
Swmtl Holding AG in Liq.

Dornach

***Report of the
statutory auditors to the
General Meeting***

***on the liquidation interim
financial statements 2017***





Report of the statutory auditors on the limited statutory examination to the General Meeting of Swmtl Holding AG in Liq.

Dornach

As statutory auditors, we have examined the liquidation interim financial statements of Swmtl Holding AG in Liq., which comprise the balance sheet, income statement, the statement of changes on shareholders' equity and notes, for the year ended 31 December 2017.

These liquidation interim financial statements are the responsibility of the liquidators and Board of Directors. Our responsibility is to perform a limited statutory examination on these liquidation interim financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the liquidation interim financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the liquidation interim financial statements do not comply with Swiss law and the company's articles of incorporation.

We draw attention to the general note, as well as notes 7, 11, and 13 to the liquidation interim financial statements, which indicate that material valuation uncertainties exist. The uncertainties mentioned may cast significant doubt about Swmtl Holding AG in liquidation's ability to further proceed with the liquidation as planned. The material valuation uncertainties may lead to further impairments of assets or increases of liabilities and thus to the situation that the accumulated losses exceed the share capital in the sense of article 725 para. 2 CO and the corresponding regulations would need to be complied with. Our examination conclusion is not qualified in respect of this matter.



PricewaterhouseCoopers AG

Gerd Tritschler
Audit expert
Auditor in charge

Petar Lesic
Audit expert

Basel, 8 June 2018

Enclosures:

- Liquidation interim financial statements (balance sheet, income statement, the statement of changes on shareholders' equity and notes)

SWMTL HOLDING LTD in liq., Dornach
(formerly Swissmetal Holding Ltd.)

www.swmtl.net

Financial Report 2017

interim liquidation statement

Financial Report (interim liquidation statement)

Swmtl Holding Ltd. in liq., Dornach - financial report 2017

INCOME STATEMENT	3
BALANCE SHEET	4
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5
NOTES TO THE FINANCIAL STATEMENTS	6
NOTES TO THE INCOME STATEMENTS	7
NOTES TO THE BALANCE SHEET	7
OTHER EXPLANATORY NOTES	10
REPORT OF THE STATUTORY AUDITORS	11

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., DORNACH

		2017	2016
CHF 000	Notes		
Operating and administrative expenses	1	-57	-57
Operating income (EBIT)		-57	-57
Financial result	2	-46	-53
Non operating and extraordinary result	3	237	-3
Earnings before taxes (EBT)		133	-112
Taxes	4	-	-
Result for the year (EAT)		133	-112

EBIT: Earnings before interest and taxes

EBT: Earnings before taxes

EAT: Earnings after taxes

Due to the interest calculation applied to almost but all liabilities, approx. TCHF 48 of the financial expenses should be considered as recurring.

In 2017, the heading "non-operating and extraordinary result" (see Note 3) relates to:

- the interests received on the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid cashed in in March 2017 (see Note 6), and to
- the adjustment of the expected repayment of the claim of the subsidiary due to the higher than previously communicated liquidation quota (see note 7).

Balance sheet (liquidation value)

SWMTL HOLDING LTD. IN LIQ., DORNACH

		31.12.2017	31.12.2016
CHF 000	Notes	liquidation value	liquidation value
ASSETS			
Current assets			
Cash and cash equivalents	5	1'149	585
Other receivables	6	2	534
Total current assets		1'151	1'118
Non-current assets			
Receivable from subsidiaries - long term	7	674	6'703
Investment in subsidiaries	8	-	-
Total non-current assets		674	6'703
TOTAL ASSETS		1'824	7'821
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable	9	252	251
Payable to bank	7	-	6'137
Other liabilities	10	904	874
Accrued expenses and prepaid income	11	226	251
Total liabilities		1'382	7'513
Shareholders' equity			
Share capital	12	59'617	59'617
General statutory reserves		43'895	43'895
Available earnings		-103'070	-103'203
- Retained earnings		-103'203	-103'091
- Result for the year		133	-112
Total shareholders' equity		441	308
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1'824	7'821

Compared to the previous year the structure of the balance sheet changed as the position "receivables from subsidiaries – long term" and "payable to bank" have been netted off in the amount of TCHF 6'137. As at 31 December 2017 the caption "non-current assets" relates to receivables from Weidenareal Metall Ltd. In Liq ("WAM") as described in Note 7.

