

31st of August 2012

## **An overview of the first half-year 2012**

### **1. PRELIMINARY REMARKS**

The General Meeting held on 28 June 2012 approved the proposals of the Board of Directors to change the name of Swissmetal Holding Ltd. in Swmtl Holding Ltd. and to enter into voluntary liquidation. The members of the Board of Directors, namely Martin Hellweg, Patrick Huber-Flotho and Arturo Giovanoli were reconfirmed as board members for another term and elected as liquidators of the company. Martin Hellweg continues to serve as Chairman of the Board and Patrick Huber-Flotho as Delegate of the Board until further notice. Arturo Giovanoli is, next to being a Member of the Board, also Chief Financial Officer of the Swissmetal Group.

Furthermore, the definitive debt restructuring moratorium of Swmtl Holding Ltd.'s subsidiary Swissmetal Industries Ltd., which was initially definitely granted on 20 September 2011, was extended by the competent judge of the Amtsgericht Dorneck-Thierstein on 13 August 2012 for a term until 21 September 2013.

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

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

### **3. CONSOLIDATED INCOME STATEMENT**

Since the main operating entities, namely Swissmetal Industries Ltd., Swissmetal Lüdenscheid GmbH and Swissmetal South East Asia Ltd. were deconsolidated in preparing the financial statements 2011, the values for the period of six months ending 30 June 2012 cannot be compared to the previous year's figures.

<b>Consolidated income statement (unaudited)</b>	<b>2012</b>	<b>2011</b>
<b>CHF 000</b>	<b>(6 Months)</b>	<b>(6 Months)</b>
<b>Gross sales</b>	<b>4'330</b>	<b>157'858</b>
Deductions from gross sales	-104	-5'669
<b>Net sales</b>	<b>4'226</b>	<b>152'189</b>
Cost of materials and changes in stock	-3'247	-106'577
<b>Gross margin</b>	<b>980</b>	<b>45'612</b>
Personnel expenses	-454	-31'971
Operating and administrative expenses	-677	-17'135
<b>Operating income before depreciation (EBITDA)</b>	<b>-152</b>	<b>-3'494</b>
Depreciation on property, plant and equipment		-4'389
Depreciation on intangible assets	-150	-493
<b>Operating income (EBIT)</b>	<b>-302</b>	<b>-8'376</b>
Financial result	-51	-1'237
<b>Ordinary result</b>	<b>-352</b>	<b>-9'613</b>
Non-operating and extraordinary result	12	-118
<b>Earnings before taxes (EBT)</b>	<b>-340</b>	<b>-9'731</b>
Taxes		1'159
<b>Result for the year (EAT)</b>	<b>-340</b>	<b>-8'572</b>
Effect of change in liquidation values		-68'160
<b>Result after Taxes (EAT) afr change to liquidation values</b>	<b>-340</b>	<b>-76'732</b>

Depreciation totaled CHF 0.15 million in the first half of 2012 due to the adjustment relating to the capitalized brand "Swissmetal".

The position "non-operating and extraordinary result" mainly encompasses the proceeds relating to the disposal of the brand "Atmova" belonging to Swmtl Holding Ltd.

#### 4. CONSOLIDATED BALANCE SHEET

<b>Consolidated Balance sheet (unaudited)</b>	<b>30.06.2012</b>	<b>31.12.2011</b>
<b>CHF 000</b>		
Current assets	2'500	3'644
Intangible and financial assets	14'250	2'346
<b>Total assets</b>	<b>16'750</b>	<b>5'990</b>
Short-term liabilities	16'046	4'958
<b>Total liabilities</b>	<b>16'046</b>	<b>4'958</b>
Shareholders' equity	704	1'032
<b>Total liabilities and shareholders' equity</b>	<b>16'750</b>	<b>5'990</b>

Intangible and financial assets as at 30 June 2011 of CHF 14.25 million consist of the capitalized brand "Swissmetal" in the amount of CHF 0.85 million (CHF 1.0 million as at 31 December 2011), of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, in the amount of CHF 0.6 million and of a claim relating to the debt

restructuring moratorium of Swissmetal Industries Ltd., Dornach of CHF 12.8 million (CHF 0.7 million as at 31 December 2011). The increase of the latter was mainly due to the claim of CHF 11.5 million from a bank for a guarantee commitment of CHF 20.0 million securing a mortgage provided to Swissmetal Industries Ltd. There exists an uncertainty regarding the valuation, as proceeds from the amount due from Swissmetal Industries Ltd. depends on the outcome of the debt restructuring moratorium and of the disposal of assets.

The short term liabilities as at 30 June 2012 in the order of CHF 16.0 million encompass CHF 11.5 million for the claim of a bank arising from the guarantee commitment for which a stand-still agreement could be agreed until 31 December 2012, and an accrual of CHF 0.8 million for overdue interests relating to the collateral towards the same institute. Furthermore, the position contains an accrual for expected costs of liquidation of CHF 0.2 million. Additionally CHF 2.0 million of the remaining CHF 3.6 million consists of account payables owed to entities outside the scope of consolidation. The remaining 1.6 million are owed to creditors for services and good provided and to a Member of the Board of Directors for compensation resulting from past contractual agreements. Furthermore, the position contains a compensation claimed by a former Member of the Executive Management. This claim is partially a matter of a dispute. Stand-still agreements until 31 December 2012 were secured with various creditors.

## 5. CONSOLIDATED CASH FLOW STATEMENT

<b>Consolidated Cash Flow Statement</b>		
<b>First half-year (unaudited)</b>		
<b>CHF 000</b>	<b>2012</b>	<b>2011</b>
<b>Cash flow before change in net current assets</b>	<b>-190</b>	<b>-75'149</b>
Change in net current assets	391	21'371
<b>Cash flow from operating activities after change to liquidation values</b>	<b>201</b>	<b>-53'778</b>
Effect of change to liquidation values		68'160
<b>Cash flow from operating activities before change to liquidation values</b>	<b>201</b>	<b>14'382</b>
<b>Total cash flow from investing activities</b>	<b>-554</b>	<b>-609</b>
<b>Free cash flow</b>	<b>-353</b>	<b>13'773</b>
<b>Total cash flow from financing activities</b>		<b>-11'955</b>
<b>Effect of exchange rate on cash and cash equivalents</b>		<b>-54</b>
<b>Net change in cash and cash equivalents</b>	<b>-353</b>	<b>1'764</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>861</b>	<b>1'901</b>
<b>Cash and cash equivalents as at 30 June</b>	<b>508</b>	<b>3'665</b>

Swissmetal generated an operating cash flow of CHF 0.2 million in the first six months 2012.

Figures cannot be meaningfully compared to the previous year figures due to the change in consolidation scope.

## 6. OUTLOOK

For the shareholders, everything depends on the best possible realization of the assets and the result of the debt restructuring moratorium of Swissmetal Industries Ltd.. Depending on the success in divesting the healthy part of the business as a going-concern, Swissmetal Industries Ltd. may or may not be able to transfer funds to Swmtl Holding Ltd., being one of the creditors and the company's full owner. Swmtl Holding AG is currently not in a position to communicate anything concrete. Talks and negotiations with interested parties are progressing, but the end result is open.

### **Investor Relations**

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This half-year report is only available in the original English.