planned separation of the real estate business and because of additional costs for the strategic reorientation of the infection control business unit as well as the internationalization of the household appliances business unit.

5 Research and development

Expenses for research and development are included in operating expenses and relate to personnel costs (wages, salaries and social insurances), cost of material, overhead costs and external labor. While total sales increased slightly compared to 2010, research and development expenditure remained at 7.5%, as in previous years; only in 2010 to around 6.8%. As in previous years, these expenses of TCHF 64 739 (previous year: TCHF 58 138) were charged directly to the income statement.

6 Financial result

in CHF thousands	2011	2010
Interest income	827	553
Income from securities	9 849	20 838
Income from financial assets	25	4
Foreign exchange gains	3 584	2 258
Total financial income	14 285	23 653
in CHF thousands	2011	2010
Interest expenses	-6 555	-5 095
Losses on securities	-19 167	-7 217
Other financial expenses	-348	-349
Foreign exchange losses	-5 105	-9 135
Total	-31 175	-21 796
Associated companies	-3 348	-566
Net financial result	-20 238	1 291

The negative net financial result is a consequence of significantly lower income from securities and losses from securities due to unfavourable stock market developments as well as increasing financing costs for the expansion of the real estate business unit.

7 Non-operating income

In the reporting year there were no business transactions that were classified as non-operating transactions. In the previous year, MZ-Immobilien AG sold a residential property, for which it realized a profit of TCHF 677, and Belimed B.V. in the Netherlands sold its operating property at its former location and realized a profit of TCHF 270.

8 Taxes

Expenditure		
in CHF thousands	2011	2010
Current income taxes	-11 535	-15 800
Deferred income taxes	-1 575	405
Total	-13 110	-15 395
Liabilities		
in CHF thousands	2011	2010
Current income taxes	9 733	15 678
Deferred income taxes	35 857	34 401
Total	45 590	50 079

Potential tax reductions resulting from tax loss carry forwards and temporary differences amount to TCHF 21 260 (previous year: TCHF 19 486). Although especially the business unit wire processing was able to utilize tax loss carry forwards, potential tax reductions increased by net TCHF 1 744. This increase is attributable to the losses in various companies – primarily in the infection control business unit. Potential tax reductions are not shown in the balance sheet as it is not certain that they will be realized. Tax expenses amount to 17.1% of income before taxes (previous year: 14.3%).

The average tax rate for deferred income taxes amounts to 14.9% (previous year: 14.5%).

9 Securities

in CHF thousands	2011	%	2010	%
Fixed-income investments up to 12 months	15 935	6.9%	11 549	4.8%
Fixed-income investments over 12 months	86 228	37.3%	96 441	39.8%
Shares and similar investments	128 966	55.8%	134 339	55.4%
Total securities	231 129	100.0%	242 329	100.0%

Most securities are managed by third parties in portfolios.

10 Trade receivables

in CHF thousands	2011	2010
Gross trade receivables	118 624	112 773
Provisions for doubtful debts	-4 026	-4 487
Total trade receivables	114 598	108 286

11 Inventories

in CHF thousands	2011	2010
Raw materials	23 292	33 520
Trade goods	60 371	56 424
Semifinished and finished products	102 041	94 037
Advance payments to suppliers	337	2 849
Specific value adjustments	-31 877	-34 521
General value adjustments	-9 487	-7 841
Total inventories	144 677	144 468

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 20 688 (previous year: TCHF 22 130).

