

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

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

**Annual Report 2012**

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# COMPANY PROFILE

## Letter to Shareholders

Dear shareholders,

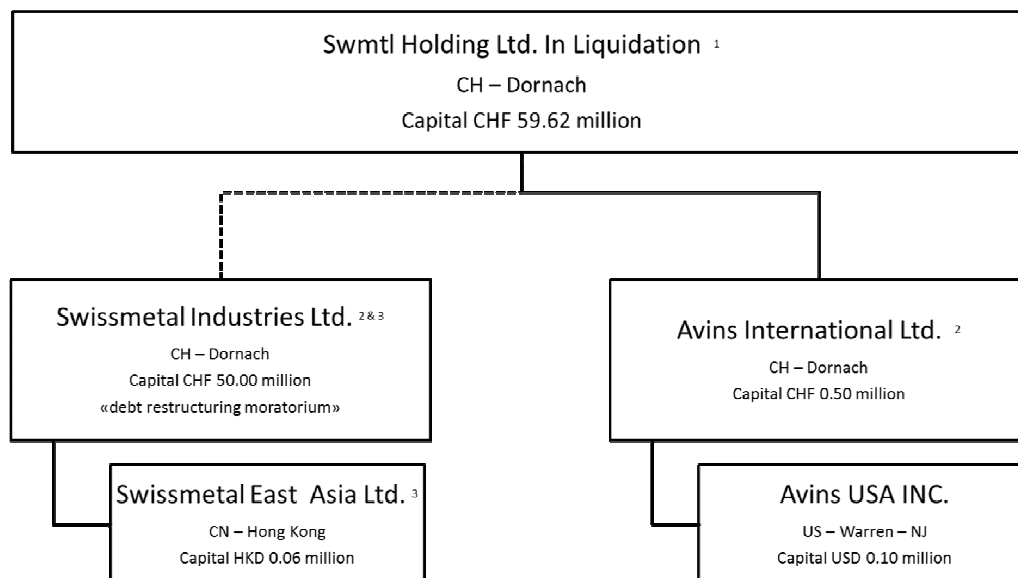
at last year's ordinary general assembly, you decided to voluntarily liquidate Swmtl Holding Ltd. in liq., as proposed by the Board of Directors. The decision to liquidate Swmtl Holding Ltd. in liq. was a consequence of our company's central operational subsidiary, Swissmetal Industries Ltd. (from January 2013 on, the name changed to Weidenareal Metall Ltd.) having requested the competent judge to grant a debt restructuring moratorium ("Nachlassstundung") for reasons of significant overindebtedness.

Since then, the Board of Directors of Swmtl Holding Ltd. in liq. is working on winding down the company and, in doing so, aspiring to realize the value of its assets in the best achievable way. 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.. However, we are in a position to report some significant progress:

In our function as members of the Board of Directors and, in part, the management of Swissmetal Industries Ltd., we made our contribution to the successful sale of all three operational sites of Swissmetal Industries Ltd. at the end of the past fiscal year. The German entity Swissmetal Lüdenscheid GmbH was sold to the French firm Le Bronze Industriel (see media releases dated 16 November 2012 and 20 November 2012). Certain assets of our Swiss sites in Reconvilier and Dornach (excluding land and buildings that were leased to the purchaser for a period of 6 years) were sold to a Swiss subsidiary of the Chinese Baoshida Group (see media releases dated 20 December 2012 and 10 January 2013; please also note: the signing of the relating deal took place in 2012, the closing or the transaction in 2013). The next central challenge of Swissmetal Industries Ltd. is to maximize proceeds from the development and sale of its real estate, encompassing around 127'000 square metres of land in Dornach.

It is important to understand that any proceeds from the sale of assets on the level of Swissmetal Industries Ltd. would only result in a cash inflow to Swmtl Holding Ltd. in liq. on the basis of its 100% ownership position if all creditor classes were fully satisfied. The Board of Directors regards this as a very unlikely case. At the same time, Swmtl Holding Ltd. in liq. may experience a partial or full repayment on the basis of its creditor position at Swissmetal Industries Ltd. (for further information, please see Note 8 of the financial report of Swmtl Holding Ltd. in liq.). A partial repayment appears to be likely on the basis of the Board's current knowledge.

In December 2012, the Board of Directors was able to sell the trademarks of Swmtl Holding Ltd. in liq., most notably „Swissmetal“, simultaneously with the sale of the Swiss operational sites to a Swiss subsidiary of the Chinese Baoshida Group. The sale resulted in a cash inflow of CHF 0.85 million to Swmtl Holding Ltd. in liq. in January 2013.



- 1 100% of Swissmetal Industries Ltd., Dornach and Avins International Ltd. Dornach.
- 2 100% each of the subsidiaries presented
- 3 Discontinuing operation

Another cash inflow to Swmtl Holding Ltd. in liq. may arise from the efforts of its 100% subsidiary, Avins International Ltd., to sell Avins International Ltd.'s central asset, the metal distribution firm Avins USA Inc.

Avins International Ltd. recognizes a value of CHF 2 million for Avins USA Inc. Swmtl Holding Ltd. in liq. is one of two major creditors of Avins International Ltd. (the other is Weidenareal Metall Ltd.) and may be realized partially or in full in the context of the disposal. A partial realization appears to be likely on the basis of the Board's current knowledge.

Taking all these effects into account, the Board of Directors upholds its view already expressed on December 26<sup>th</sup> of 2012, that Swmtl Holding Ltd. in liq. can expect a lower million CHF amount as a result of the realization of its assets; however, it is not predictable today, if a distribution to shareholders will take place after the deduction of debt. As mentioned before, the variance of possible outcomes is high. We shall continue to inform our shareholders about any significant progress to our best possible knowledge and as required and permitted by the stock exchange.

Let us close by thanking all our stakeholders for their support in concluding an industrial chapter in the best possible way. In particular, we would like to express our gratitude to the employees of the former Swissmetal Group for their dedication and patience in difficult times. We hope that we can reward this great morale by having provided all three sites – Lüdenscheid, Reconvilier and Dornach – with what appears to be a solid operational future and, as a result of it, many secured jobs for some time to come. Also, we would like to thank the Commissioner of Weidenareal Metall Ltd., Dr. Fritz Rothenbühler, and his team for a the excellent cooperation to the benefit of both Weidenareal Metall Ltd. and Swmtl Holding Ltd. in liq. Without this partnership, the successful divestment of the operational activities to Le Bronze Industriel and Baoshida would have not been possible. Furthermore, we also thank the business partners of all our Group's entities, customers, suppliers, advisors, etc. who all stood by our side in difficult times. Again, much could not have been achieved without them.

Sincerely yours,

Martin Hellweg  
Chairman of the Board of Directors

Patrick Huber-Flotho  
Delegate of the Board of Directors

Arturo Giovanoli  
Member of the Board of Directors/Group CFO

# CORPORATE GOVERNANCE

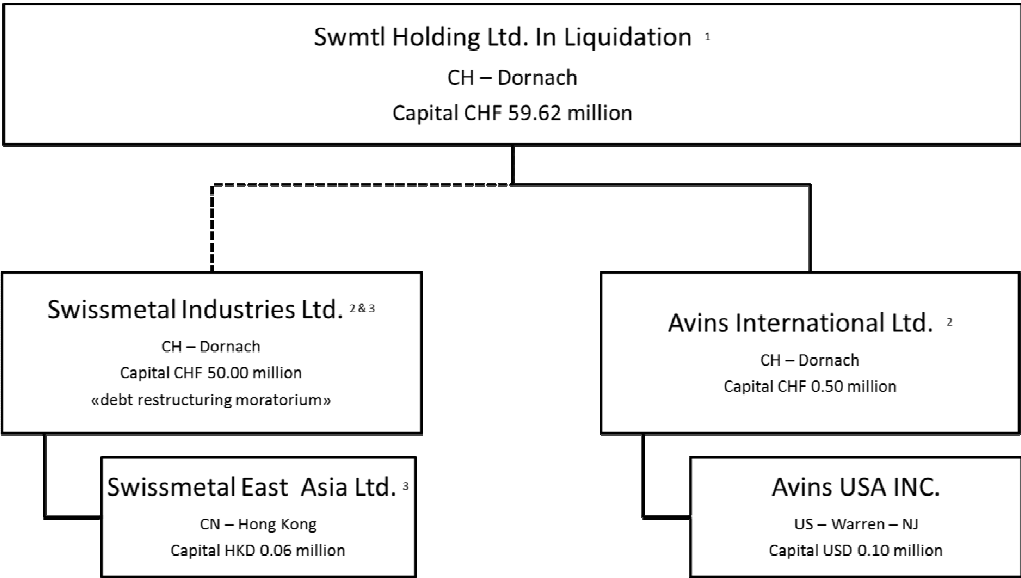
As a listed company, Swmtl Holding Ltd. in liq. (formerly Swissmetal Holding Ltd.) is subject to the Directive on Information relating to Corporate Governance as issued by the SIX Swiss Exchange (also referred to as the SWX Directive), including its Annex and Commentary.

The Corporate Governance section of the Annual Report precisely follows the structure of the SWX Directive and covers events up to and including 19 April 2013.

