

Half-year 2014

30 of September 2014

An overview of the first half-year 2014

1. PRELIMINARY REMARKS

On the General Meeting held on 30 June 2014 Jean-Paul Periat and Viktor Huser were reconfirmed as board members and as liquidators of the company for another term. Jean-Paul Periat has been elected by the General Meeting as Chairman of the Board.

The Board of Directors of Swmtl Holding Ltd. in liq. is continuing working on winding down the company and, in doing so, aspiring to realize the value of its assets in the best achievable way.

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal Metall Ltd. Depending on the success in divesting and in maximizing the proceeds from the development and sale of its real estate, encompassing around 127'000 square meters of land in Dornach, Weidenareal Metall Ltd. may (if all creditor classes were fully satisfied) or may not be able to transfer funds to Swmtl Holding Ltd. in liq. The Board of Directors currently regards this transfer of funds from Weidenareal Metall Ltd. as an unlikely scenario.

At the same time, Swmtl Holding Ltd. in liq. may experience a partial or full repayment on the basis of its receivable at Weidenareal Metall Ltd. A partial repayment appears to be likely on the basis of the Board's current knowledge.

In considering the remaining shareholders equity, the main challenge to the Board of Directors and liquidators in ensuring the continuation of the liquidation will be to strictly manage the disbursement and finally the liquidity. Currently Swmtl is not involved in active or passive legal cases, however should one or more of the creditors initiate a legal case and/or the claim toward Weidenareal Metall Ltd. not be allocated by the liquidator and the creditor's committee, then the continuation of the liquidation could be seriously jeopardized. Due to the high variance of possible outcomes, it is impossible to make a concrete estimate of the financial outcome of the liquidation process of Swmtl Holding Ltd. in liq.

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

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

3. CONSOLIDATED INCOME STATEMENT

Consolidated income statement (unaudited)	2014 (6 Months)	2013 (6 Months)
CHF 000		
Net sales	-	2'486
Cost of materials and changes in stock	-	-1'932
Gross margin	-	554
Personnel expenses	-	-413
Operating and administrative expenses	-9	-623
Operating income before depreciation (EBITDA) - before extraordinary result	-9	-482
Depreciation on intangible assets	-	-
Operating income (EBIT)	-9	-482
Financial result	-9	
Ordinary result	-18	-482
Non-operating and extraordinary result	1'937	14
Earnings before taxes (EBT)	1'919	-468
Income taxes	-	
Result for the year (EAT)	1'919	-468

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

The extraordinary result of CHF 1.93 million is almost entirely due to the waiver received by AV International Ltd. in liq. from Weidenareal Metall Ltd. in accordance with the stand-still agreement agreed.

4. CONSOLIDATED BALANCE SHEET

Consolidated balance sheet (unaudited)	30.06.2014	31.12.2013
CHF 000		
Current Assets	724	816
Intangible and financial assets	7'652	7'455
Total assets	8'376	8'271
Short-term liabilities	8'237	10'051
Total liabilities	8'237	10'051
Shareholders' equity	139	-1'780
Total liabilities and shareholders' equity	8'376	8'271

Intangible and financial assets as at 30 June 2014 of CHF 7.65 million consist of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, in the

amount of CHF 0.61 million and of a claim relating to the debt restructuring moratorium of Weidenareal Metall Ltd., Dornach of CHF 6.9 million. The latter relates to a claim in the amount of CHF 6.34 million from a bank for a guarantee commitment of CHF 20.0 million securing a mortgage provided to Weidenareal Metall Ltd. In January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by Weidenareal Metall Ltd. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee.

Additionally CHF 0.68 million relates to the expected repayment of the current account with Weidenareal Metall Ltd. The amount includes CHF 0.14 million relating to the claim for an employment agreement compensation claimed by a former Member of the Executive Management. The amounts were adjusted to reflect the expected repayment in the context of the liquidation quota of the subsidiary. There exists an uncertainty regarding the valuation, as proceeds from the amount due from Weidenareal Metall Ltd. depends on the outcome of the liquidation and of the disposal of assets.

The short term liabilities as at 30 June 2014 in the order of CHF 8.25 million encompass CHF 6.34 million for the claim of a bank arising from the guarantee commitment and a provision of CHF 0.61 million for the remaining potential exposure toward the same institute. Furthermore, the position contains an accrual for expected costs of liquidation of CHF 0.13 million and accruals of CHF 0.15 million for unpaid compensation to the Board of Directors. There exists an uncertainty regarding the valuation of the accruals for unpaid compensation to the former Board of Directors, as the amount due from Weidenareal Metall Ltd. depends on the outcome of the liquidation.

Of the remaining CHF 1.1 million, CHF 0.25 are owed to creditors for services and good provided and CHF 0.32 million for a compensation to a member of the Board leaving 10 May 2013 arising from his past contractual agreement and of a liability of CHF 0.44 million arising from a contractual compensation claimed by a former Member of the Executive Management.

The decrease of the position short term liabilities in the amount of CHF 1.80 million is mainly due to the waiver received by AV International Ltd. in liq. from Weidenareal Metall Ltd.

5. CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement		
First half-year (unaudited)		
CHF 000	2014	2013
Cash flow before change in net current assets	1'919	-468
Change in net current assets	-2'005	249
Cash flow from operating activities	-86	-219
Total cash flow from investing activities	-	850
Free cash flow	-86	631
Net change in cash and cash equivalents	-86	631
Cash and cash equivalents as at 1 January	809	341
Cash and cash equivalents as at 30 June	723	972

The Group generated an operating cash drain of CHF 0.09 million in the first six months 2014 mainly relating to the decrease in net current assets, mainly due to the waiver received in the amount of CHF 1.93 million.

6. OUTLOOK

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

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