12 Fixed assets

Tangible assets

in CHF thousands	Land	Land & buildings	Plant & equipment	Prepayments & assets under construction	Other tangible assets	Total tangible assets
Acquisition costs						
Balance on 01/01/2010	8 228	556 933	167 806	3	77 315	810 285
Changes in scope of consolidation		-36	-32	-3	-68	-139
Additions		63 533	17 920	593	15 727	97 773
Disposals		-958	-8 883		-6 059	-15 900
Currency translation effects		-3 300	-1 809		-1 415	-6 524
Balance on 12/31/2010	8 228	616 172	175 002	593	85 500	885 495
Additions	1 620	64 755	18 919	4 127	12 464	101 885
Disposals		-6 846	-11 957		-6 271	-25 074
Reclassifications	1	3 522	57	-3 458	-122	0
Currency translation effects		-403	-223		-99	-725
Balance on 12/31/2011	9 849	677 200	181 798	1 262	91 472	961 581
Accumulated depreciation						
Balance on 01/01/2010	0	-183 502	-97 056	0	-52 875	-333 433
Changes in scope of consolidation		10	18		58	86
Depreciation current year		-16 349	-18 490		-10 291	-45 130
Disposals		599	8 304		5 761	14 664
Currency translation effects		624	801		894	2 319
Balance on 12/31/2010	0	-198 618	-106 423	0	-56 453	-361 494
Depreciation current year		-15 124	-18 698		-10 735	-44 557
Disposals		1 654	11 494		6 001	19 149
Currency translation effects		77			173	250
Balance on 12/31/2011	0	-212 011	-113 627	0	-61 014	-386 652
Net book values on 12/31/2010	8 228	417 554	68 579	593	29 047	524 001
Net book values on 12/31/2011	9 849	465 189	68 171	1 262	30 458	574 929
Of which land 12/31/2010	8 228	46 714				
Of which land 12/31/2011	9 849	48 365				
Insurance values 12/31/2010		705 226	207 140		113 165	1 025 531
Insurance values 12/31/2011		776 566	250 411		77 601	1 104 578

Financial and intangible assets

in CHF thousands

	Financial assets	Intangible assets
Acquisition costs		
Balance on 01/01/2010	34 461	16 963
Additions	1 938	6 810
Disposals	-967	
Associated companies	-664	
Currency translation effects	-943	-222
Balance on 12/31/2010	33 825	23 551
Additions	8 473	6 007
Disposals	-344	-55
Associated companies	-3 831	
Currency translation effects	-15	-27
Balance on 12/31/2011	38 108	29 476
Accumulated depreciation		
Balance on 01/01/2010	-1 681	-9 890
Depreciation current year		-2 442
Impairment	1 302	
Disposals		
Currency translation effects	-9	172
Balance on 12/31/2010	-388	-12 160
Depreciation current year		-2 398
Impairment	-2 324	
Disposals	1	44
Currency translation effects		25
Balance on 12/31/2011	-2 711	-14 489
Net book values on 12/31/2010	33 437	11 391
Net book values on 12/31/2011	35 397	14 987*

*of which TCHF 14 805 (previous year: TCHF 11 291) software

Tangible assets kept as investment properties include land and buildings of the real estate business unit are valued at TCHF 303 942 (previous year: TCHF 251 441). The fair values of the properties held for investment purposes amount to TCHF 684 757 (previous year: TCHF 591 222). These latter amounts do not contain the properties used for operational purposes by MZ-Immobilien AG and Hotelbusiness Zug AG. Since the development of the City Garden Hotel and the Serviced City Apartments, and since the lease of the Theater Casino Zug restaurant, the hotel business is viewed as an independent segment within the real estate business. The corresponding properties used by the hotel business are classified as operating properties.

Had the fair values been recognized in the balance sheet, the operating result of the real estate business unit – would have been TCHF 43 081 higher (previous year: TCHF 15 392). This information is based on the annual fair value assessment performed by an independent real estate expert as of 31 December. The fair value assessments on 31 December 2011 and 2010 were prepared by Wüest & Partner AG using the DCF (discounted cash flows) method. For the DCF valuation as per 31 December 2011, discount rates of 4.50% on average (previous year: 4.65%) were applied, with a range from 3.9% to 5.2% (previous year: 4.1% to 5.3%).

The values established using the same assumptions for all land and buildings of the real estate business unit – i.e. including the properties used for operational purposes by MZ-Immobilien AG and Hotelbusiness Zug AG – amount to TCHF 790 261 as at 31 December 2011 (previous year: TCHF 696 523).

Financial assets include employer's contribution reserves of TCHF 8 129 (previous year: TCHF 8 044), non-consolidated investments of TCHF 16 837 (previous year: TCHF 17 168) and investments in associated companies of TCHF 10 431 (previous year: TCHF 8 225).