## 1. Group structure and shareholders (as at 31 December 2012)

### 1.1 Group structure

#### Legal Group structure of Swmtl Holding Ltd. in liq.



- 1 100% of Swissmetal Industries Ltd., Dornach and Avins International Ltd. Dornach.
- 2 100% each of the subsidiaries presented
- 3 Discontinuing operation

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 1.25 as at 31 December 2012, resulting in a market capitalization of CHF 8.3 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 2012 financial year** The scope of consolidation remained unchanged compared to the previous year. On November 16, 2012 Swissmetal Lüdenscheid GmbH, Lüdenscheid – a 100% subsidiary of Swissmetal Industries Ltd., Dornach - was sold. However the transaction did not affect the scope of consolidation due to the fact that the entities were already deconsolidated in the previous year.

**1.2 Significant shareholders** As at 31 December 2012 there were no registered shareholders holding more than 3% of the capital of Swmtl Holding Ltd. in liq., Dornach, to the company's knowledge. Further information on significant shareholders from 1 January 2013 on are disclosed in Note 26.

**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 2012**, the nominal value of the share capital of Swmtl Holding Ltd. in liq., Dornach, was CHF 59,616,954 (2011: 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).

In 2011 and 2012, 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. The Swissmetal Group 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 Holding Ltd. in liq., Dornach, currently has no participation certificates. On 31 December 2012, no treasury shares (2011: 26,207) 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. Swissmetal 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., Dornach, and Swissmetal Industries Ltd., Dornach and AVINS International Ltd., Dornach are identical.

**Composition as at 19 April 2013** Two Members of the Board of Directors, Patrick Huber-Flotho and Arturo Giovanoli, belong to the Executive Management of the Swmtl Group.

**Martin Hellweg** Born in 1967, German citizen, is Chairman of the Board of Directors of Swmtl Holding Ltd. since June 30, 2011. Martin Hellweg holds a Master's degree in Business Administration from the Simon Graduate School of Business of the University of Rochester, New York. He began his career as a management consultant and subsequently served as a Member of the Executive Board of the Keramik Laufen Group. Martin Hellweg is the Founder and Chairman of the Ally Management Group Ltd., a turnaround management firm in Zurich. Among other mandates in this context, he served as CEO and Delegate of the Board of Directors of Swissmetal from 2003-2009 and, from 2010-2013, as CEO and Delegate of the Board of Directors of the Wetzel Processing Group.

**Arturo Giovanoli** Born in 1959, Swiss citizen, is a Member of the Board of Directors of Swmtl Holding Ltd. since June 30, 2011. Arturo Giovanoli holds a diploma as a Swiss Chartered Accountant and has a Master's degree in Applied Ethics from the University of Zurich. His professional career began at Ernst & Young Ltd. as an auditor and later as an M&A consultant. Since 2001, he has run his own management consulting firm "Arturo Giovanoli Financial Consulting". From 2004 to 2007, he acted as a Managing Partner of Certifica Ltd., Zurich. He is a Partner of the Ally Management Group Ltd., Zurich and of the Matrixs Ltd., Zurich, from 2005 and 2008, respectively. Arturo Giovanoli also has a number of Board assignments with unlisted companies.

**Patrick Huber-Flotho** Born in 1971, German citizen, is the Delegate of the Board of Directors of Swmtl Holding Ltd. since June 30, 2011. Patrick Huber-Flotho holds a degree in business administration from the European Business School, Oestrich-Winkel, Germany. He began his career as the Head of Marketing and Leasing of an international real estate development company and as the Head of Corporate Real Estate and Managing Director of several subsidiaries of the Keramik Laufen Group. Subsequently, he worked as the CEO of Forming Ltd. and served as an interim Managing Director at Swissmetal Lüdenscheid GmbH. Among other mandates in the context of turnaround management and various managerial functions in the area of real estate, Patrick Huber-Flotho is a partner of the Ally Management Group Ltd.

**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. The term of office is one year and will last for all members until the Annual General Meeting for the 2012 financial year on 10 May 2013.



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

Martin Hellweg 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 Secretary 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. The Board of Directors decides on the allocation of the areas of responsibility (competencies) to the governing bodies of the Group companies, determines the strategy and long-term planning and the associated business plans, and decides on the presentation of internal reporting. It also adopts resolutions on investment projects, unbudgeted expenditure, and other amounts exceeding CHF 1 million as well as resolutions on the recourse to or repayment of loans over CHF 5 million. Additional approvals by the Administrator and (for the disposal of assets) by the debt restructuring judge respectively are required for all expenses or divestment regarding Swissmetal Industries Ltd., Dornach.

Spread over 2012, the Board of Directors held 7 ordinary meetings (2011: 10) lasting an average of one hour to three hours each, as well as 29 telefonconferences (2011: 42) and resolutions adopted by correspondence to also address.

Due to the special situation in the light of the debt restructuring moratorium of Swissmetal Industries Ltd., the board had to be very flexible on drafting agendas for meetings and address a wide variety of operational, financial, and legal matters. Due to the small size of the Board of Directors, no Sub-Committee has been established since 30 June 2011. The Board of Directors addressed all issues in its complete configuration.

**3.5 Areas of responsibility** The Board of Directors has delegated the operational management of the company and the operational leadership of the Swmtl Group to the Executive Management, headed by the Delegate of the Board of Directors. The delineation of duties and powers among the Board of Directors, Delegate of the Board of Directors, Executive Management, and other management personnel is governed by the Organizational Regulations and their Annexes. Due to the current situation of the Swmtl Group, the organizational structure of the Executive Management follows a legal unit logic reflecting the different dynamics at each entity. Operational management comprises all business management tasks not reserved to the Board of Directors by law, Articles of Incorporation, Organizational Regulations, their Annex, and any specific resolutions of the Board of Directors.

The Delegate of the Board of Directors is appointed by the Board of Directors. Together with the Executive Management and within the scope of the strategy approved by the Board of Directors, he is responsible for the operational management of the company and of the Swmtl Group. He chairs the Executive Management.

The other Members of the Executive Management are appointed by the Board of Directors and report to the Delegate to the Board of Directors. The other Members of the Executive Management, which are the senior managers needed to conduct the business in the various subsidiaries, are, together with the Delegate of the Board of Directors, responsible for the operational management of the company and of the Swissmetal Group. The Members of the Executive Management are furthermore responsible for business relevant to their respective departments. They are authorized to delegate responsibility and are required to approve the rules governing the scope of authority within their

respective departments, as appropriate; these rules must be approved by the Board of Directors. The Members of the Executive Management typically convene once a month via meeting or teleconference.

Furthermore, due to the debt restructuring moratorium situation of Swissmetal Industries Ltd., teleconferences with the participation of the Board of Directors, the Commissioner, the CEO of Swissmetal Industries Ltd. and external consultants as required by the circumstances, are typically held on a weekly basis.

**3.6 Information and control instruments** The Executive Management inform the Board of Directors of the strategic and operational developments as required by the circumstances. The reporting on the current financial and operational indicators serves as the basis for discussion of the course of business.

At the Board of Directors meeting, those Members of the Executive Management who are invited to attend according to the agenda often deliver verbal reports. Annual budgets for the fiscal year are being prepared by the Executive Management for approval by the Board of Directors.

## 4. Executive Management

**4.1 Members of the Executive Management** The following reflect the status of the Swissmetal Group as at 31 December 2012. Not all Members of the Executive Management have a permanent contract of employment. Each operational entity is managed by a local management reporting.

**Patrick Huber-Flotho, Delegate of the Board of Directors and Head of Group Management**

See Section 3.1. Patrick Huber-Flotho works on a mandate basis.

**Arturo Giovanoli, Chief Financial Officer Swissmetal Group and Swissmetal Industries Ltd.Ltd.**

See section 3.1. Arturo Giovanoli works on a mandate basis.

**Jean-Pierre Tardent, CEO Swissmetal Industries Ltd.** Jean-Pierre Tardent (born 1954) has worked for Swissmetal for many years and had various functions. From 1987 until 1999, he had two functions in Reconvilier. Indeed, he was responsible for the Research and Development (R&D) department and also was a metallurgist for production and process. Subsequently, he was CEO for three years at Marc Sandoz S.A. In 2002, he returned to Swissmetal and was responsible for Innovation & Business development and from 1 October 2010 onward he was responsible for the specialist' function of International Technical Delegate. Since 1 July 2011, he has been the CEO of Swissmetal Industries Ltd. and works with a permanent contract of employment.

**Joseph Rudden, Jr., CEO Avins USA, Inc.** Mr. Rudden (born in 1982) studied Chemical Engineering at the Bucknell University in the USA. He began his career with Avins Industrial Products as the Western USA Sales Manager. After four years of successfully expanding Avins' business and following the acquisition of Avins by Swissmetal, Joseph was transferred to Hong Kong. There he founded Swissmetal East Asia and took the role of Managing Director. He ran Swissmetal East Asia Ltd. for three years and then, by the end of October, transferred back to the USA as the Chief Executive Officer of Avins USA, Inc.

