

**SWMTL HOLDING LTD in liquidation  
(formerly Swissmetal Holding Ltd.)**

**[www.swmtl.net](http://www.swmtl.net)**

**Annual Report 2014**

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# COMPANY PROFILE

## Letter to Shareholders

Dear shareholders,

also in the past financial year the Board of Directors of Swmtl Holding Ltd. in liq. (hereafter also “Swmtl” or “the company”) continued the efforts in winding down the company with the goal to realize the value of its assets in the best achievable way and we are in a position to report some significant achievements:

During the financial year AV International Ltd. in Liq. obtained the waivers of both of its creditors for the full outstanding amounts realizing an extraordinary (non-cash) income of CHF 1.9 million. Consequently, the consolidated shareholders’ equity has been reconstituted to a small positive amount and the over indebtedness eliminated.

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal Metall Ltd. in Nachlassliquidation (“WAM” or “Weidenareal”). Subject to the recognition of the Swmtl claim to the “Kollokationsplan”, the company may experience a partial or full repayment on the basis of its creditor position at Weidenareal. However, should the claim eventually not be recognised by the creditors committee (“Gläubigerausschuss”) of Weidenareal, then the bankruptcy judge will have to be notified. As per information available, the Kollokationsplan will be released in the coming months. A partial repayment appears to be likely on the basis of the Board’s current knowledge.

Meanwhile, the real estate belonging to Weidenareal has been sold (for more information please see [www.sachwalter-weidenareal.ch](http://www.sachwalter-weidenareal.ch) and/or [www.liquidator-weidenareal.ch](http://www.liquidator-weidenareal.ch)), however the Board of Directors of Swmtl is not aware of the details of the transaction and regards a transfer of funds to Swmtl (which would only be possible if all creditor classes of WAM were fully satisfied) as an unrealistic scenario. Furthermore, in the context of the real estate transaction, Weidenareal have fully repaid the outstanding amount of the mortgage to the bank. However, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decrease in the extent of the paid amount.

In considering the remaining shareholders equity, the main challenge to the Board of Directors and liquidators in ensuring the continuation of the liquidation will be to strictly manage the disbursement and finally the liquidity. Currently Swmtl is not involved in active or passive legal cases, however should one or more of the creditors not extend the stand-still agreements and/or initiate a legal case, than the continuation of the liquidation could be seriously jeopardized.

Sincerely yours,

Jean-Paul Periat  
*Chairman of the Board of Directors*

Viktor Huser  
*Member of the Board of Directors*

# CORPORATE GOVERNANCE

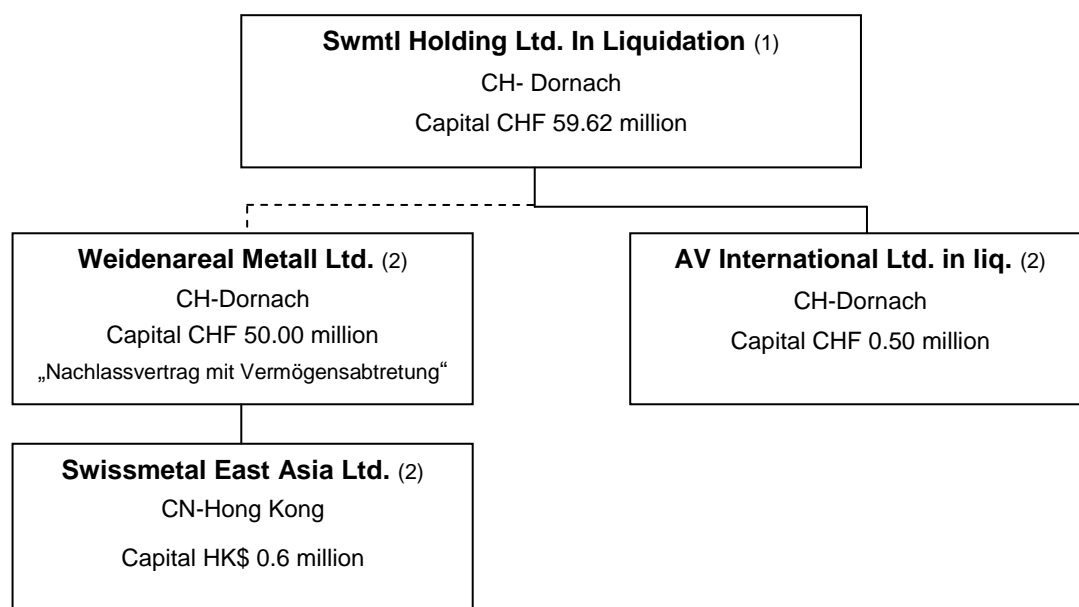
As a listed company, Swmtl Holding Ltd. in liq. is subject to the Directive on Information relating to Corporate Governance as issued by the SIX Swiss Exchange (also referred to as the SIX Directive), including its Annex and Commentary.

The Corporate Governance section of the Annual Report precisely follows the structure of the SIX Directive and covers events up to and including 29 April 2015.

## 1. Group structure and shareholders (as at 31 December 2014)

### 1.1 Group structure

Legal Group structure of Swmtl Holding Ltd. in liq.



- 1 100% of Weidenareal Metall Ltd. Dornach (deconsolidated in 2011) and AV International Ltd. in liq. Dornach.
- 2 100% each of the subsidiaries presented

Due to the “Nachlassvertrag mit Vermögensabtretung” (liquidation proceedings in course of the composition agreement with assignment of assets) Swmtl has lost all of the information rights and/or duties on Weidenareal Metall Ltd. in liq. (incl. Swissmetal East Asia Ltd., Hong Kong).

Swmtl Holding Ltd. in liq., Dornach, is listed on the SIX Swiss Exchange in Zurich (SMET, Swiss security number 257 226; ISIN CH0002572268) and is subject to Swiss law. The share price stood at CHF 0.72 as at 31 December 2014, resulting in a market capitalization of CHF 4.8 million. The scope of the consolidation does not include any listed companies, but only the above-mentioned non-listed companies.

**Changes in the scope of consolidation during the 2014 financial year** The scope of consolidation as of 31 December 2014 remained unchanged compared to the previous year and comprised Swmtl Holding Ltd. in liq., Dornach, Switzerland and AV International Ltd. in liq., Dornach, Switzerland only.

**1.2 Significant shareholders** As at 31 December 2014 the shareholders holding more than 3% of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows.

Significant Shareholders	Date	Shareholding
IFM Independent Fund Management Ltd. as the trustee of Herculis Partners "Aries" Fund	21 July 2014	4.46%
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	15. October 2014	3.02%

In the previous year the breakdown was as follows:

Significant Shareholders	Date	Shareholding
IFM Independent Fund Management Ltd. as the trustee of Herculis Partners "Aries" Fund	11 April 2013	5.13%
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%

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

## 2. Capital structure

**2.1 Capital as at 31 December 2014**, the nominal value of the share capital of Swmtl Holding Ltd. in liq., Dornach, was CHF 59,616,954 (2013: CHF 59,616,954), divided into 6,624,106 (2012: 6,624,106) bearer shares.