The associated companies figure includes the retroactive adjustment of the Schlatter Group's shareholders' equity amounting to TCHF –483 (not affecting net income), an income-relevant supplementary posting of the proportional result of TCHF 207 for the 2010 business year and the estimated proportional loss for the 2011 business year of TCHF 3 555, which was also booked on the income statement. This latter figure was calculated on the basis of Schlatter Holding AG's published data available during the preparation of the financial statements and analysts' estimates for the business year 2011. Any deviations from actual values will be recorded in the subsequent period. On 8 December 2011, Schlatter Holding AG conducted a capital increase. Subsequently, Metall Zug AG purchased shares with a value of TCHF 6 037. The market value of the shares of the associated company Schlatter Holding AG on 31 December 2011 is TCHF 17 553 (previous year: TCHF 19 098).

Thanks to a positive value development, a value adjustment attributable to a Private Equity Fund of originally TCHF 1 607 from the past, was partly neutralized in the previous year by reversing TCHF 1 302, the remaining value adjustment of TCHF 305 was reversed in 2011. In contrast, a value adjustment of TCHF 2 629 was booked on another non-consolidated investment.

Goodwill is directly offset against retained earnings. Whereas in 2011 no acquisitions were made, in the business year 2010 a credit of TCHF 283 was posted due to subsequent purchase price adjustments. The accumulated acquisition values remain unchanged from the previous year at TCHF 137 862. The theoretical capitalization of goodwill would not have resulted in an impairment in the current year, nor in the previous year. Overall, the capitalization and theoretical amortization of goodwill over an average useful life of 3 to 5 years would have resulted in an additional amortization of TCHF 7 674 (previous year: TCHF 35 781). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 1 935 (previous year: TCHF 9 609, which includes reduced earn-out payments/purchase price adjustments).

13 Pension liabilities

Pension liabilities amount to TCHF 2 469 (previous year: TCHF 1 456). They are recorded 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			2011	2010
Residual term	Pledged	Blank	Total	Total
up to 1 year	8 527	6 883	15 410	7 506
up to 3 years	2 808	1 565	4 373	16 067
up to 5 years	103 000	1 000	104 000	4 914
over 5 years	150 500	0	150 500	150 500
Total 2011	264 835*	9 448	274 283	
Total 2010	168 507	10 480		178 987

* of which no variable mortgages in the reporting year (previous year: TCHF 0).

The real estate investments made in the reporting year were largely financed with debt. This resulted in an increase in long-term financial liabilities of TCHF 100 000. As collateral for current and long-term financial liabilities of TCHF 282 341 (previous year: TCHF 187 076), assets with a book value of TCHF 201 203 have been encumbered (previous year: TCHF 205 174).

15 Provisions

in CHF thousands	Deferred taxes	Guarantees	Pension	Restructuring	Other	Total
Balance on 01/01/2010	34 813	38 191	7 326	957	4 431	85 718
Additions	809	26 270	75	500	3 445	31 099
Utilization	-1 214	-20 220	-985	-311	-1 946	-24 676
Release		-2 387	-5		-1 937	-4 329
Change in scope of consolidation					-3	-3
Currency translation effects	-7	-595	-602	-59	-508	-1 771
Balance on 12/31/2010	34 401	41 259	5 809	1 087	3 482	86 038
Of which current provisions		25 443	647	1 087	1 126	28 303
Balance on 01/01/2011	34 401	41 259	5 809	1 087	3 482	86 038
Additions	3 939	24 807	1 328		2 704	32 778
Utilization	-2 485	-22 848	-3 753	-228	-1 076	-30 390
Release		-5 297		-260	-1 304	-6 861
Currency translation effects	2	-75	-74		-65	-212
Balance on 12/31/2011	35 857	37 846	3 310	599	3 741	81 353
Of which current provisions		25 070	175	599	1 541	27 385

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

16 Significant shareholders

As of 31 December 2011, the following shareholders owned more than 3% of total voting rights (2 203 776 votes):

	Registered shares of type A	Registered shares of type B	Votes	Votes previous year
Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer*	1 480 650	301	67.2%	67.4%
Ursula Stöckli	328 000	17 006	15.7%	15.7%
Werner O. Weber, through Wemaco Invest AG	81 920	41 600	5.6%	5.6%

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

17 Shares

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

No equity instruments were issued in the year under review, nor in the previous year. Undistributable, statutory or legal reserves amount to TCHF 12 935 (previous year: TCHF 12 699).