**Remy Choo, Managing Director Swissmetal East Asia Ltd.** Mr. Remy (born in 1976) has been involved in the metal industry for 8 years with different companies. His experience in the industry includes the business of refractory metal semi-finished and finished products for the Semiconductor and Aerospace industry in the South East Asia region. He joined Swissmetal East Asia in June 2010

as a Sales Manager for the ASEAN region. He holds an engineering diploma from Temasek Polytechnic of Singapore. Since November 2011, he succeeded the post of Managing Director, overseeing the sales operation for the East Asia region.

**Changes during the 2012 financial year** Reinhold Maciejewski (Managing Director and Head of Sales Swissmetal Lüdenscheid GmbH), Martin Steinbrück, (Managing Director and Head of Production Swissmetal Lüdenscheid GmbH) left the Executive Management on 16 November 2012 as a consequence of the disposal of the legal entity. Furthermore, Guido F. Höck, (CFO Avins USA Inc.) left the Executive Management in July 2012.

**4.2 Other activities and vested interests** Other activities and vested interests, if any, are noted in the biographies of the Members of the Executive Management.

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

## 5. Compensation, shareholdings, and loans

The compensation paid or accrued is disclosed in Note 19 of the Financial Report 2012 of the Swmtl Holding Ltd. in liq., Dornach.

## 6. Shareholders' participation

**6.1 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.

**6.2 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.

**6.3 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.

**6.4 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.

**6.5 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.

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

**7.1 Duty to make an offer** The Swmtl Group has not adopted any defense measures against takeover attempts. The governing bodies are of the opinion that the best defense is an appropriate share valuation and reliance on free market forces rather than depending on measures that generally have a negative long-term impact on the share price. 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.

**7.2 Clauses on changes of control** In 2012, the company did not agree on nor uphold any clauses on changes of control.

## **8. Auditors**

### **8.1 Duration of the mandate and term of office of the lead auditor**

PricewaterhouseCoopers Ltd., Basel, has held the auditor's mandate for the Swissmetal 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.

**8.2 Auditing fees** The total auditing fees charged by the auditors in the year under review was CHF 61'000 (2011: CHF 365,240).

**8.3 Additional fees** The fees for various tax services for Swmtl Holding Ltd. in liq., Dornach, or one of its subsidiaries amounted to CHF 7'132 for the year under review (2011: CHF 162,627).

### **8.4 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.

## **9. Information policy**

The Swmtl Group regularly informs shareholders and investors of its business activities and the general state of the industry through press releases, conferences upon the release of the annual financial statements, analyst conferences, the annual report, half-year reports, and the provision of background information.

Further information is available at:

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

# FINANCIAL REPORT

## Swmtl Group financial report 2012

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Unless explicitly stated otherwise, all of the values are in CHF thousands. The Swmtl Group prepares its consolidated financial statements in accordance with Swiss GAAP FER; the single entity financial statements of Swmtl Holding Ltd. in liq. are prepared in accordance with the Swiss Code of Obligations.

## Consolidated income statement

### SWMTL GROUP

Consolidated income statement		2012	2011
CHF 000			
<b>Gross sales</b>	1	<b>6'396</b>	<b>173'277</b>
Deductions from gross sales		12	-6'666
<b>Net sales</b>		<b>6'408</b>	<b>166'611</b>
Cost of materials and changes in stock		-4'712	-119'456
<b>Gross margin</b>	1	<b>1'696</b>	<b>47'155</b>
Other operating income	2	-230	542
Personnel expenses	3	-749	-36'673
Operating and administrative expenses	4	-849	-20'483
<b>Operating income before depreciation (EBITDA) - before extraordinary result</b>		<b>-132</b>	<b>-9'458</b>
Depreciation on property, plant and equipment	5		-46'147
Depreciation on intangible assets	6	-150	-932
<b>Operating income (EBIT)</b>		<b>-282</b>	<b>-56'537</b>
Financial result	7	-85	-23'666
<b>Ordinary result</b>		<b>-367</b>	<b>-80'204</b>
Non-operating and extraordinary result	8	-502	-1'232
<b>Earnings before taxes (EBT)</b>		<b>-868</b>	<b>-81'439</b>
Income taxes	9	-28	-140
<b>Result for the year (EAT)</b>		<b>-896</b>	<b>-81'579</b>

Due to the debt restructuring moratorium provisionally granted on 20 July 2011 and definitely confirmed on 20 September 2011 and extended twice for another six months on 20 March 2012, and for additionally twelve months on 13 August 2012 Swissmetal Industries Ltd., Dornach along with the two subsidiaries Swissmetal East Asia Ltd., and Swissmetal Lüdenscheid GmbH were excluded from the scope of consolidation as at 21 July 2011. Accordingly, comparison of the 2012 figures with the previous year is therefore not meaningfully possible.

## Consolidated balance sheet

### SWMTL GROUP

ASSETS	31.12.2012		31.12.2011
	Notes	Total	Total
<b>CHF 000</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	341	858
Securities		-	3
Trade accounts receivable	11	677	1'275
Other receivables		1	88
Stock	12	1'441	1'340
Prepaid expenses and accrued income		11	80
<b>Total current assets</b>		<b>2'471</b>	<b>3'644</b>
<b>Fixed assets</b>			
Intangible assets	13	850	1'000
Financial assets	14	13'331	1'346
<b>Total fixed assets</b>		<b>14'181</b>	<b>2'346</b>
<b>TOTAL ASSETS</b>		<b>16'652</b>	<b>5'990</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Short-term liabilities</b>			
Interest-bearing liabilities	15	11'488	-
Trade accounts payable		672	1'182
Other liabilities	16	2'782	2'251
Accrued expenses and prepaid income	17	994	921
Provisions	18	604	604
<b>Total short-term liabilities</b>		<b>16'540</b>	<b>4'958</b>
<b>Total liabilities</b>		<b>16'540</b>	<b>4'958</b>
<b>Shareholders' equity</b>			
Share capital		59'617	59'617
Capital reserves		34'226	34'335
Own shares		-	-143
Cumulated exchange rate translation differences		-1'460	-1'402
Retained earnings		-92'271	-91'375
<b>Total shareholders' equity</b>	<b>19</b>	<b>112</b>	<b>1'032</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>16'652</b>	<b>5'990</b>

## Consolidated Cash Flow Statement

### SWMTL GROUP

CHF 000	2012	2011
	Total	Total
<b>Cash flow from operating activities</b>		
Result for the year	-896	-81'579
Depreciation on property, plant and equipment and intangible assets	-	46'327
Impairment on intangible assets	150	753
Disposal of the brand "Atmova"	15	-
Change in Scope of Consolidation	-	21'270
Change in provisions <sup>1</sup>	-	-22
Other non-cash income statement items	2	1'582
<b>Cash flow before change in net current assets</b>	<b>-729</b>	<b>-11'669</b>
Change in securities	3	-102
Change in trade accounts receivable	602	-2'348
Change in other receivables and prepaid expenses and accrued income	218	-1'132
Change in stock	-101	14'689
Change in trade accounts payable	-551	5'046
Changes in other current liabilities and accrued expenses and prepaid income	7	14'219
<b>Total cash flow from operating activities</b>	<b>-551</b>	<b>18'703</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	-	-588
Change in long-term financial assets	-	98
Change of Scope in Consolidation	-	-3'172
<b>Total cash flow from investing activities</b>	<b>-</b>	<b>-3'662</b>
<b>Free cash flow</b>	<b>-551</b>	<b>15'041</b>
<b>Cash flow from financing activities</b>		
Change in liabilities to banks	-	-19'678
Change in liabilities to third party	-	3'597
Change in own shares	34	-3
<b>Total cash flow from financing activities</b>	<b>34</b>	<b>-16'084</b>
<b>Net change in cash and cash equivalents</b>	<b>-517</b>	<b>-1'043</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>858</b>	<b>1'901</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>341</b>	<b>858</b>

In the context of the liquidation of Swmtl Holding Ltd. in liq. a bank asked the company to honour the guarantee commitment of CHF 20.0 million relating to a secured line of credit provided to Swissmetal Industries Ltd, Dornach. Accordingly, the claim in the extend of the outstanding amount has been disclosed as a receivable from the deconsolidated subsidiary (see Note 14) and recognised as a bank liability (see Notes 15). Both recognitions had no cash impact.



## Statement of Changes in Consolidated Shareholders' Equity

### SWMTL GROUP

CHF 000	Share capital	Capital reserves <sup>1</sup>	Own shares	Cumulated exchange rate translation differences	Retained earnings <sup>2</sup>	Total <sup>3</sup>
<b>Balance as at 31 December 2010</b>	59'617	34'335	-140	-5'727	-9'796	78'289
Purchase of own shares	-	-	-361	-	-	-361
Sale of own shares	-	-	358	-	-	358
Result for the year	-	-	-	-	-81'579	-81'579
Exchange rate translation differences	-	-	-	4'325	-	4'325
<b>Balance as at 31 December 2011</b>	59'617	34'335	-143	-1'402	-91'375	1'032
Purchase of own shares	-	-	-	-	-	-
Sale of own shares	-	-109	143	-	-	34
Result for the year	-	-	-	-	-896	-896
Exchange rate translation differences	-	-	-	-58	-	-58
<b>Balance as at 31 December 2012</b>	59'617	34'226	-	-1'460	-92'271	112

<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 2012 and 2011, there are no minority interests

As at 31 December 2012, the share capital of Swmtl Holding Ltd. in liq., Dornach, remained unchanged at CHF 59,616,954 (2011: CHF 59,616,954), divided into 6,624,106 (2011: 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.

