

**SWMTL HOLDING LTD in liquidation**  
**(formerly Swissmetal Holding Ltd.)**  
**[www.swmtl.net](http://www.swmtl.net)**

**Annual Report 2015**

# Content

<b>COMPANY PROFILE .....</b>	<b>2</b>
<b>Letter to Shareholders .....</b>	<b>2</b>
<b>CORPORATE GOVERNANCE.....</b>	<b>3</b>
<b>1. Group structure and shareholders (as at 31 December 2015) .....</b>	<b>3</b>
<b>2. Capital structure .....</b>	<b>4</b>
<b>3. Board of Directors.....</b>	<b>6</b>
<b>4. Executive Management.....</b>	<b>7</b>
<b>5. Shareholders' participation .....</b>	<b>7</b>
<b>6. Changes of control and defense measures .....</b>	<b>8</b>
<b>7. Auditors.....</b>	<b>8</b>
<b>8. Information policy .....</b>	<b>8</b>
<b>COMPENSATION REPORT.....</b>	<b>9</b>
<b>1. Compensation, shareholdings, and loans .....</b>	<b>9</b>
Report of the statutory auditor.....	11
<b>FINANCIAL REPORT.....</b>	<b>12</b>
<b>Swmtl Group financial report 2015.....</b>	<b>12</b>
Consolidated income statement .....	13
Consolidated Cash Flow Statement.....	15
Statement of Changes in Consolidated Shareholders' Equity.....	16
Notes to the consolidated financial statements .....	17
Notes to the consolidated income statement.....	19
Notes to the consolidated balance sheet.....	20
Other explanatory notes .....	22
Report of the group auditors.....	24
<b>Swmtl Holding Ltd. in liq., Dornach - financial report 2015 .....</b>	<b>26</b>
Income statement .....	27
Balance sheet (liquidation value) .....	28
Notes to the financial statements .....	30
Notes to the balance sheet .....	31
Other explanatory notes .....	34
Report of the statutory auditors .....	36
<b>ADDRESSES.....</b>	<b>38</b>

# 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:

In September 2015 the claim relating to the current account toward Weidenareal Metall Ltd. in Nachlassliquidation ("WAM" or "Weidenareal") have been recognized by the creditors committee to the "Kollokationsplan". The recognised amount represents the liquidation quota of 25 % officially communicated, however the timing of the payment remains unknown. The decision to collocate/recognise or not the remaining amount relating to the claim for an employment agreement compensation claimed by a former Member of the Executive Management have been temporarily suspended as there are ongoing paulian actions ("Paulianische Anfechtungsklagen") initiated by the liquidator of WAM.

Accordingly, there still exists an uncertainty regarding the valuation, as proceeds from the amount due from WAM depends on the final outcome of the liquidation. In considering the mentioned liquidation quota, the Board of Directors of Swmtl regards a transfer of shareholders' funds from Weidenareal in debt restructuring liquidation to Swmtl (which would only be possible if all creditor classes of WAM were fully satisfied) as an unrealistic scenario.

Furthermore, in December 2015 AV International Ltd. in Liq. was liquidated and erased from the Register of Commerce and consequently deconsolidated.

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal.

In the context of the disposal of the real estate (for more information please see [www.liquidator-weidenareal.ch](http://www.liquidator-weidenareal.ch)), Weidenareal have fully repaid the outstanding amount of the mortgage to the lending bank. However, Swmtl was not formally released from the guarantee as the bank is of the opinion that there still exists a hypothetical 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.

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.

The next realistic achievable goals of the Board of Directors is the cash-in of the claim resulting from the insolvency of Swissmetal Busch-Jaeger GmbH, Lüdenscheid

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 2016.

## 1. Group structure and shareholders (as at 31 December 2015)

### 1.1 Group structure

Legal Group structure of Swmtl Holding Ltd. in liq.



- 1 100% of Weidenareal Metall Ltd. in Nachlassliquidation Dornach (deconsolidated in 2011)
- 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 0.28 as at 31 December 2015, resulting in a market capitalization of approx. CHF 1.9 million.

**Changes in the scope of consolidation during the 2015 financial year** The scope of consolidation as of 31 December 2015 changed compared to the previous year due to the liquidation (and related deconsolidation) of AV International Ltd. in liq., Dornach, Switzerland as of 18 December 2015. Accordingly, as at 31 December 2015 there are no more entities to be consolidated and the scope comprise Swmtl Holding Ltd. in liq., Dornach, Switzerland only. Consequently the term “consolidation” will not longer apply in the annual reportings following this one.