### 2.2 Authorized and conditional capital

**Authorized capital** The Annual General Meeting of the listed company Swmtl Holding Ltd. in liq., Dornach, on 30 June 2006, approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years until 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full. On 27 May 2010, the authorized capital was extended again until 27 May 2012 and expired.

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

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

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

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

Shareholders' preferential subscription rights in the case of warrant or convertible bonds may be restricted or excluded by a resolution of the Board of Directors (1) to finance the acquisition of companies, portions of companies or shareholdings, or new company capital expenditures or (2) to issue these warrant and convertible bonds on international capital markets. If such preferential subscription rights are waived, (1) the warrant or convertible bond must be placed with the general public at market conditions, (2) the exercise period must not exceed five years for warrants or ten years for conversion rights from the time of the bond issue, and (3) the issue price for the new shares must be at least equal to the market price at the time of the bond issue.

### **2.3 Changes in capital of Swmtl Holding Ltd. in liq., Dornach**

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

In 2009, the share capital remained unchanged.

In 2010, the share capital remained unchanged. However, the Annual General Meeting approved the prolongation of authorized capital (See also section 2.2).

Since 2011 the share capital remained unchanged.

**2.4 Shares** Each share is one bearer share and carries one vote. It conveys the right to a proportionate share of net profit and the residual proceeds of liquidation of the company. Swmtl recognizes only one owner per share. The share is indivisible with respect to the company. The company has issued 6,624,106 shares with a par value of CHF 9.00 each; all shares are fully paid. By amending the Articles of Incorporation, the Annual General Meeting may at any time convert bearer shares into registered shares. Swmtl currently has no participation certificates. Similarly to the previous year as at 31 December 2014, no treasury shares were held by the Group.

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

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

**2.7 Convertible bonds and options** The company currently has no outstanding convertible bonds or options.

### 3. Board of Directors

**3.1 Members of the Board of Directors** The Boards of Directors of Swmtl Holding Ltd. in liq., and AV International Ltd., are not identical.

#### **Composition as at 29 April 2015**

**Jean-Paul Periat** Born in 1953, Swiss and French citizen, is Chairman of the Board of Directors of Swmtl Holding Ltd. in liq. since 9 December 2013, before that date he was a member of the Board of Directors since 10 May 2013. Jean-Paul Periat holds two Master's degrees in Finance, one from the San Diego State University and one of the New-York Institute of Finance in New York. He is the Delegate of the Board and CEO of Herculis Partners Ltd. Porrentruy, a company specialized in asset management for High Net Worth Individuals.

**Viktor Huser** Born in 1952, Swiss citizen, is member of the Board of Directors of Swmtl Holding in liq. since 10 May 2013. From 10 May 2013 to 9 December 2013 he was a member of the Board of Directors of AV International Ltd. Since 9 December 2013, he acts as the president of the Board of Directors and as liquidator. Viktor Huser is an independent Swiss farmer and cattleman.

Both members of the Board of Directors represents the interests of the shareholders (with the exception of "K-S Anlagen AG") holding more than 3 % of the capital of Swmtl as described in section 1.2 of this report.

**Changes during the 2014 financial year** There were no changes to be reported.

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

**3.3 Elections and terms of office** The Board of Directors was entirely elected at the Annual General Meeting. Mr. Jean-Paul Periat was elected as president and Mr. Viktor Huser reconfirmed as member of the Board of Directors. Both were also reconfirmed as liquidators and additionally elected as members of the Compensation Committee. The term of office is one year and will last for all members until the Annual General Meeting for the 2014 financial year on 30 June 2015.

**3.4 Internal organizational structure** The Board of Directors of Swmtl is comprised of those persons named in section 3.1.

Jean-Paul Periat is the Chairman of the Board. The Chairman may convene as many meetings as the business requires. Each Member of the Board of Directors may also request the Chairman to convene a meeting immediately, stating the respective reasons. A majority of the Members of the Board of Directors must be present to constitute a quorum for the transaction of business. Resolutions are adopted by a majority of votes cast. Resolutions may also be adopted in writing if no member requests a verbal consultation. The Chairman of the Board of Directors keeps the minutes of the deliberations and resolutions. Resolutions adopted by correspondence are recorded in the minutes.

The Board of Directors and its Chairman are assigned the non-transferable and inalienable duties set out in Articles 716a of the Swiss Code of Obligations.

Spread over 2014, the Board of Directors held 2 ordinary meetings (2013: 6) lasting an average of one hour to two hours each, and nil teleconferences (2013: 11) and resolutions adopted by correspondence to also address.

Due to the special situation in the light of the liquidation the board is very flexible on drafting agendas for meetings and address a wide variety of financial, and legal matters. Due to the small size of the Board of Directors, only the Compensation-Committee (as a legal requirement) has been established.. The Board of Directors addressed all issues in its complete configuration.

## **4. Executive Management**

**4.1 Members of the Executive Management** Due to the fact that all of the entities within the scope of consolidation, as at 31 December 2014 are in liquidation, there were no longer employees belonging to the Executive Management.

**Changes during the 2014 financial year** There were no changes to be reported.

**4.2 Other activities and vested interests** Due to the fact, that there are no longer Members belonging to the Executive Management there are no other activities and vested interests to be disclosed.

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

## **5. Shareholders' participation**

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

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

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

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



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

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

## **6. Changes of control and defense measures**

**6.1 Duty to make an offer** Swmtl has not adopted any defense measures against takeover attempts. The company's Articles of Incorporation do not contain either an opting-up or an opting-out clause. This means that the obligation to make an offer prescribed by the Swiss Stock Exchange Act is triggered if a shareholder or a group of shareholders acting jointly acquires more than one-third of the outstanding shares.

**6.2 Clauses on changes of control** In 2014, the company did not agree on nor uphold any clauses on changes of control.

## **7. Auditors**

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

**7.2 Auditing fees** The total auditing fees charged by the auditors in the year under review was CHF 25'000 (2013 : CHF 30'000).

**7.3 Additional fees** The fees for various tax services for Swmtl or one of its subsidiaries amounted to CHF 3'100 for the year under review (2013: CHF 5'900).

**7.4 Supervisory and control instruments pertaining to the audit** The Board of Directors reviews the independence and performance of the external auditors. The auditors submit regular reports to the Executive Management and the Board of Directors containing the results of its work and recommendations.

## **8. Information policy**

The Swmtl Group regularly informs shareholders and investors of its business activities through press releases as required by the circumstances, the annual and half-year reports. Further information is available at:

[www.swmtl.net](http://www.swmtl.net)

# COMPENSATION REPORT

## 1. Compensation, shareholdings, and loans

**1.1 Content and method of determining compensation and shareholding programs** The Compensation Committee determines the appropriate remuneration for the members of the Board of Directors, using the risks and the particular situation of the company compared to other enterprises as criteria. The Members of the Board of Directors also receive directors' fees and their expenses are reimbursed.