Own shares	Number	Average price (CHF)
<b>Balance as of 1 January 2011</b>	18'517	7.54
Purchase	58'094	6.22
Sale	-50'404	6.42
<b>Balance as of 31 December 2011</b>	26'207	5.48
Sale	-26'207	1.15
<b>Balance as of 31 December 2012</b>	-	-

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.

At the end of 2012, Swissmetal Group held zero own shares (previous year: 26,207). In 2012, a total of 26.207 own shares were sold and none purchased. At present, no derivative instruments on own shares are outstanding.

# Notes to the consolidated financial statements

## SWISSMETAL GROUP

### GENERAL NOTE

**Basis of preparation** In accordance with the resolution approved by the annual general meeting held on 28 June 2012 to liquidate the ultimate parent company Swmtl Holding Ltd. in liq., Dornach, 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 14; 17 and 21). However, the Board of Directors is convinced that the estimates made were reliably and that they represent the best estimate possible.

### 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 2012 comprised the following companies:

- Swmtl Holding Ltd. in liq., Dornach, Switzerland
- Avins International Ltd. Dornach, Switzerland (wholly owned)
- Avins USA Inc., Warren/NJ, USA (wholly owned)

Avins International Ltd., Dornach/Switzerland, has the intention to dispose Avins USA Inc., Warren/NJ, USA, its wholly owned subsidiary. Due to the fact that Avins International Ltd. is overindebted, the company started negotiations and found an agreement with its two creditors, Swmtl Holding Ltd. in liq. and Weidenareal Metall Ltd., in November 2012 which allowed the company not to call the judge but to extend the due date of its debts until the completion of this transaction, but not longer than 31 March 2013. As of the date of this annual report, Avins International Ltd. is still working on a prolongation with its creditors. The signing of this agreement still depends on certain preconditions.

In this annual report, Avins USA Inc.'s net assets are valued at their estimated net selling price. There is a risk that these asset values cannot be realized in a potential sale of them, especially if Avins International Inc. fails to achieve the aforementioned prolongation with its creditors and a subsequent realisation would have to be carried out by a bankruptcy judge (see also Note 26).

Due to the debt restructuring moratorium provisionally granted on 20 July 2011 and definitely confirmed on 20 September 2011 and extended for another six months on 20 March 2012 and for additionally twelve months on 13 August 2012, Swissmetal Industries Ltd., Dornach along with the two subsidiaries Swissmetal East Asia Ltd., and Swissmetal Lüdenscheid GmbH were excluded from the scope of consolidation as at 21 July 2011. The figures for the period from 30 June 2011 to 20 July 2011 have been estimated. On 16 November 2012 Swissmetal Lüdenscheid GmbH has been sold. Furthermore, on 10 January 2013 certain assets with e.g. the exception of the land in Dornach still belonging to Swissmetal Industries Ltd. and all the employment agreements were sold to Baoshida Switzerland Ltd., a subsidiary of the Chinese Baoshida Group.

## 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 2012 and 31 December 2011. All highly liquid investments with an original maturity of three months or less at the date of purchase are considered cash equivalents.

**Stock** Stocks are valued using the weighted average principle and recognized on a full-cost basis or at the lower realizable value. The spare parts, tools as well as auxiliary and operating materials are not capitalized.

**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 2012 and 31 December 2011 (or as of the date of deconsolidation 21 July 2011) 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	2012		2011		2011	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet 20 July	Income statement
1 EUR	1.208	1.205	1.217	1.234	1.199	1.270
1 USD	0.914	0.938	0.940	0.887	0.833	0.907
1 GBP	1.477	1.486	1.453	1.422	1.335	1.465
1 HKD	0.118	0.121	0.121	0.114	0.107	0.117

**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.

**Research and development** costs are generally expensed through income statement.

**Provisions for doubtful accounts** Provisions for doubtful accounts are comprised of individual adjustments as well as a global allowance of 3% (based on experience) of the balance of unsecured receivables and are directly deducted from accounts receivable.

**Capitalization principles** Intangible assets are capitalized at expected realisation value.

**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 resolution to liquidate Swmtl Holding Ltd. in liq., Dornach, there were no assets capitalized from tax losses carry forward as of December 2012 and 2011.

## **EMPLOYEE BENEFIT OBLIGATIONS**

The Swissmetal Group bears the costs of the pensions for all the employees and their surviving dependents as required by local legislations. Due to the changes in the scope of consolidation there are no longer relating information and/or provision to be disclosed. Avins USA Inc., Warren/NJ, do not operate independent staff pension funds. Therefore, the appropriate provision is recognized in the consolidated balance sheet.

## Notes to the consolidated income statement

### SWMTL GROUP

**1 – Gross sales and Gross margin** Due to the change in scope of consolidation in 2011 the income statement of the deconsolidated entities reflect the activities until the date of deconsolidation only. A comparison with the previous year encompassing 12 months is therefore not meaningfully possible.

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

Operational segments	2012		2011	
	CHF 000	%	CHF 000	%
Power Generation and Electronics	-	-	51'129	30.7%
Writing Instruments	-	-	19'435	11.7%
Watches	-	-	6'888	4.1%
Decolletage and Industrial Applications	-	-	47'702	28.6%
Traded Products	6'408	100.0%	33'866	20.3%
Others	-	-	7'590	4.6%
<b>Total according annual report</b>	<b>6'408</b>	<b>100.0%</b>	<b>166'611</b>	<b>100.0%</b>

The sales are spread over the following geographical segments:

Geographical segments	2012		2011	
	CHF 000	%	CHF 000	%
Southern Europe & Middle East & Africa	-	-	47'788	28.7%
Northern & Eastern Europe	-	-	50'055	30.0%
USA	6'408	100.0%	45'692	27.4%
East Asia	-	-	10'480	6.3%
India	-	-	12'597	7.6%
<b>Total according annual report</b>	<b>6'408</b>	<b>100.0%</b>	<b>166'611</b>	<b>100.0%</b>

In the prior year figures, net sales of the deconsolidated entities (Swissmetal Industries Ltd., Swissmetal East Asia Ltd., and Swissmetal Lüdenscheid GmbH) were not accounted for the period between 21 July 2011 and 31 December 2011. Therefore net sales between the two years are not comparable in absolute or in relative (percentage) terms..

**2 – Other operating income** Other operating income totalled CHF - 0.2 million (previous year: CHF 0.5 million).

**3 – Personnel expenses** In 2012, personnel expenses amounted to CHF 0.7 million and relates to the costs incurred in the consolidated operating entity only.

As of 31 December 2012, the headcount decreased from 10 to 7 full-time equivalents.

#### 4 – Operating and administrative expenses

	2012	2011
	Total	Total
<b>CHF 000</b>		
Energy	8	5'996
Operating materials	11	7'641
Administrative expenses	571	6'108
Other expenses	259	738
<b>Total operating and administrative expenses</b>	<b>849</b>	<b>20'483</b>

In 2012, administrative expenses include, among other things, costs for insurance, information technology, communication, consulting totalled CHF 0.6 million. The other expenses of CHF 0.2 million (previous year: CHF 0.7 million) comprise travel and related expenses; rental costs as well as capital and other taxes.

**5 and 6 – Depreciation** Depreciation in 2012 totalled CHF 0.15 million and relates to the adjustment of the capitalized brand "Swissmetal" to reflect the realisable value in the context of the sale in January 2013. In 2011, depreciation totalled CHF 47.1 million, reflecting CHF 5.9 million of planned and CHF 41.2 million non-planned depreciation in applying the lower net realisable value. The amortization of goodwill arising from the acquisition of Avins USA Inc., Warren/NJ, amounted to CHF 0.9 million See also Note 14, Property, plant and equipment and intangible assets.

#### 7 – Financial result

	2012	2011
	Total	Total
<b>CHF 000</b>		
Financial income	-	39
Financial expenses	-89	-1'672
Exchange rate differences	4	-763
<b>Financial result</b>	<b>-85</b>	<b>-2'396</b>
Change in scope of consolidation	-	-21'270
<b>Financial result - total</b>	<b>-85</b>	<b>-23'666</b>

The net financial result, before the impact of the change in scope of the consolidation, decreased by CHF 2.3 million to CHF -0.1 million compared to the previous year. The main reasons for this decrease are the exchange rate difference that was CHF 0.8 million lower and the financial expenses due to the deconsolidation effect in the previous year.

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

	2012	2011
<b>CHF 000</b>		
Depreciation current accounts from subsidiaries	-110	- 1'601
Accrual for collateral	-	604
Accrual for liquidation costs	-	200
Accrual for a claimed contractual compensation	-331	
Reversal of accruals		306
Capitalisation of brand		1'000
Disposal of the brand "ATMOVA"	15	
Other non operating items	-76	- 133
<b>Extraordinary result</b>	<b>-502</b>	<b>-1'232</b>

In 2012, the extraordinary result amounts to CHF 0.5 million (previous year: CHF 1.2 million) and consisted mainly of the additional write-off of CHF 0.1 million of a receivable from Swissmetal Industries Ltd., and the setting up of an accrual for a contractual compensation claimed by a former Member of the Executive Management (see Note 16) and of the realized income relating to the disposal of the brand "Atmova".