**1.2 Significant shareholders** As at 31 December 2015 the shareholders holding more than 3% of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows.

Significant Shareholders	Date	Shareholding
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	23 April 2015	5.73%

In 2015 IFM Independent Fund Management Ltd as the trustee of Herculis Partners "Aries " Fund has disposed of its shareholders holding.

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	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%

**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 2015**, the nominal value of the share capital of Swmtl Holding Ltd. in liq., Dornach, was CHF 59,616,954 (2014: CHF 59,616,954), divided into 6,624,106 (2014: 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 2015, 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

##### Composition as at 29 April 2016

**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 and from 9 December 2013 to 18 December 2015, he acted as the president of the Board of Directors and as liquidator. Viktor Huser is an independent Swiss farmer and cattleman. Furthermore, he 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 2015 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 reelected at the Annual General Meeting. Mr. Jean-Paul Periat was reelected 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 2015 financial year on 30 June 2016.

**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 2015, the Board of Directors held 4 ordinary meetings (2014: 2) lasting an average of one hour to two hours each, and one telefonconference (2014: nil) 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 addresses 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 Swmtl as at 31 December 2015 is in liquidation and that AV International Ltd. has already been liquidated, there were – similarly to the previous year - no employees belonging to the Executive Management.

**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 2015, 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. From 2008 to 2015, Dr. Daniel Suter was the lead auditor for the annual financial statements, G. Tritschler will be in charge of the audit from 2016 on. 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 21'500 (2014 : CHF 25'000).

**7.3 Additional fees** The fees for various tax services for Swmtl or one of its subsidiaries amounted to CHF 5'800 for the year under review (2014: CHF 3'100).

**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 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 2015 Mr. Jean-Paul Periat was reelected 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 2015 financial year breaks down as follows:

<b>Board of Directors: Compensation 2015 (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>

1 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 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>

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

Due to the liquidation of all the entities within the scope of consolidation, as at 31 December 2015 there were no longer employees belonging to the Executive Management, accordingly there are no disclosure required.

**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 2015, 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 to 10 of the compensation report of Swmtl Holding AG in Liq. for the year ended 31 December 2015.

### *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 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Gerd Tritschler  
Audit expert  
Auditor in charge

Ralph Maiocchi  
Audit expert

Basle, 29 April 2016

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# FINANCIAL REPORT

## Swmtl Group financial report 2015

CONSOLIDATED INCOME STATEMENT	13
CONSOLIDATED BALANCE SHEET	14
CONSOLIDATED CASH FLOW STATEMENT	15
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	16
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	17
NOTES TO THE CONSOLIDATED INCOME STATEMENT	19
NOTES TO THE CONSOLIDATED BALANCE SHEET	20
OTHER EXPLANATORY NOTES	22
REPORT OF THE GROUP AUDITORS	24

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	2015	2014
<b>CHF 000</b>		
Operating and administrative expenses	1 -95	-83
<b>Operating income before depreciation (EBITDA) - before extraordinary result</b>	<b>-95</b>	<b>-83</b>
<b>Operating income (EBIT)</b>	<b>-95</b>	<b>-83</b>
Financial result	2 -39	-13
<b>Ordinary result</b>	<b>-135</b>	<b>-96</b>
Non-operating and extraordinary result	3 494	1'937
<b>Earnings before taxes (EBT)</b>	<b>360</b>	<b>1'841</b>
Income taxes	4 -	-
<b>Result for the year (EAT)</b>	<b>360</b>	<b>1'841</b>

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

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes

The consolidated financial statement for the financial year 2015 includes the expenses incurred by AV Internatoional Ltd. in liq. till the date of deconsolidation. Accordingly, the figures reported slightly differ from those of Swmtl Holding Ltd. in liq. as a single entity.

The heading "non-operating and extraordinary result" for the reported financial year mainly relates to:

- the reversal of a provison created in the past to cover a potential remaining exposure toward a bank as not longer considered necessary, to
- the decrease of the tax account payables due to lower than expected capital taxes, and to
- the interests retroactively applied to almost but all liabiliites.