**1.2/1.3 Compensation for the active members of the Board of Directors** On the general meeting held on 30 June 2014 Mr. Jean-Paul Periat was elected as president and Mr. Viktor Huser reconfirmed as member of the Board of Directors. Both were also reconfirmed as liquidators.

Total remuneration paid in the 2014 financial year breaks down as follows:

<b>Board of Directors: Compensation 2014 (CHF)</b>	<b>Jean-Paul Periat Chairman</b>	<b>Viktor Huser Member</b>	<b>Total BoD</b>
<b>Compensation ( cash) <sup>1</sup></b>			
<b>Pay ( fixed)</b>			
Chairman	25'000		25'000
Member		15'000	15'000
<b>Remuneration for additional work</b>	-	-	-
<b>Compensation ( non cash)</b>			
Social insurances	-	-	-
<b>Total compensation</b>	<b>25'000</b>	<b>15'000</b>	<b>40'000</b>

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

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

<b>Board of Directors: Compensation 2013 (CHF)</b>	<b>Jean-Paul Periat (Chairman / Member) <sup>2</sup></b>	<b>Viktor Huser Member</b>	<b>Arturo Giovanoli (Chairman / Member) <sup>3</sup></b>	<b>Martin Hellweg (Chairman) <sup>4</sup></b>	<b>Patrick Huber- Flotho (Delegate) <sup>5</sup></b>	<b>Total BoD</b>
<b>Compensation ( cash) <sup>1</sup></b>						
<b>Pay ( fixed)</b>						
Chairman	545		14'555	9'075		24'175
Member	9'580	9'580	5'445		5'445	30'050
<b>Remuneration for additional work <sup>6</sup></b>						
			123'500	27'692	53'046	204'238
<b>Compensation ( non cash)</b>						
Social insurances <sup>7</sup>				2'298	3'610	5'908
<b>Total compensation</b>	<b>10'125</b>	<b>9'580</b>	<b>143'500</b>	<b>39'065</b>	<b>62'101</b>	<b>264'371</b>
Not yet paid out, together with compensation since 2011			22'500	40'000	22'500	85'000

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

2 Chairman from 9 December 2013 on

3 Chairman from 10 May to 9 December 2013

4 Chairman till 10 May 2013

5 Delegate till 10 May 2013

6 This compensation had been paid for activities relating to the debt restructuring moratorium of Weidenareal Metall Ltd. Dornach and is also included (exception for the compensation to Martin Hellweg) in the table "compensation to the Executive Management". The compensation to Arturo Giovanoli also includes CHF 10'000 for the preparation of the annual report .

7 Employer's share 2013 .

Due to the liquidation of all the entities within the scope of consolidation, as at 31 December 2014 there were no longer employees belonging to the Executive Management, accordingly there are no disclosure required. As per financial year 2013 the breakdown was as follows:

<b>Executive Management Compensation 2013 (CHF)</b>	<b>Individual with the highest compensation CEO <sup>2</sup></b>	<b>Other Executive Management Members</b>	<b>Total</b>
	Joseph Rudden Jr.		
<b>Compensation (Cash) <sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member	137'340	9'206	146'546
<b>Pay (variable)</b>			
Other bonuses	-	-	-
<b>Remuneration for additional work</b>			
Additional services above and beyond regular duties <sup>3</sup>	-	176'546	176'546
<b>Total compensation (cash)</b>	<b>137'340</b>	<b>185'752</b>	<b>323'092</b>
<b>Compensation (non-cash)</b>			
Bonus bank closing balance	-	-	-
Pension expenses	-	-	-
<b>Total compensation ( non-cash)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total compensation</b>	<b>137'340</b>	<b>185'752</b>	<b>323'092</b>

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

2 CEO of Avins USA Inc., Warren / NJ (see also scope of consolidation on page 15 of this report)

3 This compensation had been paid to two Members of the Executive Management for activities relating to the debt restructuring moratorium of Weidenareal Metall Ltd. Dornach.

**1.4 Compensation for former members of governing bodies** No severance payments went to former Members of the Board of Directors.

**1.5 Share allotment in the year under review** As of 31 December 2014, no shares have been allotted.

## Report of the statutory auditor

to the general meeting of  
Swmtl Holding Ltd. in liq., Dornach

We have audited page 9 of the compensation report of Swmtl Holding AG in Liq. for the year ended 31 December 2014.

### *Liquidators and Board of Directors' responsibility*

The liquidators and the Board of Directors are responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The liquidators and Board of Directors are also responsible for designing the compensation system and defining individual compensation packages.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, page 9 of the compensation report of Swmtl Holding AG in Liq. for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Dr. Daniel Suter  
Audit expert  
Auditor in charge

Michael Scheibli  
Audit expert

Münchenstein, 29 April 2015

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# FINANCIAL REPORT

## Swmtl Group financial report 2014

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Unless explicitly stated otherwise, all of the values are in CHF thousands. The consolidated financial statements are prepared in accordance with Swiss GAAP FER.

## Consolidated income statement

### SWMTL GROUP

Consolidated income statement	2014		2013
CHF 000			
<b>Gross sales</b>	1	-	<b>4'344</b>
Deductions from gross sales		-	-355
<b>Net sales</b>		-	<b>3'989</b>
Cost of materials and changes in stock		-	-3'694
<b>Gross margin</b>		-	<b>295</b>
Personnel expenses	2	-	-632
Operating and administrative expenses	3	-83	-664
<b>Operating income before depreciation (EBITDA) - before extraordinary result</b>		<b>-83</b>	<b>-1'001</b>
<b>Operating income (EBIT)</b>		<b>-83</b>	<b>-1'001</b>
Financial result	4	-13	-1'468
<b>Ordinary result</b>		<b>-96</b>	<b>-2'469</b>
Non-operating and extraordinary result	5	1'937	-883
<b>Earnings before taxes (EBT)</b>		<b>1'841</b>	<b>-3'352</b>
Income taxes	6	-	0
<b>Result for the year (EAT)</b>		<b>1'841</b>	<b>-3'352</b>

Due to the disposal of the US subsidiary, Avins USA Inc. was excluded from the scope of consolidation as at 6 November 2013. Accordingly, comparison of the 2014 figures with the previous year is therefore hardly meaningfully possible.

