

Half-year 2013

30 of September 2013

An overview of the first half-year 2013

1. PRELIMINARY REMARKS

On the General Meeting held on 10 May 2013 two members of the Board of Directors, namely Martin Hellweg and Patrick Huber-Flotho resigned. Arturo Giovanoli was reconfirmed and Viktor Huser and Jean-Paul Periat were nominated as board members and as liquidators of the company for another term. Arturo Giovanoli serves as Chairman of the Board.

Furthermore, the definitive debt restructuring moratorium of Swmtl Holding Ltd.'s subsidiary Swissmetal Industries Ltd., which was initially definitely granted on 20 September 2011 and extended by the competent judge of the Amtsgericht Dorneck-Thierstein on 13 August 2012 for a term until 21 September 2013 ended 11 September 2013 as the competent judge granted the debt restructuring liquidation (see media release dated 11 September 2013).

On 10 January 2013 certain assets of the sites belonging to Swissmetal Industries Ltd. in Reconvilier and Dornach (excluding land and buildings that were leased to the purchaser for a period of 6 years) were sold to a Swiss subsidiary of the Chinese Baoshida Group (see media release dated 10 January 2013) and the name of the subsidiary changed in Weidenareal Metall Ltd.. However, any proceeds from the sale of assets on the level of Weidenareal Metall Ltd. would only result in a cash inflow to Swmtl Holding Ltd. in liq. on the basis of its 100% ownership position if all creditor classes of Weidenareal Metall Ltd. were fully satisfied. The Board of Directors regards this as a very unlikely case. At the same time, Swmtl Holding Ltd. in liq. may experience a partial or full repayment on the basis of its creditor position at Weidenareal Metall Ltd.. A partial repayment appears to be likely on the basis of the Board's current knowledge.

The Board of Directors of Swmtl Holding Ltd. in liq. is continuing working on winding down the company and, in doing so, aspiring to realize the value of its assets in the best achievable way. The sale of the trademarks „Swissmetal“ belonging to Swmtl Holding Ltd. in liq. resulted in a cash inflow of CHF 0.85 million to Swmtl Holding Ltd. in liq. in January 2013.

Another cash inflow to Swmtl Holding Ltd. in liq. may arise from the efforts of its 100% subsidiary, Avins International Ltd., to sell Avins International Ltd.'s central asset, the metal distribution firm Avins USA Inc. As at 31 December 2012 Avins International Ltd. recognized a value of CHF 2 million for Avins USA Inc.. Swmtl Holding Ltd. in liq. is one of two major creditors of Avins International Ltd. (the other is Weidenareal Metall Ltd.) and may be realized partially or in full in the context of the disposal. As already mentioned on page 3 of the Annual Report 2012 the Board of Directors considered a partial realization as being likely. In considering the business performance of the US subsidiary, operating under severe refinancing limitations relating to the ownership of the ultimate parent company being in liquidation, and the current status of the ongoing negotiation inherent to the disposal the value have been adjusted accordingly to a likely realizable value on the basis of the Board's current knowledge.

2. BASIS FOR THE CONSOLIDATED INCOME STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT AND CHANGES AFFECTING GROUP COMPANIES

These unaudited statements have been prepared in accordance with Swiss GAAP FER 12. The consolidation and valuation principles correspond to those of the annual report. Fixed assets have been valued on a liquidation basis. Naturally, the actual realization values depend on future developments in the liquidation process. There remains an inevitable uncertainty about these values and the amounts accrued for. The Board of Directors and the liquidators are convinced that the estimates made represent the best estimates possible.

3. CONSOLIDATED INCOME STATEMENT

Consolidated income statement (unaudited)	2013 (6 Months)	2012 (6 Months)
CHF 000		
Net sales	2'486	4'226
Cost of materials and changes in stock	-1'932	-3'247
Gross margin	554	980
Personnel expenses	-413	-454
Operating and administrative expenses	-623	-677
Operating income before depreciation (EBITDA) - before extraordinary result	-482	-152
Depreciation on intangible assets	-	-150
Operating income (EBIT)	-482	-302
Financial result	-	-51
Ordinary result	-482	-352
Non-operating and extraordinary result	14	12
Earnings before taxes (EBT)	-468	-340
Income taxes	-	-
Result for the year (EAT)	-468	-340

In the first six months of 2013, the Group generated consolidated net sales of 2.5 Mio. (previous year: CHF 4.2 million) relating to the trading business of third-party products by the US subsidiary. The decrease was mainly due to the severe refinancing limitations relating to the ownership of the ultimate parent company being in liquidation.