The extraordinary result 2014 mainly relates to the waiver of the liability due from AV International Ltd. in liq. to a deconsolidated entity.

Earnings per share for the reported financial year is of CHF 0.054 (prior year CHF 0.28). In considering the fact that there are no outstanding convertible bonds or options, the diluted value corresponds to the undeluted one. Furthermore, the financial statements have been prepared on the basis of liquidation values instead of going concern values, accordingly the earnings are highly volatile.

## Consolidated balance sheet

### SWMTL GROUP

ASSETS		31.12.2015	31.12.2014
		Total	Total
<b>CHF 000</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	527	654
<b>Total current assets</b>		<b>527</b>	<b>654</b>
<b>Fixed assets</b>			
Financial assets	6	7'361	7'429
<b>Total fixed assets</b>		<b>7'361</b>	<b>7'429</b>
<b>TOTAL ASSETS</b>		<b>7'888</b>	<b>8'083</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Short-term liabilities</b>			
Interest-bearing liabilities	7	6'137	6'137
Trade accounts payable		229	245
Other liabilities	8	844	770
Accrued expenses and prepaid income	9	258	274
Provisions	10	-	596
<b>Total short-term liabilities</b>		<b>7'468</b>	<b>8'022</b>
<b>Total liabilities</b>		<b>7'468</b>	<b>8'022</b>
<b>Shareholders' equity</b>			
	11		
Share capital		59'617	59'617
Capital reserves		34'226	34'226
Retained earnings		-93'423	-93'782
<b>Total shareholders' equity</b>		<b>420</b>	<b>61</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7'888</b>	<b>8'083</b>

The consolidated balance sheet correspond to the one of Swmtl as a single reporting entity, consequently the explanatory notes do not materially differ in the substance and are complementary .

Compared to the previous year the structure of the assets remained, practically unchanged. The financial assets primarily relates to receivables from subsidiaries and the marginal decrease is due to the impact of the exchange rate applied.

Due to the fact that Swmtl was not formally released from the guarantee obligation as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery the liabilities and the related receivable from the deconsolidated entity did not decreased in the extent of the repaid amount by WAM.

## Consolidated Cash Flow Statement

### SWMTL GROUP

CHF 000	2015	2014
	Total	Total
<b>Cash flow from operating activities</b>		
Result for the year	360	1'841
Waiver of claim of a deconsolidated entity	-	-1'932
Change in provisions	-598	-2
Other non-cash income statement items	73	16
<b>Cash flow before change in net current assets</b>	<b>-165</b>	<b>-77</b>
Change in trade accounts receivable	-	-
Change in other receivables and prepaid expenses and accrued income	2	1
Change in trade accounts payable	-	-
Changes in other current liabilities and accrued expenses and prepaid income	36	-79
<b>Total cash flow from operating activities</b>	<b>-127</b>	<b>-155</b>
<b>Free cash flow</b>	<b>-127</b>	<b>-155</b>
<b>Total cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>-127</b>	<b>-155</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>654</b>	<b>809</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>527</b>	<b>654</b>



## Statement of Changes in Consolidated Shareholders' Equity

### SWMTL GROUP

CHF 000	Share capital	Capital reserves <sup>1</sup>	Retained earnings <sup>2</sup>	Total <sup>3</sup>
<b>Balance as at 31 December 2013</b>	<b>59'617</b>	<b>34'226</b>	<b>-95'623</b>	<b>-1'780</b>
Result for the year	-	-	1'841	1'841
<b>Balance as at 31 December 2014</b>	<b>59'617</b>	<b>34'226</b>	<b>-93'782</b>	<b>61</b>
Result for the year	-	-	<b>360</b>	360
<b>Balance as at 31 December 2015</b>	<b>59'617</b>	<b>34'226</b>	<b>-93'422</b>	<b>420</b>

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

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

<sup>3</sup> In 2015 and 2014, there are no minority interests

As at 31 December 2015, the share capital of Swmtl remained unchanged at CHF 59,616,954 (2014: CHF 59,616,954), divided into 6,624,106 (2014: 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 2015, Swmtl Group held zero own shares (2014: 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 Swmtl 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 6; 9 and 13). 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.

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 as 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. Due to the fact, that AV International Ltd. in liq. was erased from the Register of Commerce on 18 December 2015, the scope of consolidation as of 31 December 2015 comprise the financial statement of Swmtl Holding Ltd. in liq., Dornach, Switzerland only. Consequently the term "consolidation" will not longer apply in the annual reportings following this one.