## Consolidated balance sheet

SWMTL GROUP

ASSETS	31.12.2014	31.12.2013
	Total	Total
<b>CHF 000</b>		
<b>Current assets</b>		
Cash and cash equivalents	7 654	809
Other receivables	-	7
<b>Total current assets</b>	<b>654</b>	<b>816</b>
<b>Fixed assets</b>		
Financial assets	8 7'429	7'455
<b>Total fixed assets</b>	<b>7'429</b>	<b>7'455</b>
<b>TOTAL ASSETS</b>	<b>8'083</b>	<b>8'271</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Short-term liabilities</b>		
Interest-bearing liabilities	9 6'137	6'150
Trade accounts payable	245	254
Other liabilities	10 770	2'684
Accrued expenses and prepaid income	11 274	353
Provisions	12 596	610
<b>Total short-term liabilities</b>	<b>8'022</b>	<b>10'051</b>
<b>Total liabilities</b>	<b>8'022</b>	<b>10'051</b>
<b>Shareholders' equity</b>		
Share capital	59'617	59'617
Capital reserves	34'226	34'226
Retained earnings	-93'782	-95'623
<b>Total shareholders' equity</b>	<b>61</b>	<b>-1'780</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8'083</b>	<b>8'271</b>



## Consolidated Cash Flow Statement

### SWMTL GROUP

CHF 000	2014	2013
	Total	Total
<b>Cash flow from operating activities</b>		
Result for the year	1'841	-3'352
Impairment on the assets of the deconsolidated entity	-	703
Net loss realized in the context of the the disposal of the deconsolidated entity	-	167
Waiver of claim of a deconsolidated entity	-1'932	-
Change in provisions	-2	16
Other non-cash income statement items	16	1'460
<b>Cash flow before change in net current assets</b>	<b>-77</b>	<b>-1'006</b>
Change in trade accounts receivable	-	-97
Change in other receivables and prepaid expenses and accrued income	1	-
Change in stock	-	-273
Change in trade accounts payable	-	1'377
Changes in other current liabilities and accrued expenses and prepaid income	-79	-414
<b>Total cash flow from operating activities</b>	<b>-155</b>	<b>-413</b>
<b>Cash flow from investing activities</b>		
Disposal of intangible assets	-	850
Proceeds from the disposal of the consolidated entity	-	31
<b>Total cash flow from investing activities</b>	<b>-</b>	<b>881</b>
<b>Free cash flow</b>	<b>-155</b>	<b>468</b>
<b>Total cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>-155</b>	<b>468</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>809</b>	<b>341</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>654</b>	<b>809</b>

The waiver of the liability due from AV International Ltd. in liq. to Weidenareal for a total amount of CHF 1.93 million is disclosed as an extraordinary income (see Notes 5).

## Statement of Changes in Consolidated Shareholders' Equity

### SWMTL GROUP

CHF 000	Share capital	Capital reserves <sup>1</sup>	Cumulated exchange rate translation differences	Retained earnings <sup>2</sup>	Total <sup>3</sup>
<b>Balance as at 31 December 2012</b>	59'617	34'226	-1'460	-92'271	112
Result for the year	-	-	-	-3'352	-3'352
Exchange rate translation differences	-	-	1'460	-	1'460
<b>Balance as at 31 December 2013</b>	59'617	34'226	-	-95'623	-1'780
Result for the year	-	-	-	1'841	1'841
<b>Balance as at 31 December 2014</b>	59'617	34'226	-	-93'782	61

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

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

<sup>3</sup> In 2014 and 2013, there are no minority interests

As at 31 December 2014, the share capital of Swmtl remained unchanged at CHF 59,616,954 (2013: CHF 59,616,954), divided into 6,624,106 (2013: 6,624,106) bearer shares of nominal CHF 9.00. Capital reserves amounting to CHF 34.3 million. There are no non-distributable reserves for the individual companies.

The General Meeting on 30 June 2006 approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years, in fact until 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full. On 27 May 2010, the authorized capital was extended again until 27 May 2012 and expired.

At the end of 2014, Swmtl Group held zero own shares (2013: 0). At present, no derivative instruments on own shares are outstanding.

# Notes to the consolidated financial statements

## SWMTL GROUP

### GENERAL NOTE

**Basis of preparation** Due to the fact that both entities within the scope of consolidation entered into voluntary liquidation, the balance sheet has been prepared on the basis of liquidation values instead of going concern values. The valuation of certain assets and liabilities is depending on future developments in particular. Therefore, there remains an inevitable uncertainty about their realisation value and the amounts accrued for (for further details see also Notes 8; 11; 12 and 15). However, the Board of Directors is convinced that the estimates made were reliably and that they represent the best estimate possible.

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal. Subject to the recognition of the Swmtl claim to the "Kollokationsplan", the company may experience a partial or full repayment on the basis of its creditor position at Weidenareal. However, should the claim eventually not be recognised by the creditors committee ("Gläubigerausschuss") of Weidenareal, then the bankruptcy judge will have to be notified. As per information available, the Kollokationsplan will be released in the coming months. A partial repayment appears to be likely on the basis of the Board's current knowledge

The Board of Directors is not aware of the details of the transaction relating to the disposal of the real estate belonging to Weidenareal Metall Ltd. However Weidenareal will only be able to transfer funds to Swmtl Holding Ltd. in liq. if all creditor classes were fully satisfied. The Board of Directors currently regards this an unrealistic scenario.

### SCOPE OF CONSOLIDATION

All companies in which Swmtl Holding Ltd. in liq., Dornach, has more than a 50% interest are included in the consolidation. The scope of consolidation as of 31 December 2014 comprised Swmtl Holding Ltd. in liq., Dornach, Switzerland and AV International Ltd. in liq., Dornach, Switzerland.

AV International Ltd. is not longer overindebted as during the financial year the waivers of both of its creditors (namely Swmtl and Weidenareal) were granted for the full outstanding amounts as the preconditions of the stand-still agreements were unconditionally fulfilled. Accordingly the subsidiary is not longer overindebted and a (non-cash) result have been recognised as extraordinary income. Consequently, the consolidated shareholders' equity have been reconstituted to a small positive amount and the over indebttness eliminated.

### PRINCIPLES OF CONSOLIDATION

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

Equity is consolidated in accordance with the purchase method. In the case of an acquisition, the assets acquired and liabilities assumed are revalued at their acquisition date's fair values in accordance with Group-wide policies. The goodwill thereby acquired is capitalized in the consolidated financial statements. In applying the full consolidation method, the assets, liabilities and equity, as well as expenses and income of the consolidated companies are fully recognized. The minority interests' shares in the equity and profit or loss of the respective company are recognized separately in the balance sheet and income statement under "Minority interests". Receivables and liabilities as well as

income and expenses between the consolidated companies have been eliminated. The intercompany profits on inventories are eliminated. As a rule, unconsolidated investments in affiliates are recognized using the equity method.

## PRINCIPLES OF VALUATION

**Cash and cash equivalents** The liquid assets are valued using the current rate method at year end rates as of 31 December 2014 and 31 December 2013. All highly liquid investments (if any) with an original maturity of three months or less at the date of purchase are considered cash equivalents.

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

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

The balance sheets of consolidated foreign Group companies are translated using the current rate method at the year-end rates as of 31 December 2014 and 31 December 2013 (or as of the date of deconsolidation 6 November 2013) respectively. Translation differences from loans with equity character are recorded in the exchange rate translation differences within equity.

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

CHF	2014		2013		2012	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
1 EUR	1.203	1.213	1.227	1.231	1.208	1.205
1 USD	0.989	0.919	0.891	0.927	0.914	0.938
1 GBP	1.537	1.511	1.472	1.450	1.477	1.486
1 HKD	0.128	0.146	0.115	0.120	0.118	0.121

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

**Provisions for doubtful accounts** Provisions for doubtful accounts are comprised of individual adjustments and are directly deducted from accounts receivable.