In 2011, the extraordinary result of CHF 1.2 million consisted mainly of the write-off of CHF 1.6 million of a receivable from Swissmetal Industries Ltd., the setting up of an accrual for a payment relating to a collateral towards a bank in the amount of CHF 0.6 million and of a provision of CHF 0.2 million for the estimated liquidation costs (representing a change in consistency). On the other hand, CHF 1.0 million results from the capitalisation of intangible asset (representing a change in consistency).

**9 – Income taxes** The position relates to the federal and state income taxes of the consolidated US subsidiary.

## Notes to the consolidated balance sheet

### SWMTL GROUP

**10 – Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totalled CHF 0.3 million (previous year CHF 0.9 million), which represents a decrease compared to 31 December 2011 of approximately CHF 0.5 million (See also consolidated cash flow statement).

**11 – Trade accounts receivable** Trade accounts receivable have decreased by CHF 0.6 million compared to the previous year to CHF 0.7 million. The decrease was mainly due to the impact of the reduced business activities of the consolidated entities.

**12 – Stock** Stock breakdown as follows:

CHF 000	31.12.2012	31.12.2011
Trade products	1'441	1'340

As of 31 December 2012, the valuation of traded products at lower of cost or market of the consolidated operational entity amounted to CHF 1.4 million (previous year CHF 1.3 million).

### 13 – Property, plant and equipment and Intangible assets

2012 Statement of changes in tangible and intangible assets	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under construction	Intangible assets	Total 2012
<b>CHF 000</b>							
<b>Acquisition value</b>							
Balance as at 1 January	-	-	389	-	-	1'000	1'389
Disposals <sup>1</sup>		-	389				-389
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1'000</b>	<b>1'000</b>
<b>Accumulated depreciation</b>							
Balance as at 1 January	-	-	389	-	-	-	389
Impairment						150	150
Disposals <sup>1</sup>		-	389				-389
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>150</b>
<b>Carrying amount</b>							
as at 1 January	-	-	-	-	-	1'000	611
as at 31 December	-	-	-	-	-	850	850

<sup>1</sup> The disposal of the machinery and technical equipment had no impact on the income statement and or cash flow.

Intangible assets as at 31 December 2012 of CHF 0.85 million (previous year CHF 1.0 million) reflect the capitalization of the brand "Swissmetal" resulting from the change from going concern values to liquidation values in 2011. The value adjustment has been made to reflect the realized value in the context of the disposal mid-January 2013.



2011 Statement of changes in tangible and intangible assets	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under construction	Intangible assets	Total 2011
<b>CHF 000</b>							
<b>Acquisition value</b>							
Balance as at 1 January	4'933	76'255	256'084	9'395	139	21'380	368'186
Acquisition			84	5	499		588
Capitalization of intangible assets						1'000	1'000
Change in scope of consolidation	-4'822	-76'207	-255'550	-9'381	-636	-20'609	-367'205
Currency translation adjustments	-111	-48	-229	-19	-2	-771	-1'180
<b>Balance as at 31 December</b>	<b>0</b>	<b>0</b>	<b>389</b>	<b>0</b>	<b>0</b>	<b>1'000</b>	<b>1'389</b>

<b>Accumulated depreciation</b>							
Balance as at 1 January	3	63'288	214'729	8'667	0	20'448	307'135
Planned depreciation <sup>1</sup>		715	4'145	121		932	5'913
Non-planned depreciation - impairment <sup>1</sup>		9'082	30'796	711	577		41'166
Change in scope of consolidation	-3	-73'068	-249'135	-9'480	-577	-20'763	-353'026
Currency translation adjustments		-17	-146	-19		-617	-799
<b>Balance as at 31 December</b>	<b>0</b>	<b>0</b>	<b>389</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>389</b>

<b>Carrying amount</b>							
as at 1 January	4'930	12'967	41'355	728	139	932	61'051
as at 31 December	0	0	0	0	0	1'000	1'000

<sup>1</sup> Depreciation totaled CHF 47.1 million, which reflects CHF 5.9 million of planned and CHF 41.2 million non-planned depreciation in applying the liquidation value or the lower net realisable value.

**14 – Financial assets** The financial assets primarily relate to receivables from subsidiaries and amounted to a total of CHF 13.3 million in 2012 (previous year: CHF 1.3 million).

As a consequence of the debt restructuring moratorium of Swissmetal Industries Ltd., Dornach the current account from subsidiary was reduced to CHF 0.6 million (CHF 0.7 million as at 31 December 2011) to reflect the expected repayment in the context of the liquidation quota of the subsidiary.

The claim relating to a mortgage provided to Swissmetal Industries Ltd. in the amount of CHF 12.1 million includes CHF 0.6 million of accrued interests (see Note 17) and relates to the claim of nominal CHF 11.5 million (see Note 15) from a bank for a guarantee commitment of CHF 20.0 million (see Note 21) securing a credit line provided to Swissmetal Industries Ltd.. The company was able to secure a stand-still agreement with the bank until 31 December 2013.

Furthermore CHF 0.6 million consist of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid (see Note 7 of the financial report of Swmtl Holding Ltd. in liq.).

There exists an uncertainty regarding the valuation, as the amount due from Swissmetal Industries Ltd. depends on the outcome of the debt restructuring moratorium. As there exists an uncertainty regarding the payment term of the receivable, it has been reclassified to long-term financial assets.

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

Credit type (CHF 000)	31.12.2012	31.12.2011
Bank loans	11'488	-
Mortgage loans	-	-
<b>Total interest-bearing liabilities (short-term)</b>	<b>11'488</b>	<b>-</b>

In the context of the sale of certain assets belonging to Swissmetal Industries Ltd. in January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by the subsidiary. Accordingly the liabilities and the related receivable from the deconsolidated entity would be lower in the extent of the paid amount. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee..

The due interest on the loan are accrued and disclosed as provisions (see Note 18).

**16 – Other liabilities** Other liabilities amount to a total of CHF 2.8 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 2.3 million). The other liabilities consist mainly of a liability for compensation to a member of the Board arising from his past contractual agreement and of a liability arising from a contractual compensation claimed by a former Member of the Executive Management. The latter claim is partially a matter of a dispute. The company was able to secure a stand-still agreement with the first counterpart until the date of the annual general meeting. Furthermore CHF 2.0 million payables are owed from Avins International Ltd. to a deconsolidated entity.

**17 – Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 1.0 million (prior year CHF 1 million) includes accruals for auditing services, an accrual for expected costs of liquidation of CHF 0.2 million and the accrued expenses for the Board of Directors. The former Board of Swmtl Holding Ltd. in liq. served as well for a major subsidiary. However, the full compensation has been charged to Swmtl Holding Ltd. in liq. Due to economic reasons, part of their compensation has been reallocated in the previous year to that major subsidiary. There exists an uncertainty regarding the valuation, as the amount due from Swissmetal Industries Ltd. depends on the outcome of the debt restructuring moratorium (see Note 21).

Furthermore, the position includes the accrued interest relating to the payable to a bank asking to honour a guarantee commitment of CHF 20.0 million securing a credit of nominal CHF 11.5 million provided to Swissmetal Industries Ltd. (see Notes 14 and 15).

**18 – Provisions** The nature of the provision of CHF 0.6 million as of 31 December 2012 (2011: CHF 0.6 million) represents the remaining exposure toward the bank asking to honour a guarantee commitment mentioned above.

2012						
CHF 000	Restructuring	Environment	Other	Pension liabilities	Deferred taxes	Total
Book value as at 1.1.2012	-	-	604	-	-	604
Addition						0
Book value as at 31.12.2012	-	-	604	-	-	604
Thereof short-term			604			604

2011						
CHF 000	Restructuring	Environment	Other	Pension liabilities	Deferred taxes	Total
<b>Book value as at 1.1.2011</b>	<b>2'000</b>	<b>5'389</b>	<b>1'974</b>	<b>2'376</b>	<b>4'866</b>	<b>16'605</b>
Addition			604			604
Reversal			-95		73	-22
Change in Scope of Consolidation	-2'000	-5'389	-1'941	-2'376	-4'933	-16'639
Currency translation adjustments			62		-6	56
<b>Book value as at 31.12.2011</b>	<b>0</b>	<b>0</b>	<b>604</b>	<b>0</b>	<b>0</b>	<b>604</b>
Thereof short-term			604			604

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

## OTHER EXPLANATORY NOTES

### SWMTL GROUP

**20 – Equity interests** As at 31 December 2012, there were no registered shareholders holding more than 3 % of the capital of Swmtl Holding Ltd. in liq., Dornach, to the company's knowledge.

Event as 1 January 2013 to 17 April 2013	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%

### 21 – Contingent liabilities and credit line

CHF 000	31.12.2012	31.12.2011
Guarantee liabilities	-	20'000
Other potential claims	450	-

In the context of the liquidation of Swmtl Holding Ltd. in liq. a bank asked the company to honour the guarantee commitment relating to a secured line of credit provided to Swissmetal Industries Ltd, Dornach. Accordingly the bank loan was recognised as a liability (see Notes 14 and 15).