The expenses incurred by AV Internatoional Ltd. in liq. till the date of deconsolidation (18 December 2015) were considered in preparing the consolidated financial statement, however the impact can be considered immaterial.

#### 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 2015 and 31 December 2014. 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 exchange rates applied are summarised as follows:

CHF	2015		2014		2013	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
1 EUR	1.083	1.065	1.203	1.213	1.227	1.231
1 USD	0.989	0.918	0.989	0.919	0.891	0.927
1 GBP	1.469	1.480	1.537	1.511	1.472	1.450
1 HKD	0.129	0.124	0.128	0.146	0.115	0.120

**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 2015 and 2014.

## EMPLOYEE BENEFIT OBLIGATIONS

Due to the absence of employees there are no longer relating information and/or provision to be disclosed.

## Notes to the consolidated income statement

### SWMTL GROUP

#### 1 – Operating and administrative expenses

In 2015 and 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 fees.

#### 2– Financial result

	2015	2014
CHF 000	Total	Total
Financial expenses	-39	-13
<b>Financial result</b>	<b>-39</b>	<b>-13</b>

The financial expenses mainly consists of accrued interests on certain liabilities. A former Member of the Executive Management claimed, in accordance with the Swiss Code of Obligation, an interest rate of 5% on the due amount. Due to the principle of “neutrality of treatment”, the interest rate was applied to almost but all liabilities. This explains the increase of the financial expenses for the financial year.

**3 – Non-operating and extraordinary result** In the year 2015 the positions mainly consist the reversal of a provision and of various adjustments relating to the previous years.

	2015	2014
CHF 000	Total	Total
Reversal of the provision	537	-
Adjustment of the tax account payables	42	-
Charge of retroactive interests on account payables and liabilities	-82	-
Waiver of the claim of a deconsolidated entity to AV International Ltd. In liq.	-	1'932
Other non operating items	- 3	5
<b>Extraordinary result</b>	<b>494</b>	<b>1'937</b>

The provision created in the past to cover a potential remaining exposure toward the bank (see Note 6) was reversed as not longer considered necessary (see Note 10).

The adjustment of the tax account payables is mainly due to lower than expected capital taxes and consequently the amount due to the tax authorities have been adjusted.

As the interest rates of 5 % (see Note 2) had to be applied retroactively, the interest expenses were considered as an extraordinary expense in the disclosed amount.

The extraordinary result 2014 totalling CHF 1.93 million mainly relates to the waiver of the liability due from AV International Ltd. in liq. to a deconsolidated entity.

**4 – Income taxes** For the fiscal year 2015 there are no income taxes to be reported.

## Notes to the consolidated balance sheet

### SWMTL GROUP

**5 – Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totalled CHF 0.53 million (previous year CHF 0.65 million), which represents a decrease compared to 31 December 2014 of approximately CHF 0.12 million.

**6 – Financial assets** The financial assets primarily relate to receivables from subsidiaries and amounted to a total of CHF 7.36 million in 2015 (previous year: CHF 7.43 million). The decrease is due to the exchange rate impact related to the claim of CHF 0.54 million (2014: CHF 0.6 million) resulting from the insolvency of Swissmetal Busch-Jaeger GmbH, Lüdenscheid (see Note 5 of the financial report of Swmtl Holding Ltd. in liq.).

The current account from the subsidiary Weidenareal of CHF 0.57 million (unchanged compared to the previous year) have been recognized by the creditors committee (“Gläubigerausschuss”) to the “Kollokationsplan”. The recognised amount represents the expected and officially communicated liquidation quota of 25 %, however the timing of the payment remains unknown.

The decision to collocate/recognise or not the remaining amount of TCHF 0.11 (unchanged compared to the previous year) relating to the claim for an employment agreement compensation claimed by a former Member of the Executive Management have been temporarily suspended by the liquidator of WAM as there are ongoing paulian actions (“Paulianische Anfechtungsklagen”). 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 Notes 6 and 13 of the annual financial statements of Swmtl Holding Ltd. in liq.) securing a credit line provided to Weidenareal.

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.