**Deferred tax assets** Deferred tax assets arising from losses carry forward are generally capitalized only if it is probable that they can be realized in the future through sufficient taxable profits. Due to the liquidation of the company, there were no assets capitalized from tax losses carry forward as of December 2014 and 2013.

## EMPLOYEE BENEFIT OBLIGATIONS

The Swmtl Group bears the costs of the pensions for all the employees and their surviving dependents as required by local legislations. However, due to the changes in the scope of consolidation there are no longer relating information and/or provision to be disclosed.

## Notes to the consolidated income statement

### SWMTL GROUP

**1 – Gross sales** A comparison of the 2014 figures with the previous financial year are, due to the change in scope of consolidation in 2013, not meaningful.

The breakdown of the net sales per operational and geographical segments is summarized as follows:

	2014		2013	
Operational segments	CHF 000	%	CHF 000	%
Traded Products	-	-	3'989	100.0%
<b>Total according annual report</b>	<b>-</b>	<b>-</b>	<b>3'989</b>	<b>100.0%</b>

The sales are spread over the following geographical segments:

	2014		2013	
Geographical segments	CHF 000	%	CHF 000	%
USA	-	-	3'989	100.0%
<b>Total according annual report</b>	<b>-</b>	<b>-</b>	<b>3'989</b>	<b>100.0%</b>

In the previous year figures, net sales of the deconsolidated entity (Avins USA Inc.) were not accounted for the period between 6 November 2013 (the date of the disposal) and 31 December 2013.

**2 – Personnel expenses** In 2014, there were no employees working within the Group. In the previous year personnel expenses amounted to CHF 0.66 million and relates to the costs incurred in the deconsolidated operating Avins USA Inc.

### 3 – Operating and administrative expenses

	2014	2013
CHF 000	Total	Total
Energy	-	4
Operating materials	-	6
Administrative expenses	83	413
Other expenses	-	242
<b>Total operating and administrative expenses</b>	<b>83</b>	<b>664</b>

In 2014, administrative expenses mainly include the paid compensation of the Board of Directors (see compensation report of Swmtl Holding Ltd. in liq.) as well as auditing and consulting expenses (see section 7.2 and 7.3 of Corporate Governance) and capital taxes.

In 2013, administrative expenses include, among other things, costs for insurance, information technology, communication, consulting totalled CHF 0.41 million. The other expenses of CHF 0.24 million comprise travel and related expenses; rental costs as well as capital and other taxes.

#### 4– Financial result

	2014	2013
CHF 000	Total	Total
Financial expenses	-13	-8
Exchange rate difference relating to the disposal of the deconsolidated entity	-	- 1'460
<b>Financial result</b>	<b>-13</b>	<b>-1'468</b>
<b>Financial result - total</b>	<b>-13</b>	<b>-1'468</b>

The financial expenses mainly consists of accrued interests on certain liabilities. In 2013 deconsolidation effect of Avins Inc. USA, resulted in an expense of CHF 1.46 million.

#### 5 – Non-operating and extraordinary result

	2014	2013
CHF 000	Total	Total
Impairment on the assets of the deconsolidated entity	-	-703
Net loss realized in the context of the disposal of the deconsolidated entity	-	-167
Waiver of the claim of a deconsolidated entity to AV International Ltd. In liq.	1'932	-
Other non operating items	5	-13
<b>Extraordinary result</b>	<b>1'937</b>	<b>-883</b>

The extraordinary result 2014 totalling CHF 1.94 million mainly relates to the waiver of the liability due from AV International Ltd. in liq. to a deconsolidated entity (see Note 10). In 2013, the extraordinary result amounts to CHF 0.9 million and consisted mainly of the effect resulting from the disposal of Avins USA Inc.

**6 – Income taxes** For the fiscal year 2014 there are no income taxes to be reported.

## Notes to the consolidated balance sheet

### SWMTL GROUP

**7 – Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totalled CHF 0.65 million (previous year CHF 0.8 million), which represents a decrease compared to 31 December 2013 of approximately CHF 0.15 million.

**8 – Financial assets** The financial assets primarily relate to receivables from subsidiaries and amounted to a total of CHF 7.43 million in 2014 (previous year: CHF 7.45 million).

The current account from the subsidiary Weidenareal of CHF 0.6 million (unchanged compared to the previous year) reflects the expected repayment in the context of the liquidation quota of the subsidiary and its realisation is subject to the recognition in the “Kollokationsplan”. However, should the claim eventually not be recognised by the creditors committee (“Gläubigerausschuss”) of Weidenareal, then the bankruptcy judge will have to be notified. As per information available, the Kollokationsplan will be released in the coming months. A partial repayment appears to be likely on the basis of the Board’s current knowledge.

The claim relating to a mortgage provided to WAM in the amount of CHF 6.13 million (previous year: CHF 6.13 million) includes approx. CHF 0.9 million of accrued interests and relates to the claim of nominal CHF 5.2 million from a bank for a guarantee commitment of CHF 20.0 million (see Note 13 of the annual financial statements of Swmtl Holding Ltd. in liq.) securing a credit line provided to Weidenareal.

Furthermore CHF 0.6 million consist of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid (see Note 5 of the financial report of Swmtl Holding Ltd. in liq.).

There exists an uncertainty regarding the valuation, as the amount due from Weidenareal depends on the outcome of the liquidation. As there exists an uncertainty regarding the payment term of the receivable, it has been classified to long-term financial assets.

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

Credit type (CHF 000)	31.12.2014	31.12.2013
Bank loans	6'137	6'150
<b>Total interest-bearing liabilities (short-term)</b>	<b>6'137</b>	<b>6'150</b>

In the context of the sale of the land belonging to Weidenareal in January 2015, the full outstanding amount of the mortgage has been repaid in October 2014 to the bank by the subsidiary. However, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decrease in the extent of the paid amount

**10 – Other liabilities** Other liabilities amount to a total of CHF 0.77 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 2.7 million). The decrease relates to the waived CHF 1.9 million originally due from AV International Ltd. to a deconsolidated entity.

The other liabilities consist mainly of a liability for compensation of CHF 0.32 million (2013: 0.32 million) to a member of the Board arising from his past contractual agreement and of a liability arising

from a contractual compensation of CHF 0.44 million claimed by a former Member of the Executive Management (2013: CHF 0.44 million). The latter claim is partially a matter of a dispute.

**11 – Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 0.27 million (prior year CHF 0.35 million) includes accruals for auditing services, an accrual for expected costs of liquidation of CHF 0.1 million (2013: CHF 0.12) and the accrued expenses for the Board of Directors (see also Note 10 of the financial report of Swmtl Holding Ltd. in liq.). The former Board of Swmtl Holding Ltd. in liq. leaving 30 June 2011 served as well for a major subsidiary. However, the full compensation has been charged to Swmtl. Due to economic reasons, part of their compensation has been reallocated in 2011 to that major subsidiary. There exists an uncertainty regarding the valuation, as the amount due from Weidenareal entirely depends on the outcome of the liquidation (Note 15).