In the previous year, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the former Board of Directors were allocated to Swmtl Holding Ltd. in liq.. The current 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 Swissmetal 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, the Board of Directors was confronted with a claim raised by a metal supplier of Swissmetal Industries Ltd. on the basis of an alleged breach of duty of the former Board of Directors of Swmtl Holding Ltd. in liq.. The current Board of Directors is of the opinion that the allegations are unjustified. Accordingly there are no relating provisions or accruals.

As at 31 December 2012 there were no credit lines available at Group level.

2011		Book value of assets used as collateral	
Guarantee obligations vis-à-vis third parties	CHF 000		CHF 000
Guarantee liabilities	20'000	Stock	0
		Fixed assets	0
<b>Total guarantee liabilities vis-à-vis third parties</b>	<b>20'000</b>	<b>Total</b>	<b>0</b>

As of 31 December 2011, a guarantee commitment of CHF 20.0 million secured a line of credit provided to Swissmetal Industries Ltd., Dornach.

**22– Financial obligations from operating leases** In the current year, the US subsidiary entered into a five year lease agreement for its office space. As at 31 December 2012 the minimum future rental commitments for non-cancelable operating leases are as follows:

Maturity	2013	2014	2015	2016	2017	Total
<b>CHF 000</b>						
Office space	31	31	31	31	26	151

**23 – Hedges** As at 31 December 2012 there were no open transactions.

**24 – Compensations and transactions with related parties** The Details are disclosed in the Note 19 of the annual financial statements of Swmtl Holding Ltd. in liq., Dornach

**25 – Risk assessment disclosure** Financial risk assessment and management is an integral part of the Swmtl Group-wide company risk management and 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 relevant accounting and treasury functions.

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

**26 – Events occurring after the balance sheet date**

The consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and the Notes) as of 31 December 2012 have been approved by the Board of Directors of the Swmtl Group on 19 April 2013.

Event 1 January 2013 to 19 April 2013	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%

On 10 January 2013 the sale of the brand "Swissmetal" to Baoshida Switzerland Ltd., a subsidiary of the Chinese Baoshida Group, was executed. Subsequently to the date of the transaction, the acquiring entity changed the name in Baoshida Swissmetal Ltd.

On 19 April 2013, the prolongation of the agreements between Avins International Ltd.. and its creditors Swmtl Holding Ltd. in liq. and Weidenareal Metall Ltd. have not yet been signed. The agreement shall allow Avins International Ltd. not to call the bankruptcy judge but to extend the due date of its debts until the completion of the disposal of Avins USA Inc. Therefore, there exists the risk that Avins International Ltd. has to call the bankruptcy judge and claim its failure.

In the context of the sale of certain assets belonging to Swissmetal Industries Ltd. in January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by the subsidiary. Accordingly, the liabilities (note 15) and the related receivable from the deconsolidated

entity (note 14) would be lower in the extent of the paid amount. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee.

The consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and the Notes) as of 31 December 2012 have been approved by the Board of Directors of the Swmtl Group on 19 April 2013.

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 Ltd. in liquidation (Swmtl Group), which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, statement of changes in consolidated equity and Notes (pages 13 to 29) prepared using liquidation values, for the year ended 31 December 2012.

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

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 2012, prepared using liquidation values, 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.

Without qualifying our opinion, we draw attention to the Notes 14, 17 and 21 and scope of consolidation 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.

#### **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 liquidators and the Board of Directors.

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

Basel, 19 April 2013

PricewaterhouseCoopers AG

Dr Daniel Suter	Ralph Maiocchi
Audit expert	Audit expert
Auditor in charge	



# **Financial Report (interim liquidation statement)**

## **Swmtl Holding Ltd. in liq., Dornach - financial report 2012**

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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..

		2012	2011
CHF 000	Notes		
Income from subsidiaries			
Other income			
<b>Total operating income</b>			
Operating and administrative expenses	1	-227	-412
Other expenses from third parties	2	0	-12
Other expenses from subsidiaries	2	-10	-100
<b>Operating income before depreciation (EBITDA)</b>		<b>-237</b>	<b>-524</b>
Depreciation	3	-150	-67'652
<b>Operating income (EBIT)</b>		<b>-387</b>	<b>-68'176</b>
Financial result	4	88	-18
Non operating and extraordinary result	5	-530	-8'165
<b>Earnings before taxes (EBT)</b>		<b>-829</b>	<b>-76'359</b>
Taxes	6		
<b>Result for the year (EAT)</b>		<b>-829</b>	<b>-76'359</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	31.12.2012 liquidation value	31.12.2011 liquidation value
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		18	96
Securities		-	37
<b>Total current assets</b>		<b>18</b>	<b>133</b>
<b>Financial assets</b>			
Other receivables	7	601	604
Receivable from subsidiaries	8	12'731	743
Investment in subsidiaries	9	-	-
<b>Intangible assets</b>			
Capitalization of brand	10	850	1'000
<b>Total fixed assets</b>		<b>14'182</b>	<b>2'347</b>
<b>TOTAL ASSETS</b>		<b>14'200</b>	<b>2'480</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable	11	233	161
Payable to bank	8	11'488	
Other liabilities	12	741	286
Accrued expenses and prepaid income	13	970	436
Other provisions	14	604	604
<b>Total liabilities</b>		<b>14'036</b>	<b>1'487</b>
<b>Shareholders' equity</b>			
Share capital	15	59'617	59'617
General statutory reserves		43'895	43'752
Reserve for own shares	16	-	143
Available earnings		-103'347	-102'518
- Retained earnings		-102'518	-26'159
- Result for the year		-829	-76'359
<b>Total shareholders' equity</b>		<b>164</b>	<b>993</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14'200</b>	<b>2'480</b>

## Statement of Changes in Shareholders' Equity

### SWMTL HOLDING LTD. IN LIQ.

CHF 000	Share capital	General statutory reserves	Reserves for own shares	Available earnings	Total shareholders' equity
<b>Balance as at 1 January 2011</b>	<b>59'617</b>	<b>43'752</b>	<b>131</b>	<b>-26'147</b>	<b>77'353</b>
Allocation to reserves for own shares			12	-12	
Result for the year - 2011				-76'359	<b>-76'359</b>
<b>Balance as at 1 January 2012</b>	<b>59'617</b>	<b>43'752</b>	<b>143</b>	<b>-102'518</b>	<b>993</b>
Allocation to reserves for own shares			-143	143	
Result for the year - 2012				-829	<b>-829</b>
<b>Balance as at 31 December 2012</b>	<b>59'617</b>	<b>43'752</b>	<b>0</b>	<b>-103'204</b>	<b>164</b>

Own shares	Number	Average price (CHF)
<b>Balance as of 1 January 2011</b>	<b>18'517</b>	<b>7.54</b>
Purchase	58'094	6.22
Sale	-50'404	6.42
<b>Balance as of 31 December 2011</b>	<b>26'207</b>	<b>5.48</b>
Sale	-26'207	1.15
<b>Balance as of 31 December 2012</b>	<b>-</b>	<b>-</b>

At the end of 2012, Swmtl Group held no own shares (previous year: 26,207). 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 2012, the share capital remained the same as in 2011, 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

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. in liq. and to enter into voluntary liquidation.

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. (following the sale of the brand "Swissmetal" the name changed to Weidenareal Metall Ltd. in January 2013). Depending on the success in divesting and in maximising the proceeds from the development and sale of its real estate, encompassing around 127'000 square metres of land in Dornach, Swissmetal Industries Ltd. may or may not be able to transfer funds to Swmtl Holding Ltd. in liq., being one of the creditors and the company's full owner. Swmtl Holding Ltd. in liq. is currently not in a position to communicate anything concrete.

**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 7, 8, 12 – 14 and 17). 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 0.2 million (previous year: CHF 0.4 million) comprise the Board of Directors' compensation (see Note 19.2) as well as auditing and consulting expenses and capital taxes.

**2 – Other expenses** Other expenses cover the proportional administrative contributions within the Swmtl Group (Group companies) and expenses for brands and patent protection.

**3 – Depreciation** Depreciation totalled CHF 0.15 million due to the adjustment relating to the capitalized brand "Swissmetal" to reflect the realisable value in the context of the sale (see Note 10).

**4 – Financial result** Net financial result amounts to CHF 0.1 million (previous year: CHF -0.02 million).

CHF 000	2012	2011
Financial income	128	120
Financial expenses	-40	-138
<b>Financial result</b>	<b>88</b>	<b>-18</b>

**5 – Non-operating and extraordinary result** In the year 2012, the extraordinary loss of CHF 0.5 million consists mainly of an additional depreciation of CHF 0.1 million (previous year: CHF 1.6 million) of the receivables from the deconsolidated Swissmetal Industries Ltd. (see Note 8) and the setting up

of an accrual for a contractual compensation claimed by a former Member of the Executive Management (see Note 12) and of the realized income relating to the disposal of the brand "Atmova".