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

Credit type (CHF 000)	31.12.2015	31.12.2014
Bank loans	6'137	6'137
<b>Total interest-bearing liabilities (short-term)</b>	<b>6'137</b>	<b>6'137</b>

The mortgage provided to Weidenareal Metall Ltd. in liq. have been fully repaid to the bank by WAM in the context of the disposal of the real estate. 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 (see Note 13). Accordingly the liabilities and the related receivable from the deconsolidated entity did not decrease in the extent of the paid amount.

**8 – Other liabilities** Other liabilities amount to a total of CHF 0.84 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 0.77 million) and consist of:

- a liability for a compensation of CHF 0.34 million bearing an interest rate of 5% (2014: 0.32 million) to a former member of the Board leaving 10 May 2013 arising from his past contractual agreement and of
- a liability arising from a contractual compensation of CHF 0.50 million (including accrued social security and pension plan contributions plus accrued interests at a rate of 5%) claimed by a former Member of the Executive Management (2014: CHF 0.44 million). The increase of CHF 0.06 million is due to the accrued interests (see Notes 2; 3 and 9 of the financial report of Swmtl Holding Ltd. in liq). The claim is partially a matter of a dispute.

**9 – Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 0.26 million (prior year CHF 0.27 million) includes accruals for auditing services, an accrual for expected costs of liquidation of CHF 0.06 million (2014: CHF 0.10) 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 13).

**10 – Provisions** The provision, which was created in the past to cover the remaining exposure toward the bank in the case Swmtl would be asked to honour a guarantee commitment mentioned above (see Note 8). have been reversed as at 31 December 2015 as the outstanding amount of the mortgage have been fully repaid to the bank by WAM.

2015		
CHF 000	Other	Total
<b>Book value as at 1.1.2015</b>	<b>596</b>	<b>596</b>
Deduction	-596	-596
<b>Book value as at 31.12.2015</b>	<b>0</b>	<b>0</b>
Thereof short-term	-	-

2014		
CHF 000	Other	Total
<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

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

## Other explanatory notes

### SWMTL GROUP

**12 – Equity interests** As at 31 December 2015, the shareholders holding more than 3 % of the capital are as follows:

Significant Shareholders	Date	Shareholding
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	23 April 2015	5.73%

The first indicated shareholders group is represented in the Board of Directors 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	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%

### 13 – Contingent liabilities and credit line

CHF 000	31.12.2015	31.12.2014
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 2014 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 2015 there were no credit lines available.

**14 – Financial obligations from operating leases** As at 31 December 2015 there were no financial obligations from operating leases.

**15 – Hedges** As at 31 December 2015 there were no open transactions.

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

**17 – 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 regular 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.

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

In February 2016, PLP Targeted Opportunities Fund have notified a shareholders holding of 3.85 %.

The consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and the Notes) as of 31 December 2015 have been approved by the Board of Directors of the Swmtl Group on 29 April 2016.

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. , 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 balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 13 to 23), for the year ended 31 December 2015.

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

The liquidator's and 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 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 2015 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 6, 9, 10 and 13 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 liquidator's and Board of Directors.

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

PricewaterhouseCoopers AG

Gerd Tritschler  
Audit expert  
Auditor in charge

Ralph Maiocchi  
Audit expert

Basle, 29 April 2016

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# Financial Report (interim liquidation statement)

*Swmtl Holding Ltd. in liq., Dornach - financial report 2015*

<b>INCOME STATEMENT</b>	<b>27</b>
<b>BALANCE SHEET</b>	<b>28</b>
<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>29</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>30</b>
<b>NOTES TO THE INCOME STATEMENTS</b>	<b>30</b>
<b>NOTES TO THE BALANCE SHEET</b>	<b>31</b>
<b>OTHER EXPLANATORY NOTES</b>	<b>34</b>
<b>REPORT OF THE STATUTORY AUDITORS</b>	<b>36</b>

The accounts are prepared in accordance with Swiss law (Swiss Code of Obligations) and the company's Articles of Incorporation.