**12 – Provisions** The nature of the provision of CHF 0.60 million as of 31 December 2014 (2013: CHF 0.61 million) represents the remaining exposure toward the bank in the case Swmtl will be asked to honour a guarantee commitment mentioned above (see Note 8). Although, the outstanding amount of the mortgage have been fully repaid to the bank, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery.

<b>2014</b>		
<b>CHF 000</b>	<b>Other</b>	<b>Total</b>
<b>Book value as at 1.1.2014</b>	<b>610</b>	<b>610</b>
Deduction	-14	-14
<b>Book value as at 31.12.2014</b>	<b>596</b>	<b>596</b>
Thereof short-term	596	596

<b>2013</b>		
<b>CHF 000</b>	<b>Other</b>	<b>Total</b>
<b>Book value as at 1.1.2013</b>	<b>604</b>	<b>604</b>
Addition	6	6
<b>Book value as at 31.12.2013</b>	<b>610</b>	<b>610</b>
Thereof short-term	610	610

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



## Other explanatory notes

### SWMTL GROUP

**14 – Equity interests** As at 31 December 2014, the shareholders holding more than 3 % of the capital are as follows:

Significant Shareholders	Date	Shareholding
IFM Independent Fund Management Ltd. as the trustee of Herculis Partners "Aries" Fund	21 July 2014	4.46%
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	15 October 2014	3.02%

The two first indicated main shareholders are represented in the Board of Directors by Jean-Paul Periat (CEO of Herculis) and Viktor Huser.

In the previous year the breakdown was as follows:

Significant Shareholders	Date	Shareholding
IFM Independent Fund Management Ltd. as the trustee of Herculis Partners "Aries" Fund	11 April 2013	5.13%
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%

### 15 – Contingent liabilities and credit line

CHF 000	31.12.2014	31.12.2013
Other potential claims	450	450

In the context of the liquidation of Swmtl Holding Ltd. in liq. a bank asked the company to honour a guarantee commitment relating to a secured line of credit provided to Weidenareal Metall Ltd., Dornach. Accordingly the due bank loan was recognised as a liability (see Notes 6 and 11). Although, the bank have been fully repaid in 2013 by Weidenareal, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decrease in the extent of the paid amount.

In the the financial year 2011, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the Board of Directors leaving 30 June 2011 were allocated to Swmtl Holding Ltd. in liq. In the financial year 2012 the Board of Directors came to the conclusion that this amount fairly represents their share of work for Swmtl and that other companies of the Group have to bear the rest of the compensation. However, a certain risk of honouring partially or in full the obligation remains at the Swmtl Holding Ltd. in liq. level.

Furthermore in 2012, the Board of Directors was confronted with a claim raised by a metal supplier of Weidenareal Metall Ltd. in liq. on the basis of an alleged breach of duty of the Board of Directors of

Swmtl Holding Ltd. in liq. in charge till 30 June 2011. However, the company is of the opinion that the allegations are unjustified. Accordingly there are no relating provisions or accruals.

As at 31 December 2014 there were no credit lines available at Group level.

**16 – Financial obligations from operating leases** As at 31 December 2014 there were no financial obligations from operating leases. The decrease from the previous year exposure is entirely due to the effect of deconsolidation.

**17 – Hedges** As at 31 December 2014 there were no open transactions.

**18 – Compensations and transactions with related parties** The Details are disclosed in the compensation report of Swmtl Holding Ltd. in liq., Dornach.

**19 – Risk assessment disclosure** Financial risk assessment and management is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment, including changes in accounting policy, significant accounting matters, and items requiring significant management judgement and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the liquidators directly supported by the outsourced accounting functions.

The major financial risks that are identified, which are, therefore, the most critical accounting policies consist of liquidity, impairments and litigations.

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

Switzerland's National Bank (SNB) stopped enforcing the CHF's minimum exchange rate vis-à-vis the EUR in January 2015, returning to an independent monetary policy. However, the unfavourable exchange rate will not adversely impact the financial statement of Swmtl as the claim denominated in EUR and relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH (see Note 8) is counterbalanced by a provision in the same amount (see Note 12).

The consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and the Notes) as of 31 December 2014 have been approved by the Board of Directors of the Swmtl Group on 29 April 2015.

There were no further significant event occurred after the balance sheet date.

## **Report of the group auditors**

### **SWMTL GROUP**

To the general meeting of  
Swmtl Holding Ltd. in liq. (Swmtl Group), Dornach

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

As statutory auditor, we have audited the consolidated financial statements of Swmtl Holding AG in Liq., which comprise the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, statement of changes in consolidated shareholders' equity and notes (pages 14 to 25), for the year ended 31 December 2014.

#### *Liquidator's and Board of Directors' responsibility*

The liquidators and the Board of Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The liquidators and the Board of Directors are 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2014 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.

#### *Emphasis of Matter*

We draw attention to the general note, as well as notes 8, 11, 12 and 15 to the consolidated financial statements, which indicate that material valuation uncertainties exist. These valuation uncertainties may lead to further impairments of assets or increases of debts and may cast significant doubt about Swmtl Holding Ltd.'s ability to further proceed with the liquidation as planned. Our opinion is not qualified in respect of this matter.

### **Report on other legal requirements**

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

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

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

PricewaterhouseCoopers AG

Dr. Daniel Suter  
Audit expert  
Auditor in charge

Michael Scheibli  
Audit expert

Münchenstein, 29 April 2015

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# Financial Report (interim liquidation statement)

## Swmtl Holding Ltd. in liq., Dornach - financial report 2014

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The accounts are prepared in accordance with Swiss law (Swiss Code of Obligations) and the company's Articles of Incorporation. **Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012**

## Income statement

SWMTL HOLDING LTD. IN LIQ..

		2014	2013
<b>CHF 000</b>	<b>Notes</b>		
Income from subsidiaries		-	-
Other income		-	-
<b>Total operating income</b>		<b>-</b>	<b>-</b>
Operating and administrative expenses	1	-80	-147
<b>Operating income before depreciation (EBITDA)</b>		<b>-80</b>	<b>-147</b>
<b>Operating income (EBIT)</b>		<b>-80</b>	<b>-147</b>
Financial result	2	-15	-8
Non operating and extraordinary result	3	13	127
<b>Earnings before taxes (EBT)</b>		<b>-82</b>	<b>-28</b>
Taxes	4	-	-
<b>Result for the year (EAT)</b>		<b>-82</b>	<b>-28</b>

EBITDA: Earnings before interest, taxes, depreciation, and amortization

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes

## Balance sheet (liquidation value)

SWMTL HOLDING LTD. IN LIQ.