During the year under review, Metall Zug AG neither acquired nor disposed of treasury shares. (previous year: sale of 3 538 registered shares of type B for the settlement of the outstanding purchase price payment of TCHF 13 600 for the acquisition of Schleuniger Holding AG). As of 31 December 2011, Metall Zug AG holds 18 400 of its own registered shares of type A and 5 950 of its own registered shares of type B (previous year: 18 400 registered shares of type A and 5 950 registered shares of type B).

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 interests in 2011 amounts to TCHF 37 (previous year: TCHF 36).

Information on the procedure for determining the compensation of the board of directors and senior management and on the compensation amounts paid to them is available on page 75ff. of the notes to the annual financial statements of Metall Zug AG.

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	2011	2010
up to 1 year	1 580	747
up to 3 years	1 718	670
over 3 years	380	65
Total	3 678	1 482

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 trading purposes and are recorded at market values.

Contract values in CHF thousands	2011	2010
Currency forward contracts	13 242	3 821
Share options / index options	3 425	2 122
Other derivative instruments	0	0
Total contract values	16 667	5 943

Market values in CHF thousands	2011	2010
Currency forward contracts	-42	101
Share options / index options	29	0
Other derivative instruments	0	0
Total market values	-13	101

The following financial instruments are kept for hedging purposes. Therefore, like the underlying transaction (future cash flow), these instruments are not recognized in the balance sheet.

Contract values in CHF thousands	2011	2010
Currency forward contracts	3 179	2 886
Share options/index options	0	0
Other derivative instruments	0	0
Total contract values	3 179	2 886

Market values in CHF thousands	2011	2010
Currency forward contracts	-23	116
Share options / index options	0	0
Other derivative instruments	0	0
Total market values	-23	116

21 Contingent liabilities/other off-balance sheet obligations

Trade receivables from foreign subsidiaries worth TCHF 11 294 (previous year: TCHF 10 274) served as collateral for credit lines. Fixed-term deposits and securities that are pledged as collateral amount to TCHF 26 636 (previous year: TCHF 20 619).

In addition to purchase commitments – primarily from general contracting agreements and construction activities – of TCHF 947 (previous year: TCHF 727) there are also a number of long-term rental contracts amounting to TCHF 13 215 (previous year: TCHF 14 953).

MZ-Immobilien AG is the majority owner of Miteigentümergeinschaft Metalli, Zug. For this reason, joint liability may apply in relations with third parties.

In relation to the construction and operation of the City Garden hotel, MZ-Immobilien AG accepted a restoration obligation with a value of TCHF 490. This comes into effect in 2025 at the earliest, and then only if the land on which the hotel was built has to be vacated for construction of the access road to the Zug city tunnel. In addition, MZ-Immobilien AG entered into agreements involving penalties amounting to TCHF 790 which would be triggered if the properties at the Suurstoffi site are not ready for occupation on time.

Metall Zug AG made investment commitments to two private equity funds amounting to a total of TCHF 10 000 (previous year: TCHF 12 444), of which TCHF 3 648 was paid by the end of 2011 (previous year: TCHF 8 928).

22 Acquisition and sale of consolidated subsidiaries

There were no acquisition or sale transactions in 2011.

In the previous year, as per 1 January 2010, Schleuniger s.r.o. in Slovakia was sold to local management at book values with the following assets and liabilities:

in CHF thousands	Schleuniger s.r.o.
Current assets	636
Fixed assets	53
Current liabilities	-337
Non-current liabilities	-226
Net assets	126

23 Employees benefits

The most important companies providing pension plans are located in Switzerland, where pension schemes 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 employees to assist with the economic consequences of old age, disability, death and distressed circumstances.

Employer's contribution reserves (ECR)

	Nominal value	Re- nounced use	Balance sheet	Additions as of	Balance sheet	Result from ECR or similar items in personnel expenses
in CHF thousands	12/31/11	12/31/11	12/31/11	2011	12/31/10	2011
Patronage funds/pension schemes	7 472		7 472		7 254	218
Pension plans	657		657		790	-133
Total	8 129	0	8 129	0	8 044	85

Economic benefits/economic liabilities and pension expenses

	Surplus/deficit according to pension plans	Economical part of the organization	Change or impact on net income in business year	Contribu- tions for the period	Pension expenses in personnel expenses
	12/31/11	12/31/11	12/31/10		2011
Patronage funds/pension schemes	12 472			-216	-216
Pension plans without surplus/ deficit *				-14 181	-14 181
Pension plans with surplus *					
Pension plans with deficit *	-4 654	-2 420	-2 465	-13	-2 561
Total	7 818	-2 420	-2 465	-13	-16 958

* Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 15 903 (previous year: TCHF 15 137) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 1 055 (previous year: TCHF 722). The economic proportion of the organization of pension plans with deficits of TCHF 2 420 (previous year: TCHF 2 465) originates from closed defined benefit plans abroad and is in its entirety accounted for as a pension provision.