## Income statement

### SWMTL HOLDING LTD. IN LIQ..

		2015	2014
<b>CHF 000</b>	<b>Notes</b>		
Operating and administrative expenses	1	-89	-80
<b>Operating income before depreciation (EBITDA)</b>		<b>-89</b>	<b>-80</b>
<b>Operating income (EBIT)</b>		<b>-89</b>	<b>-80</b>
Financial result	2	-39	-15
Non operating and extraordinary result	3	493	13
<b>Earnings before taxes (EBT)</b>		<b>365</b>	<b>-82</b>
Taxes	4	-	-
<b>Result for the year (EAT)</b>		<b>365</b>	<b>-82</b>

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

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes

The heading "non-operating and extraordinary result" for the reported financial year mainly relates to:

- the reversal of a provision created in the past to cover a potential remaining exposure toward a bank as not longer considered necessary, to
- the decrease of the tax account payables due to lower than expected capital taxes, and to
- the interests retroactively applied to almost but all liabilities.

## Balance sheet (liquidation value)

### SWMTL HOLDING LTD. IN LIQ.

CHF 000	Notes	31.12.2015	31.12.2014
		liquidation value	liquidation value
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		527	649
<b>Total current assets</b>		<b>527</b>	<b>649</b>
<b>Financial assets</b>			
Other receivables	5	544	606
Receivable from subsidiaries - long term	6	6'816	6'823
Investment in subsidiaries	7	-	-
<b>Total fixed assets</b>		<b>7'361</b>	<b>7'429</b>
<b>TOTAL ASSETS</b>		<b>7'888</b>	<b>8'078</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable	8	229	245
Payable to bank	6	6'137	6'137
Other liabilities	9	844	770
Accrued expenses and prepaid income	10	258	274
Other provisions	11	-	596
<b>Total liabilities</b>		<b>7'468</b>	<b>8'023</b>
<b>Shareholders' equity</b>			
Share capital	12	59'617	59'617
General statutory reserves		43'895	43'895
Available earnings		-103'092	-103'457
- Retained earnings		-103'457	-103'375
- Result for the year		365	-82
<b>Total shareholders' equity</b>		<b>420</b>	<b>55</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7'888</b>	<b>8'078</b>

Compared to the previous year the structure of the assets remained, practically unchanged. The financial assets primarily relates to receivables from subsidiaries and the marginal decrease is due to the impact of the exchange rate applied.

Due to the fact that Swmtl was not formally released from the guarantee obligation as the bank is of the opinion that there still exists an uncertainty relating to the inherent claim of recovery the liabilities and the related receivable from the deconsolidated entity did not decreased in the extent of the repaid amount by WAM.

## 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 2014</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'374</b>	<b>137</b>
Allocation to reserves for own shares	-	-	-	-
Result for the year - 2014	-	-	-82	-82
<b>Balance as at 31 December 2014</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'456</b>	<b>55</b>
Allocation to reserves for own shares	-	-	-	-
Result for the year - 2015	-	-	365	365
<b>Balance as at 31 December 2015</b>	<b>59'617</b>	<b>43'895</b>	<b>-103'092</b>	<b>420</b>

At the end of 2015 (similarly to the previous year), Swmtl 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 2015, the share capital remained unchanged compared to the previous year, 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.

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 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 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 0.09 million (previous year: CHF 0.08 million) comprise the Board of Directors' compensation (see Compensation Report) as well as auditing fees (see section 8.2 and 8.3 on Corporate Governance), consulting expenses and capital taxes.

**2 – Financial result** Net financial result amounts to CHF 0.04 million (previous year: CHF 0.01 million).

CHF 000	2015	2014
Financial expenses	-39	-15
<b>Financial result</b>	<b>-39</b>	<b>-15</b>

The financial expenses consists of accrued interests on certain liabilities. A former Member of the Executive Management claimed, in accordance with the Swiss Code of Obligation, an interest rate of 5% on the due amount. Due to the principle of “neutrality of treatment”, the interest rate was applied to almost but all liabilities. This explains the increase of the financial expenses for the financial year.

**3 – Non-operating and extraordinary result** In the year 2015 the positions mainly consist the reversal of the position “other provision” and of various adjustments relating to the previous years.

CHF 000	2015	2014
Reversal of the provision	537	-
Adjustment of the tax account payables	42	-
Charge of retroactive interests on account payables and liabilities	-82	-
Other items	-4	13
<b>Extraordinary results</b>	<b>493</b>	<b>13</b>

The provision created in the past to cover a potential remaining exposure toward the bank (see Note 6) was dissolved as not longer considered being necessary (see Note 11).

The adjustment of the tax account payable is mainly due to lower than expected capital taxes and consequently the amount due to the tax authorities have been adjusted.