CHF 000	Notes	31.12.2014 liquidation value	31.12.2013 liquidation value
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		649	664
Receivable from subsidiaries	6	-	140
<b>Total current assets</b>		<b>649</b>	<b>804</b>
<b>Financial assets</b>			
Other receivables	5	606	620
Receivable from subsidiaries - long term	6	6'823	6'835
Investment in subsidiaries	7	-	-
<b>Total fixed assets</b>		<b>7'429</b>	<b>7'455</b>
<b>TOTAL ASSETS</b>		<b>8'078</b>	<b>8'259</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable	8	245	254
Payable to bank	6	6'137	6'150
Other liabilities	9	770	755
Accrued expenses and prepaid income	10	274	353
Other provisions	11	596	610
<b>Total liabilities</b>		<b>8'023</b>	<b>8'121</b>
<b>Shareholders' equity</b>			
Share capital	12	59'617	59'617
General statutory reserves		43'895	43'895
Available earnings		-103'457	-103'375
- Retained earnings		-103'375	-103'347
- Result for the year		-82	-28
<b>Total shareholders' equity</b>		<b>55</b>	<b>137</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8'078</b>	<b>8'259</b>

## Statement of Changes in Shareholders' Equity

### SWMTL HOLDING LTD. IN LIQ.

CHF 000	Share capital	General statutory reserves	Available earnings	Total shareholders' equity
<b>Balance as at 1 January 2013</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'347</b>	<b>165</b>
Allocation to reserves for own shares	-	-	-	-
Result for the year - 2013	-	-	-28	<b>-28</b>
<b>Balance as at 31 December 2013</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'375</b>	<b>137</b>
Allocation to reserves for own shares	-	-	-	-
Result for the year - 2014	-	-	-82	<b>-82</b>
<b>Balance as at 31 December 2014</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'457</b>	<b>55</b>

At the end of 2014 (similarly to the previous year), Swmtl Group held no own shares. At present, no derivative instruments on own shares are outstanding to the company's knowledge.

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

The General Meeting on 30 June 2006 approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years, in fact until 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full. On 27 May 2010, the authorized capital was extended again until 27 May 2012 and expired.

In the financial year 2014, the share capital remained the same as in 2013, meaning 6,624,106 shares, each with a par value of CHF 9.00.



## Notes to the financial statements

### SWMTL HOLDING LTD. IN LIQ.

#### GENERAL NOTE

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal. Subject to the recognition of the Swmtl claim to the "Kollokationsplan", the company may experience a partial or full repayment on the basis of its creditor position at Weidenareal. However, should the claim eventually not be recognised by the creditors committee ("Gläubigerausschuss") of Weidenareal, then the bankruptcy judge will have to be notified. As per information available, the Kollokationsplan will be released in the coming months. A partial repayment appears to be likely on the basis of the Board's current knowledge.

The Board of Directors is not aware of the details of the transaction relating to the disposal of the real estate belonging to Weidenareal Metall Ltd. However, Weidenareal will only be able to transfer funds to Swmtl Holding Ltd. in liq. if all creditor classes were fully satisfied. The Board of Directors currently regards this an unrealistic scenario. Furthermore, in the context of the real estate transaction, Weidenareal have fully repaid the outstanding amount of the mortgage to the bank. However, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decreased in the extent of the paid amount.

In considering the remaining shareholders equity, the main challenge to the Board of Directors and liquidators in ensuring the continuation of the liquidation will be to strictly manage the disbursement and finally the liquidity. Currently Swmtl is not involved in active or passive legal cases, however should one or more of the creditors not extend the stand-still agreements and/or initiate a legal case, than the continuation of the liquidation could be seriously jeopardized.

**Basis of preparation** The balance sheet has been prepared consistently with the previous year on the basis of liquidation values instead of going concern values and represents the interim liquidation balance sheet. The valuation of certain assets and liabilities is depending on future developments in particular. Therefore, there remains an inevitable uncertainty about their realisation value (for further details see also Notes 5, 6, 10 and 13). However, the Board of Directors is convinced that the estimates made were reliably and that they represent the best estimate possible.

#### NOTES TO THE INCOME STATEMENT

**1 – Operating and administrative expenses** The operating and administrative expenses of CHF 0.08 million (previous year: CHF 0.15 million) comprise the Board of Directors' compensation (see Note 15.2) as well as auditing and consulting expenses (see section 8.2 and 8.3 on Corporate Governance) and capital taxes.

**2 – Financial result** Net financial result amounts to CHF 0.01 million (previous year: CHF 0.01 million).

CHF 000	2014	2013
Financial income	-	9
Financial expenses	-15	-17
<b>Financial result</b>	<b>-15</b>	<b>-8</b>

The financial expenses consists of accrued interests on certain liabilities.

**3 – Non-operating and extraordinary result** In the year 2014 the positions consist of various minor adjustments relating to the previous year. Furthermore, the net proceeds resulting from the liquidation process of AV International Ltd. in liq. was cashed-in (see note 6).

CHF 000	2014	2013
Expected net proceeds from liquidation of AV International Ltd. in liq.	-	140
Other items	13	-13
<b>Extraordinary results</b>	<b>13</b>	<b>127</b>

**4 – Taxes** Taxes consist of taxes on income and are nil in 2014.

## Notes to the balance sheet

**5 – Other receivables and provisions** As part of the refinancing in 2004, Swmtl Holding Ltd. in liq. acquired certain receivables from banks when it paid the current guarantees made to these banks in connection with the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid. The receivables end of 2010 valued at CHF 3.1 million. In 2011, 80% of the claim was received, the collateral toward a bank was accordingly reduced, and the remaining exposure toward the bank accrued (see Note 11). As there exists an uncertainty regarding the payment term of the receivable it has been reclassified to long-term financial assets.

**6– Receivables from subsidiaries and payable to bank** The positions break-down as follows:

<b>CHF 000</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Claim relating to the liquidation of AV International Ltd. in liq.	-	140
<b>Current assets</b>	<b>-</b>	<b>140</b>
Current account from subsidiary	576	569
Claim relating to a mortgage	6'137	6'156
Claim relating to a contractual obligation	110	110
<b>Financial assets - long term</b>	<b>6'823</b>	<b>6'835</b>
<b>Total receivables from subsidiaries</b>	<b>6'823</b>	<b>6'975</b>

<b>CHF 000</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Interest-bearing liabilities	6'137	6'150
<b>Payable to bank</b>	<b>6'137</b>	<b>6'150</b>

In the context of the liquidation of AV International Ltd. in liq. the company cashed-in a total net proceeds of CHF 0.14 million.

The current account from subsidiary of CHF 0.58 million (CHF 0.57 million as at 31 December 2013) reflects the expected repayment in the context of the liquidation quota of Weidenareal Metall. Subject to the recognition of the Swmtl claim to the "Kollokationsplan", the company may experience a partial or full repayment on the basis of its creditor position at Weidenareal. However, should the claim eventually not be recognised by the creditors committee ("Gläubigerausschuss") of Weidenareal, then the bankruptcy judge will have to be notified. As per information available, the Kollokationsplan will be released in the coming months. A partial repayment appears to be likely on the basis of the Board's current knowledge.