Most pension plans are financed by the employer's and the employee's contributions. Pension contributions are calculated as a percentage of the insured salary.

Patronage funds can provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and distressed circumstances. 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 pension expenses

in CHF thousands	2011	2010
Pension contributions at the company's expense	-16 958	-16 065
Contributions to pension plans from employer's contribution reserves	-140	0
Total contributions*	-17 098	-16 065
Change in ECR due to asset development, value adjustment, discounting, interests payments, etc.	225	218
Contributions and changes in employer's contribution reserves	-16 873	-15 847
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	-13	-26
Total change in economic impact of surplus/deficit	-13	-26
Staff pension expenses in personnel expenses	-16 886	-15 873

* No extraordinary contributions were agreed upon or paid in the reporting year or in the previous year.

24 Changes in net cash and cash equivalents

The statement of cash flows is based on net cash and cash equivalents, which are composed as follows:

in CHF thousands	2011	2010
Cash and cash equivalents	239 108	162 036
Current financial liabilities	-8 058	-8 089
Total net cash and cash equivalents	231 050	153 947
Changes from the previous year	77 103	57 219

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 requiring disclosure took place after the balance sheet date.



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To: the General Meeting of
METALL ZUG AG, Zug

Zug, 12 March 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements presented on page 47 to 69 of METALL ZUG AG, which comprise the income statement, balance sheet, statement of cash flows, changes in shareholders' equity and notes for the year ended 31 December 2011.

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 2011 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 B90, 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
Licensed audit expert
(Auditor in charge)



Andreas Blarik
Licensed audit expert

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Income statement

Revenue

in CHF	2011	2010
Dividend income	82 720 673	57 750 000
Income from interest and securities	13 771 395	20 111 088
Other revenue	1 207 000	1 171 400
Total revenue	97 699 068	79 032 488

Expenses

Interest and securities expenses	-21 084 127	-10 656 969
Personnel expenses	-2 174 512	-1 841 060
Other expenses	-2 506 254	-736 642
Depreciation	-5 161	-5 075
Increase in provisions	-47 000 000	-40 000 000
Taxes	107 654	-785 372
Total expenses	-72 662 400	-54 025 118

Net income	25 036 668	25 007 370
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Balance sheet

Assets

in CHF	12/31/2011	12/31/2010
Cash and cash equivalents	91 693 759	62 614 787
Securities	207 878 454	214 172 243
Accounts receivable third parties	549 976	817 479
Intercompany accounts receivable	562 118	527 573
Prepaid expenses	285 019	593
Current assets	300 969 326	278 132 675
Tangible assets	123 675	10 150
Intercompany loans	56 500 000	59 000 000
Investments	187 526 137	164 205 138
Financial assets	32 267 565	29 366 454
Fixed assets	276 417 377	252 581 742
Total assets	577 386 703	530 714 417

Liabilities

Accounts payable third parties	336 699	1 201 303
Intercompany accounts payable	719	11 747
Accrued expenses	383 500	316 000
Current liabilities	720 918	1 529 050
Provisions	253 283 180	206 517 880
Non-current liabilities	253 283 180	206 517 880
Total liabilities	254 004 098	208 046 930
Share capital	11 250 000	11 250 000
Legal reserves	5 625 000	5 625 000
Reserves for treasury shares	16 980 576	16 980 576
Free reserves	248 483 894	261 483 946
Capital contribution reserves	13 000 052	0
Retained earnings	28 043 083	27 327 965
Retained earnings carried forward	3 006 415	2 320 595
Net income	25 036 668	25 007 370
Shareholders' equity	323 382 605	322 667 487
Total liabilities and shareholders' equity	577 386 703	530 714 417

Notes to the annual financial statements

1 Investments

Detailed information on the investments of Metall Zug AG as of 31 December 2011 is available on page 55.

2 Significant shareholders

See notes to the consolidated financial statements, page 65.