	2012	2011
CHF 000	liquidation value	liquidation value
Depreciation current accounts from subsidiaries	-212	-8'801
Accrual for collateral		-604
Accrual for liquidation costs		-200
Accrual for a claimed contractual compensation	-331	
Reversal of accruals		306
Capitalisation of brand		1'000
Disposal of the brand "ATMOVA"	15	
Other items	-2	134
<b>Extraordinary result</b>	<b>-530</b>	<b>-8'165</b>

**6 – Taxes** Taxes consist of taxes on income and are zero in 2012.

## Notes to the balance sheet

**7 – Other receivables and provisions** As part of the refinancing in 2004, Swmtl Holding Ltd. in liq. acquired these 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 14). As there exists an uncertainty regarding the payment term of the receivable it has been reclassified to long-term financial assets.

**8 – Receivables from subsidiaries and payable to bank** As a consequence of the debt restructuring moratorium of Swissmetal Industries Ltd., Dornach the current account from subsidiary was reduced to CHF 0.6 million (CHF 0.7 million as at 31 December 2011) to reflect the expected repayment in the context of the liquidation quota of the subsidiary.

The claim relating to a mortgage provided to Swissmetal Industries Ltd. in the amount of CHF 12.1 million includes CHF 0.6 million of accrued interests (see Notes 13) and relates to the claim of nominal CHF 11.5 million from a bank for a guarantee commitment of CHF 20.0 million (see Note 17) securing a credit line provided to Swissmetal Industries Ltd. The company was able to secure a stand-still agreement with the bank until 31 December 2013.

In the context of the sale of certain assets belonging to Swissmetal Industries Ltd. in January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by the subsidiary. Accordingly, the liabilities and the related receivable from the deconsolidated entity would be lower in the extent of the paid amount. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee.

Additionally CHF 0.1 million due from Swissmetal Industries Ltd. relates to the claim for compensation claimed by a former Member of the Executive Management and was adjusted to reflect the expected repayment in the context of the liquidation quota of the subsidiary.

There exists an uncertainty regarding the valuation, as the amounts due from Swissmetal Industries Ltd. depend on the outcome of the debt restructuring. As there exists an uncertainty regarding enforceability of the claims and the payment term of the receivables, it has been reclassified to long-term financial assets.

<b>CHF 000</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Current account from subsidiary	565	743
Claim relating to a mortgage	12'056	-
Claim relating to a contractual obligation	110	-
<b>Financial result</b>	<b>12'731</b>	<b>743</b>

**9 – Investment in subsidiaries** As of 31 December 2012, all investments were fully written off.

<b>Country and company 2012</b>	<b>Currency 000</b>	<b>Share capital</b>	<b>Purpose</b>	<b>Equity investment</b>	
				Direct in %	Indirect in %
<b>Switzerland</b>					
Swissmetal Industries Ltd, Dornach <sup>1</sup>	CHF	50'000	Production facility	100	
Avins International Ltd, Dornach	CHF	500	Trading company	100	
<b>USA</b>					
Avins USA Inc., Warren/NJ	USD	100	Trading company		100
<b>China</b>					
Swissmetal East Asia Ltd, Hong Kong <sup>1</sup>	HKD	60	Trading company		100

<b>Country and company 2011</b>					
<b>Switzerland</b>					
Swissmetal Industries Ltd, Dornach <sup>1</sup>	CHF	50'000	Production facility	100	
Avins International Ltd, Dornach	CHF	500	Trading company	100	
Swissmetal Design Solutions Ltd, Dornach <sup>2</sup>	CHF	100	Development company	100	
<b>Germany</b>					
Swissmetal Lüdenscheid GmbH, Lüdenscheid <sup>1 &amp; 3</sup>	EUR	1'525	Production facility		100
<b>USA</b>					
Avins USA Inc., Warren/NJ	USD	100	Trading company		100
<b>China</b>					
Swissmetal East Asia Ltd, Hong Kong <sup>1</sup>	HKD	60	Trading company		100

1 Discontinuing operation due to the debt restructuring moratorium provisionally granted to Swissmetal Industries Ltd., Dornach on 20 July 2011 and definitely confirmed on 20 September 2011 and extended for another six months on March 20, 2012 and for additionally twelve months on 13 August 2012 for a term until 21 September 2013.

2 As of 1 January 2011, Swissmetal Design Solutions Ltd. merged with the parent company Swissmetal Industries Ltd.

3 Swissmetal Lüdenscheid GmbH, Lüdenscheid was sold 16 November 2012.

The changes in investments (at carrying values) in recent years developed as follows:

CHF 000	SMCH	AVIN	Total
<b>Balance as at 1 January 2011</b>	<b>67'652</b>	-	<b>67'652</b>
Changes	-67'652		-67'652
<b>Balance as at 1 January 2012</b>	-	-	-
Changes	-	-	-
<b>Balance as at 31 December 2012</b>	-	-	-

SMCH: Swissmetal Industries Ltd., Dornach

AVIN: Avins International Ltd., Dornach

**10 – Intangible asset / capitalization of brand** In the previous year the brand “Swissmetal” has been valued and capitalized because of the change from going concern values to liquidation values. As of 31 December 2012 the value has been adjusted to reflect the realized value in the context of the disposal mid-January 2013.

**11 – Trade accounts payable** The increase relates to a claim made for services provided at Group level and originally debited to a subsidiary. The claim is subject to a stand-still agreement until 31 December 2013.

**12 – Other liabilities** As of 31 December 2012 the position consists of a liability for a compensation to a member of the Board arising from his past contractual agreement and of a liability arising from a contractual compensation claimed by a former Member of the Executive Management. The company was able to secure a stand-still agreement with the first counterpart until the date of the annual general meeting.

**13 – Accrued expenses and prepaid income** The position contains an accrual for expected costs of liquidation of CHF 0.2 million, accruals for unpaid compensation to the Board of Directors (see also Notes 17 and 19.2), for audit and consulting fees relating to the year-end closing and the accrued interest relating to the payable to a bank for the claim of nominal CHF 11.5 million (see Note 8).

There exists an uncertainty regarding the valuation of the accruals for unpaid compensation to the former Board of Directors, as the amount due from Swissmetal Industries Ltd. depends on the outcome of the debt restructuring moratorium (see Note 21).

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

**15 – 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.

**16 – Reserve for own shares** The own shares were entirely sold during the financial year. (See also Statement of changes in shareholders' equity).



## Other explanatory notes

### 17 – Contingent liabilities

CHF 000	31.12.2012	31.12.2011
Guarantee liabilities	-	20'000
Other potential claims	450	-

In the context of the liquidation of Swmtl Holding Ltd. in liq. a bank asked the company to honour the guarantee commitment relating to a secured line of credit provided to Swissmetal Industries Ltd., Dornach. Accordingly the bank loan was recognised as a liability (see Notes 8 and 14).

In the previous year, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the former Board of Directors were allocated to Swmtl Holding Ltd. in liq.. The current 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 Swissmetal 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.

Swmtl Holding Ltd. in liq., Dornach, belongs 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.

The claim towards Avins International Ltd., Dornach was fully provided subject to the partial subordination clause of CHF 4.0 million (previous year: CHF 4.0 million).

Furthermore, the Board of Directors was confronted with a claim raised by a metal supplier of Swissmetal Industries Ltd. on the basis of an alleged breach of duty of the former Board of Directors of Swmtl Holding Ltd. in liq.. The current Board of Directors is of the opinion that the allegations are unjustified. Accordingly there are no relating provisions or accruals.

**18 – Significant shareholders** As at 31 December 2012, there were no shareholders holding more than 3 % of the capital of Swmtl Holding Ltd. in liq., Dornach, to the company's knowledge.

Event 1 January 2013 to 19 April 2013	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%

## 19 – Compensations, shareholdings, and loans

**19.1 Content and method of determining compensation and shareholding programs** The Board of Directors determines the appropriate compensation for its members as a group, using the risks and size of the Swissmetal Group compared to other enterprises as criteria. The Members of the Board of Directors of the Swissmetal Group receive directors' fees and their expenses are reimbursed. Members of the Executive Management receive a salary and expenses are (in accordance with the regulations on expenses) reimbursed. The performance-related "Sirius bonus" system is currently not of relevance and the bonus bank shows a negative amount. Therefore, no bonuses are owed to the management from the "Sirius bonus" system.

**19.2/19.3 Compensation for the active members of the Board of Directors and of the Executive Management** Total remuneration paid or deferred in the 2012 financial year breaks down as follows:

Board of Directors: Compensation 2012 (CHF)	Martin Hellweg Chairman <sup>3</sup>	Patrick Huber-Flotho Delegate	Arturo Giovanoli Member	Total BoD
<b>Compensation ( cash) <sup>1</sup></b>				
<b>Pay ( fixed)</b>				
Chairman <sup>2</sup>	25'000			25'000
Vice Chairman <sup>2</sup>				0
Member <sup>2</sup>		15'000	15'000	30'000
<b>Remuneration for additional work <sup>3</sup></b>	<b>134'087</b>	<b>200'580</b>	<b>282'960</b>	<b>617'626</b>
<b>Compensation ( non cash)</b>				
Social insurances <sup>4</sup>	8'087	11'581		19'667
<b>Total compensation</b>	<b>167'173</b>	<b>227'160</b>	<b>297'960</b>	<b>637'294</b>
Not yet paid out, together with compensation since 2011	40'000	22'500	22'500	85'000

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

2 In 2012, the Board of Directors' compensation for 2011 and 2012 were not paid out.

3 This compensation had been paid for activities relating to the debt restructuring moratorium of Swissmetal Industries Ltd. Dornach.