4. CONSOLIDATED BALANCE SHEET

Consolidated balance sheet (unaudited)	30.06.2013	31.12.2012
CHF 000		
Current Assets	2'451	2'471
Intangible and financial assets	7'258	14'181
Total assets	9'709	16'652
Short-term liabilities	10'010	16'540
Total liabilities	10'010	16'540
Shareholders' equity	-301	112
Total liabilities and shareholders' equity	9'709	16'652

Intangible and financial assets as at 30 June 2013 of CHF 7.3 million consist of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, in the amount of CHF 0.6 million and of a claim relating to the debt restructuring moratorium of Weidenareal Metall Ltd., Dornach of CHF 6.6 million (as at 31 December 2012: CHF 12.6 million including CHF 0.6 million of accrued interests). The latter mainly relates to a claim from a bank for a guarantee commitment of CHF 20.0 million securing a mortgage provided to Weidenareal Metall Ltd.. In the context of the sale of certain assets belonging to the subsidiary in January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by the subsidiary. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee. Additionally CHF 0.1 million due from Weidenareal Metall Ltd.. relates to the claim for compensation claimed by a former Member of the Executive Management and was adjusted to reflect the expected repayment in the context of the liquidation quota of the subsidiary. There exists an uncertainty regarding the valuation, as proceeds from the amount due from Weidenareal Metall Ltd. depends on the outcome of the liquidation and of the disposal of assets.

The short term liabilities as at 30 June 2013 in the order of CHF 10.0 million encompass CHF 6.0 million for the claim of a bank arising from the guarantee commitment for which a stand-still agreement could be agreed until 31 December 2013. Furthermore, the position contains an accrual for expected costs of liquidation of CHF 0.15 million and accruals for unpaid compensation to the Board of Directors. There exists an uncertainty regarding the valuation of the accruals for unpaid compensation to the former Board of Directors, as the amount due from Weidenareal Metall Ltd. depends on the outcome of the liquidation. Additionally CHF 1.1 million (CHF 2.6 as at 31 December 2013) of the remaining CHF 3.9 million consists of account payables owed to entities outside the scope of consolidation. In order to better reflect the likely realizable value of the previously recognized value of the US entity the payable have been decreased in the extent of CHF 1.2 million to match the valuation adjustments on the assets of the US entity. The remaining 2.8 million are owed to creditors for services and good provided and to a Member of the Board of Directors for compensation resulting from past contractual agreements. Furthermore, the position contains a contractual compensation claimed by a former Member of the Executive Management.

Stand-still agreements until 31 December 2013 were secured with almost but all creditors.

Due to the loss incurred during the six months period ending 30 June 2013, which are mainly imputable to the operating activities on the US market, the consolidated shareholders' equity is negative. However, the Board of Directors explicitly stress out that the Swmtl Holding Ltd. in liq. is on the basis of the statutory accounts not over indebted. Furthermore, due to the high variance of possible outcomes, it is impossible to make a concrete estimate of the financial outcome of the liquidation process of Swmtl Holding Ltd. in liq..

5. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement		
First half-year (unaudited)		
CHF 000	2013	2012
Cash flow before change in net current assets	-468	-190
Change in net current assets	249	391
Cash flow from operating activities	-219	201
Total cash flow from investing activities	850	-554
Free cash flow	631	-353
Net change in cash and cash equivalents	631	-353
Cash and cash equivalents as at 1 January	341	861
Cash and cash equivalents as at 30 June	972	508

The Group generated an operating cash drain of CHF 0.2 million in the first six months 2013 mainly relating to the change in net current assets. Free cash flow totaled CHF 0.6 million mainly due to the disposal of the brand "Swissmetal" sold in January 2013.

6. OUTLOOK

For the shareholders, everything depends on the best possible realization of the assets and of the result of the liquidation of Weidenareal Metall Ltd. in debt restructuring liquidation. Depending on the success in divesting and in maximising the proceeds from the development and sale of its real estate, encompassing around 127'000 square metres of land in Dornach, Weidenareal Metall Ltd. may or may not be able to transfer funds to Swmtl Holding Ltd. in liq., being one of the creditors and the company's full owner. Swmtl Holding Ltd. in liq. is currently not in a position to communicate anything concrete.

Investor Relations

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