3 Share ownership by current members of the corporate bodies

	as of 12/31/2011		as of 12/31/2010	
	Registered shares of type A	Registered shares of type B	Registered shares of type A	Registered shares of type B
Jürgen Dormann chairman of the board of directors	0	1 364	0	1 364
Heinz M. Buhofer vice-chairman of the board of directors	563 040 ¹⁾	1	493 160 ¹⁾	184
Calvin Grieder member of the board of directors	0	0	0	0
Marga Gyger member of the board of directors	0	0	²⁾	²⁾
Dr. Peter Terwiesch member of the board of directors	0	10	0	0
Martin Wipfli member of the board of directors	0	266	0	266
Günter F. Kelm member of the board of directors	²⁾	²⁾	0	16
Stephan Wintsch managing director	0	10	0	10

¹⁾ for the most part held through the Buhofer Trust

²⁾ not a member of the board of directors in the year in question

4 Pension liabilities

As of 31 December 2011, liabilities towards pension schemes amount to TCHF 150 (previous year: TCHF 159).

5 Pledged assets

At the end of the year under review, securities worth TCHF 2 000 were pledged as collateral for any possible liabilities (previous year: no pledged assets).

6 Treasury shares

During the year under review, Metall Zug AG neither acquired nor disposed of treasury shares (previous year: sale of 3 538 registered shares of type B for the settlement of the outstanding purchase price payment of TCHF 13 600 for the acquisition of Schleuniger Holding AG). As of 31 December 2011, Metall Zug AG holds 18 400 of its own registered

shares of type A and 5 950 of its own registered shares of type B (previous year: 18 400 registered shares of type A and 5 950 registered shares of type B).

7 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 with respect to their probability of occurrence and their impact. When assessing the impact of a risk, the 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: The board of directors of Metall Zug AG receives a consolidated risk report on an annual basis.

8 Compensation

The members of the board of directors receive a fixed compensation for their activities as well as a lump-sum reimbursement of business expenses which is determined periodically by the entire board of directors at the request of the staff committee. 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 compensation of the members of the senior management according to their respective functions and in line with the market. Fixed compensation comprises the monthly salary, the year-end salary and a lump-sum reimbursement of business expenses. Due to the decentralized operational distribution of responsibilities, the senior management's total remuneration does not contain any variable components. The employment contracts of the senior management do not provide for any severance payments or unusually long periods of notice. Metall Zug AG does not have any participation 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.

Heinz Buhofer, former chairman of the board of directors and CEO, did not have any pension scheme when leaving the Metall Zug Group, so he was awarded a retirement pension. Payments were made according to the scheme (with periodical indexation) defined before he left the group in 1997 and were covered by the provision set up at that time. During the year under review, the pension liability was settled by means of a one-time payment of TCHF 1 849 as the balance of all claims (previous year: pension payment of TCHF 333).

	2011			2010		
Compensations for the business year, in CHF	Compensa- tions net	Social con- tributions*	Total	Compensa- tions net	Social contri- butions*	Total
Jürgen Dormann chairman of the board of directors, non-executive	600 000	62 334	662 334	550 000	55 110	605 110
Heinz M. Buhofer vice-chairman of the board of direc- tors, non-executive	464 622	120 087	584 709	435 183	112 376	547 559
Calvin Grieder member of the board of directors, non-executive	395 000	49 575	444 575	290 160	35 204	325 364
Marga Gyger member of the boards of directors since the 2011 general meeting, non-executive	50 000	4 791	54 791			0
Dr. Peter Terwiesch member of the boards of directors since the 2010 general meeting, non-executive	200 000	26 009	226 009	125 000	15 498	140 498
Martin Wipfli member of the boards of directors since the 2010 general meeting, non-executive	265 000		265 000	144 500		144 500
Günter F. Kelm member of the boards of directors until the 2010 general meeting, non-executive			0	93 000	7 207	100 207
Total board of directors	1 974 622	262 796	2 237 418	1 637 843	225 395	1 863 238
Stephan Wintsch managing director	355 361	177 894	533 255	349 379	138 862	488 241
Total senior management	355 361	177 894	533 255	349 379	138 862	488 241

* Employer's and employee's contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), health insurance and accident insurance

Proposal for the appropriation of available earnings


in CHF	12/31/2011	12/31/2010
Retained earnings carried forward	3 006 415	2 320 595
Net income	25 036 668	25 007 370
Retained earnings	28 043 083	27 327 965
Dividend, 220% of share capital	24 750 000	24 750 000
minus dividend on treasury shares*	-428 450	-428 450
Retained earnings to be carried forward	3 721 533	3 006 415

* No dividend is paid on treasury shares. The amount to be paid is therefore likely to be reduced by CHF 428 450 (previous year: CHF 428 450).