4 Employer's share 2012 .

Board of Directors: Compensation 2011 (CHF)	Dr. J. Friedrich Sauerländer (Chairman)	Dr. Dominik Koechlin (Vice Chairman)	Max Locher (Member)	Ferdinand Stutz (Member)	Dr. Jürg Henz (Member)	Martin Hellweg Chairman <sup>3</sup>	Patrick Huber- Flotho Delegate	Arturo Giovanoli Member	Total BoD
<b>Compensation ( cash)<sup>1</sup></b>									
<b>Pay ( fixed)</b>									
Chairman <sup>2</sup>	50'000					15'000			65'000
Vice Chairman <sup>2</sup>		37'500							37'500
Member <sup>2</sup>			25'000	25'000	25'000		7'500	7'500	90'000
Chairman of the AC <sup>2</sup>		7'500							7'500
Member of the AC <sup>2</sup>	7'500			7'500					15'000
<b>Remuneration for additional work<sup>4</sup></b>									
						95'790	95'790	120'000	<b>311'580</b>
Additional services above and beyond regular duties <sup>5</sup>									
	40'000								40'000
<b>Compensation ( non cash)</b>									
Social insurances <sup>6</sup>	5'909	2'823	1'568	2'039	1'568	6'238	6'238		26'383
<b>Total compensation</b>	<b>103'409</b>	<b>47'823</b>	<b>26'568</b>	<b>34'539</b>	<b>26'568</b>	<b>117'028</b>	<b>109'528</b>	<b>127'500</b>	<b>377'963</b>
Not yet paid out, together with compensation since 2009									
	250'833	105'000	58'334	57'500	52'085	15'000	7'500	7'500	553'752

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

2 In 2011, the compensations to the Board of Directors' leaving on 30 June 2011, were paid out partly and the remaining part has been accrued. The payment of the compensation of the Board of Directors' leaving on 30 June 2011 is a matter of a dispute (see Note 17).

3 Based on existing contractual agreements in regards to his employment at Swissmetal until 2009 and relating compensation not yet paid out, CHF 188,143 (Note 5.4 on page 34 of the annual report 2010) has been accrued for in 2010 and an additional CHF 95'533 has been accrued for in 2011 totaling CHF 283'676 until 2011.

4 This compensation had been paid for activities relating to the debt restructuring moratorium of Swissmetal Industries Ltd.Ltd. Dornach.

5 CHF 2,500 per day plus expenses is paid for additional services above and beyond regular director's duties.

6 Employer's share 2011.

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.

Executive Management Compensation 2012 (CHF)	Individual with the highest compensation: CFO <sup>4</sup> Arturo Giovanoli	Other Executive Management Members <sup>5</sup>	Total
<b>Compensation (Cash)<sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member		789'870	789'870
<b>Pay (variable)</b>			
Other bonuses <sup>2</sup>		9'380	9'380
<b>Remuneration for additional work</b>	282'960	200'580	483'540
<b>Total compensation (cash)</b>	<b>282'960</b>	<b>999'829</b>	<b>1'282'789</b>
<b>Compensation (non-cash)</b>			
Bonus bank closing balance			
Pension expenses <sup>3</sup>		29'530	29'530
<b>Total compensation ( non-cash)</b>		<b>29'530</b>	<b>29'530</b>
<b>Total compensation</b>	<b>282'960</b>	<b>1'029'359</b>	<b>1'312'319</b>

- 1 Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.
- 2 The Board of Directors may grant bonuses based on individual merit.
- 3 Employer's share 2012.
- 4 This compensation had been paid for activities relating to the debt restructuring moratorium of Swissmetal Industries Ltd. Dornach.
- 5 The compensation of the Members of the Executive Management includes the compensation of one Members of the Board of Directors for activities relating to the debt restructuring moratorium of Swissmetal Industries Ltd., Dornach.

<b>Executive Management Compensation 2011 (CHF)</b>	<b>Individual with the highest compensation: CEO</b>	<b>Other Executive Management Members</b>	<b>Total</b>
<b>1 January to 30 June</b>	Dr. Olaf Schmidt-Park		
<b>Compensation (Cash) <sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member <sup>2</sup>	330'000	1'325'000	1'655'000
<b>Pay (variable)</b>			
Bonus "Change of control" <sup>3</sup>	247'500	367'500	615'000
Other bonuses <sup>4</sup>	68'750		68'750
<b>Total compensation (cash)</b>	<b>646'250</b>	<b>1'692'500</b>	<b>2'338'750</b>
<b>Compensation (non-cash)</b>			
Benefits in Kind <sup>5</sup>	98'000	64'867	162'867
Pension expenses <sup>6</sup>	87'370	277'410	364'780
<b>Total compensation ( non-cash)</b>	<b>185'370</b>	<b>342'277</b>	<b>527'647</b>
<b>Total compensation</b>	<b>831'620</b>	<b>2'034'776</b>	<b>2'866'396</b>

- 1 Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.
- 2 In 2011, the compensations (representing the annual salary) to the executive management for 2011 were paid out partly; the remaining rest is accrued.
- 3 The Board of Directors until 30 June 2011 granted bonuses to the Executive Management on the basis of a perceived "change of control" at the general assembly on 30 June 2011. These bonuses are a matter of dispute.
- 4 In line with contractual agreement.
- 5 Housing and care allowance
- 6 Employer's share 2011

Executive Management Compensation 2011 (CHF) 1 July to 31 Dezember	Individual with the highest compensation Jean-Pierre Tardent <sup>5</sup>	Other Executive Management Members <sup>6</sup>	Total
<b>Compensation (Cash)<sup>1</sup></b>			
<b>Pay (fixed)</b>			
Member	120'000	470'186	590'186
<b>Pay (variable)</b>			
Other bonuses <sup>2</sup>	13'250	28'146	41'396
<b>Total compensation (cash)</b>	<b>133'250</b>	<b>498'332</b>	<b>631'582</b>
<b>Compensation (non-cash)</b>			
Benefits in Kind <sup>3</sup>		40'905	40'905
Pension expenses <sup>4</sup>	22'238	18'245	40'483
<b>Total compensation ( non-cash)</b>	<b>22'238</b>	<b>59'150</b>	<b>81'388</b>
<b>Total compensation</b>	<b>155'488</b>	<b>557'482</b>	<b>712'970</b>

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

2 The Board of Directors may grant bonuses based on individual merit.

3 Housing and care allowance.

4 Employer's share 2011.

5 CEO of Swissmetal Industries Ltd., Dornach.

6 The compensation of the Members of the Executive Management includes the compensation of two Members of the Board of Directors for activities relating to the debt restructuring moratorium of Swissmetal Industries Ltd., Dornach.

**19.4 Compensation for former members of governing bodies** No severance payments went to former Members of the Board of Directors or Executive Management who left during or before 2012; they only received their contractual or agreed notice entitlements.

**19.5 Share allotment in the year under review** As of 31 December 2012, no shares have been allotted.

**19.6 Ownership of financial instruments** The number of shares held by each Member of the Board of Directors or Executive Management is given below:

Number of Shares ( votes)	2012	2011
<b>Martin Hellweg</b> - Chairman of the BoD	1	1
<b>Arturo Giovanoli</b> - Member of the BoD and Group CFO	1'000	1'000
<b>Jean-Pierre Tardent</b> - CEO	1	1

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

**20 – 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.

## Proposal of the Board of Directors

### SWMTL HOLDING LTD. IN LIQ.

In compliance with the law and the company's Articles of Association, the Board of Directors proposes to the General Meeting of Shareholders that the retained earnings be allocated as follows:

	<b>CHF 000</b>
Retained earnings from previous years	-102'375
Reallocation from own shares reserves	-143
Result for the year - 2012	-829
Available earnings to the Annual General Meeting	<b>-103'347</b>
Proposal of the Board of Directors regarding the utilisation of available earnings:	
<b>Carry-forward to new account</b>	<b>-103'347</b>

Dornach, 19 April 2013

For the Board of Directors:

Martin Hellweg

Chairman of the Board of Directors

Patrick Huber-Flotho

Delegate of the Board of Directors

Arturo Giovanoli

Member of the Board of Directors/Group CFO

## **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 Ltd. in liquidation, which comprise the income statement, balance sheet, and Notes (pages 33 to 44), prepared using liquidation values, for the year ended 31 December 2012.

#### **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 2012, prepared using liquidation values, comply with Swiss law and the company's articles of incorporation.

Without qualifying our opinion we draw attention to the Notes 7, 8, 13 and 17 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 deficit exceeds the share capital in the sense of article 725 para. 2 Swiss Code of Obligations and the corresponding regulations would need to be complied with.

#### **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 that has been designed for the preparation of liquidation interim financial statements according to the instructions of the liquidators and the Board of Directors.

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

Further we draw your attention to the fact that the accumulated deficit exceeds one half of the share capital and the legal reserves (article 725 para. 1 Swiss Code of Obligations).

Basel, 19 April 2013

PricewaterhouseCoopers AG

Dr. Daniel Suter  
Audit expert  
Auditor in charge

Ralph Maiocchi  
Audit expert



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