As the interest rates of 5 % (see Note 2) had to be applied retroactively, the interest expenses relating to almost but all liabilities were considered as an extraordinary expense in the extend of the disclosed amount..

**4 – Taxes** Taxes consist of taxes on income and are nil in 2015.

## Notes to the balance sheet

**5 – Other receivables** mainly relates to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid in the amount of TCHF 0.54 million (2014: CHF 0.60 million). The decrease of CHF 0.06 million is due to the deterioration of the CHF/EUR exchange rate.

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, As there still 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:

CHF 000	31.12.2015	31.12.2014
Current account from subsidiary	569	576
Claim relating to a mortgage	6'137	6'137
Claim relating to a contractual obligation	110	110
<b>Financial assets - long term</b>	<b>6'816</b>	<b>6'823</b>
<b>Total receivables from subsidiaries</b>	<b>6'816</b>	<b>6'823</b>
Interest-bearing liabilities	6'137	6'137
<b>Payable to bank</b>	<b>6'137</b>	<b>6'137</b>

The current account from subsidiary of CHF 0.57 million (CHF 0.57 million as at 31 December 2014) reflects the repayment in the context of the expected and officially communicated 25 % liquidation quota. In September 2015, the creditors committee ("Gläubigerausschuss") of Weidenareal recognised the claim to the "Kollokationsplan". However the timing of the payment remains unknown.

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 decrease 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. However, the decision to collocate/recognise or not this amount have been temporarily suspended by the liquidator of WAM as there are ongoing paulian actions ("Paulianische Anfechtungsklagen") initiated. A partial repayment appears to be likely on the basis of the Board's current knowledge.

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** Due to the liquidation of AV International Ltd. in liq as at 18 December 2015 there are no longer investments in subsidiary to be disclosed as of 31 December 2015.

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. Almost but all of the trade account payables bear an interest rate of 5%.

**9 – Other liabilities** As of 31 December 2015 the position consists of liabilities of

- CHF 0.34 million (nominal CHF 0.26 million plus accrued interests at a rate of 5%) for a compensation to a former member of the Board leaving 10 May 2013 arising from his past contractual agreement and of
- CHF 0.50 million (including CHF 0.08 million of accrued social security and pension plan contributions plus accrued interests at a rate of 5%) arising from a contractual compensation claimed by a former Member of the Executive Management. The increase of CHF 0.06 million compared to the previous year is due to the accrued interests (see Note 2 and Note 3). The claim is partially a matter of a dispute.

**10 – Accrued expenses and prepaid income** The position contains an accrual for expected costs of liquidation of CHF 0.06 million (previous year: CHF 0.10 million), accruals for unpaid compensation (plus accrued interests at a rate of 5%) to the Board of Directors (see also Note 13) and for audit and consulting fees relating to the year-end closing.

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** The provision, which was created in the past to cover the remaining exposure toward the bank in the case Swmtl would be asked to honour a guarantee commitment mentioned above (see Note 6). have been reversed as at 31 December 2015 as the outstanding amount of the mortgage have been fully repaid to the bank by WAM.

**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	31.12.2015	31.12.2014
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 2014 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 2015, The shareholders holding more than 3 % of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows:

Significant Shareholders	Date	Shareholding
Mr. Viktor Huser and Mr. Andreas Pumilia	14 March 2013	3.47%
K-S Anlagen AG	23 April 2015	5.73%

In 2015 IFM Independent Fund Management Ltd as the trustee of Herculis Partners “Aries “ Fund has disposed of its shareholders holding.

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	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)	2015	2014
<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

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.

**17 – Employees** Due to the fact that Swmtl is in liquidation there were – similarly to the previous year - no employees working for the company.

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

In February 2016, PLP Targeted Opportunities Fund have notified a shareholders holding of 3.85 %.

The financial statements (income statement, balance sheet, statement of changes in shareholders' equity and the Notes) as of 31 December 2015 have been approved by the Board of Directors of the Swmtl Group on 29 April 2016.

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

## 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 liquidation interim financial statements of Swmtl Holding AG in Liq., which comprise the balance sheet, income statement, the statement of changes on shareholders' equity and notes (pages 27 to 35), for the year ended 31 December 2015.

#### *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 2015 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 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 of interim 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

Gerd Tritschler  
Audit expert  
Auditor in charge

Ralph Maiocchi  
Audit expert

Basle, 29 April 2016

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