Subject to the general meeting of shareholders' approval of the board of directors' proposal, the dividend will be paid on Friday, 29 June 2012 (payment date), as follows:

For each registered share of type A	CHF 5.50 gross	or	CHF 3.58 net
For each registered share of type B	CHF 55.00 gross	or	CHF 35.75 net

A potential proposition of the Board of Directors to separate the real estate business from the industrial business and distribute its shares to the shareholders of Metall Zug AG would be published with the agenda of the general meeting of shareholders.



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To the General Meeting of
METALL ZUG AG, Zug

Zug, 12 March 2012

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 income statement, balance sheet and notes for the year ended 31 December 2011.

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 2011 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.

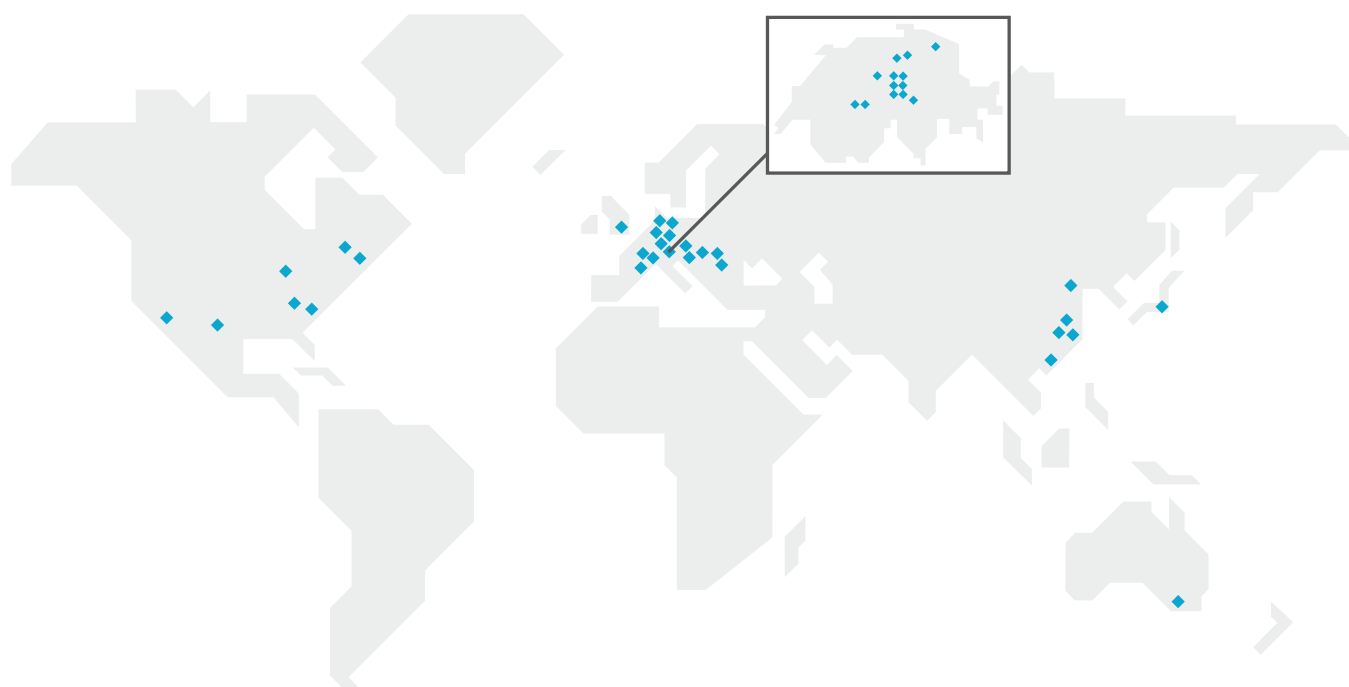
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

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Edgar Christen
Licensed audit expert
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