The claim relating to a mortgage provided to Weidenareal Metall Ltd. in liq. in the amount of CHF 6.14 (previous year: CHF 6.16 million) includes approx. CHF 0.9 million of accrued interests and relates to the claim of nominal CHF 5.2 (previous year: CHF 5.2) million from a bank for a guarantee commitment of CHF 20.0 million (see Note 13) securing a credit line provided to the deconsolidated entity. In the context of the real estate transaction Weidenareal have fully repaid the outstanding amount of the mortgage to the bank. However, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decreased in the extent of the paid amount.

Additionally CHF 0.11 million due from Weidenareal 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 the amounts due from Weidenareal depend on the outcome of the liquidation. As there exists an uncertainty regarding enforceability of the claims and the payment term of the receivables, it has been classified to long-term financial assets.

**7 – Investment in subsidiaries** As of 31 December 2014, there was only the fully written off investment in AV International Ltd. in liq. held.

Country and company 2014	Currency 000	Share capital	Purpose	Equity investment	
				Direct in %	Indirect in %
<b>Switzerland</b>					
AV International Ltd. in liquidation, Dornach <sup>1</sup>	CHF	500	Trading company	100	

Country and company 2013					
Switzerland					
AV International Ltd. in liquidation, Dornach <sup>1</sup>	CHF	500	Trading company	100	

<sup>1</sup> Following the disposal of its investment in Avins USA Inc. together with the trademarks „Avins” to the local management. Avins International Ltd. entered into voluntary liquidation and changed the name in AV International Ltd. in liq. In the financial year 2013.

Due to the “Nachlassvertrag mit Vermögensabtretung” (liquidation proceedings in course of the composition agreement with assignment of assets) Swmtl has lost all of the information rights and/or duties on Weidenareal Metall Ltd. in liq. (incl. Swissmetal East Asia Ltd., Hong Kong). Accordingly, the investments have been fully depreciated in the past. Accordingly the carrying value is nil.

**8 – Trade accounts payable** The payables to third parties relate to claims made mainly to services provided previously to the opening of the liquidation.

**9 – Other liabilities** As of 31 December 2014 the position consists of a liability of CHF 0.33 million for a compensation to a former member of the Board leaving 10 May 2013 arising from his past contractual agreement and of a liability of CHF 0.44 million arising from a contractual compensation claimed by a former Member of the Executive Management.

**10 – Accrued expenses and prepaid income** The position contains an accrual for expected costs of liquidation of CHF 0.10 million (previous year: CHF 0.12 million), accruals for unpaid compensation to the Board of Directors (see also Note 13 and Note 1.2 of the Compensation Report), for audit and consulting fees relating to the year-end closing. The decrease was mainly due to expenses relating to the documentation of the receivable from the subsidiary (see Note 6).

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. in liq. depends on the outcome of liquidation (see Note 13).

**11 – Other Provision** On a year-on-year comparison the provision remained unchanged (see Note 7).

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

## Other explanatory notes

### 13 – Contingent liabilities

CHF 000	31.12.2014	31.12.2013
Other potential claims	450	450

In the context of the liquidation of Swmtl Holding Ltd. in liq. a bank asked the company to honour a guarantee commitment relating to a secured line of credit provided to Weidenareal Metall Ltd., Dornach. Accordingly the due bank loan was recognised as a liability (see Notes 6 and 11). Although, the bank have been fully repaid in 2013 by Weidenareal, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery. Accordingly the liabilities and the related receivable from the deconsolidated entity did not decrease in the extent of the paid amount.

In the financial year 2011, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the Board of Directors leaving 30 June 2011 were allocated to Swmtl Holding Ltd. in liq.. In the financial year 2012 the Board of Directors came to the conclusion that this amount fairly represents their share of work for Swmtl Holding Ltd. in liq. and that other companies of the Group have to bear the rest of the compensation. However, a certain risk of honouring partially or in full the obligation remains at the Swmtl Holding Ltd. in liq. level.

Till 30 June 2013, Swmtl Holding Ltd. in liq., Dornach, belonged to the Swiss value-added tax (VAT) group of Swmtl Group, and thus carries joint liability to the Swiss federal tax authority for the value-added tax debts of the entire Swmtl Group.

Furthermore, Swmtl was confronted 2012 with a claim raised by a metal supplier of WAM on the basis of an alleged breach of duty of the Board of Directors of Swmtl Holding Ltd. in liq. leaving 30 June 2011. However, the company is of the opinion that the allegations are unjustified. Accordingly there are no relating provisions or accruals.

**14 – Significant shareholders** As at 31 December 2014, The shareholders holding more than 3 % of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows:

Significant Shareholders	Date	Shareholding
IFM Independent Fund Management Ltd. as the trustee of Herculis Partners "Aries" Fund	21 July 2014	4.46%
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	15 October 2014	3.02%

## 15. Ownership of financial instruments

The number of shares held by each Member of the Board of Directors is given below:

Number of Shares ( votes)	2014	2013
<b>Jean-Paul Periat</b> Member of the Bod since 10 Mai and Chairman since 9 December 2013	-	-
<b>Viktor Huser</b> - Member of the BoD since 10 Mai 2013	100'000	100'000

Jean-Paul Periat and Viktor Huser represents the interests of the shareholders holding more than 3 % of the capital (with the exception of K+S Anlagen AG”) of Swmtl as described in Note 14.

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

**16 – Risk assessment disclosure** The risk assessment process addresses the nature and scope of business activities and the specific risks of Swmtl Holding Ltd. in liq.

Dornach, 29 April 2014

For the Board of Directors:

Jean-Paul Periat  
*Chairman of the Board of Directors*

Viktor Huser  
*Member of the Board of Directors*

## **Report of the statutory auditors**

### **SWMTL HOLDING LTD. IN LIQ.**

To the general meeting of  
Swmtl Holding Ltd. in liq., Dornach

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

As statutory auditor, we have audited the accompanying liquidation interim financial statements of Swmtl Holding AG in Liq., which comprise income statement, the balance sheet, the statement of changes on shareholders' equity and notes (pages 29 to 37), for the year ended 31 December 2014.

#### *Liquidators' and Board of Directors' responsibility*

The liquidators and Board of Directors are responsible for the preparation of the liquidation interim 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 liquidation interim financial statements that are free from material misstatement, whether due to fraud or error. The liquidators and Board of Directors are 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 liquidation interim 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 liquidation interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the liquidation interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the liquidation interim 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 liquidation interim 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 liquidation interim 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 liquidation interim financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

#### *Emphasis of Matter*

We draw attention to the general note, as well as notes 5, 6, 10, 13 to the liquidation interim financial statements, which indicate that material valuation uncertainties exist. The uncertainties mentioned may cast significant doubt about Swmtl Holding Ltd.'s in liquidation ability to further proceed with the liquidation as planned. The material valuation uncertainties may lead to further impairments of assets or increases of debts and thus to the situation that the accumulated losses exceed the share capital in the sense of article 725 para. 2 CO and the corresponding regulations would need to be complied with. Our opinion is not qualified in respect of this matter.

### **Report on other legal requirements**

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

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

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

PricewaterhouseCoopers AG

Dr. Daniel Suter

Audit expert  
Auditor in charge

Michael Scheibli

Audit expert

Münchenstein, 29 April 2015

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