Furthermore, the position "other receivables" decreased by TCHF 532 as the receivables was repaid (see Note 6).

Statement of Changes in Shareholders' Equity

SWMTL HOLDING LTD. IN LIQ., DORNACH

CHF 000	Share capital	General statutory reserves	Available earnings	Total shareholders' equity
Balance as at 1 January 2016	59'617	43'895	-103'091	420
Result for the year - 2016	-	-	-112	-112
Balance as at 31 December 2016	59'617	43'895	-103'203	308
Result for the year - 2017	-	-	133	133
Balance as at 31 December 2017	59'617	43'895	-103'070	441

As at 31 December 2017, the share capital remained unchanged at TCHF 59,617 (2016: TCHF 59,617), divided into 6,624,106 (2016: 6,624,106) bearer shares of nominal CHF 9.00. Capital reserves amounting to TCHF 43'895. Similarly, to the previous year as at 31 December 2017, no treasury shares were held by the company.

NOTES TO THE FINANCIAL STATEMENTS

SWMTL HOLDING LTD. IN LIQ., DORNACH

GENERAL NOTE

Also, in the past financial year, the Board of Directors (hereafter also “BoD”) of Swmtl Holding Ltd. in liq. (hereafter also “Swmtl” or “the company”) continued the efforts in winding down the company with the goal to realize the value of its assets in the best achievable way. The most significant events are summarized as follows:

- in March 2017, the group of Mr. Viktor Huser and Mr. Andrea Pumilia have notified a shareholder holding of 6.17 %,
- the shares of the company were delisted per 16 March 2017 (the last trading day being 15 March 2017),
- also in March 2017 Swmtl cashed-in TEUR 496 from the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid,.
- in the last report of the liquidator of WAM dated 23 February 2017 (for further information see www.liquidator-weidenareal.ch sections “Mitteilungen zur Weidenareal Metall AG” publication dated 21 April 2017 and “Rechenschaftsbericht”) the expected liquidation quota is quantified at 30 – 35%. This represents an increase of 5 to 10 % compared to the previously communicated liquidation quota of 25%.
- in Mai 2017 Mr. Jean Paul Periat stepped-down as president of the BoD and in October he resigned as member of the Board of Director and as liquidator of the company.

For the shareholders of the company, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal. A transfer of funds to Swmtl will only be possible if all creditor classes were fully satisfied. In considering the officially communicated liquidation quote of 30 - 35 % for the 3rd class creditors of WAM, the BoD regards this as an unrealistic scenario.

In considering the remaining shareholders equity, the main challenge to the BoD and liquidator in ensuring the continuation of the liquidation will be to strictly manage the disbursement and finally the liquidity. However, the interests of 5 % on the liabilities, calculated in accordance with the Swiss Code of Obligation, represents an important cost item outside the influence of the BoD, also considering that Swmtl is not able to earn interest income due to the general economic environment. Swmtl is currently not involved in active or passive legal cases, however should one or more of the creditors initiate a legal case, then the continuation of the liquidation could be seriously jeopardized.

Basis of preparation

The balance sheet has been prepared consistently with the previous year on the basis of liquidation values instead of going concern values and represents the interim liquidation balance sheet. The valuation of certain assets and liabilities is depending on unpredictable future developments and relating possible outcomes. Therefore, there remains an inevitable uncertainty about their realisation value (for further details see also Notes 11 and 13). However, the Board of Directors is convinced that the estimates made were reliably and that they represent the best estimate possible.

NOTES TO THE INCOME STATEMENT

1 – Operating and administrative expenses of TCHF 57 (previous year: TCHF 57) includes the Board of Directors' compensation of TCHF 40 as well as auditing fees of TCHF 9 and consulting expenses and capital taxes.

2 – Financial result Net financial result amounts to TCHF 46 (previous year: TCHF -53).

CHF 000	2017	2016
Financial expenses	-46	-53
Financial result	-46	-53

The accrued interests on almost but all liabilities, calculated in applying an interest rate of 5% in accordance with Swiss Code of Obligation, amounts to TCHF 49 (prior year TCHF 49). The re- and unrealized profit on the EUR net-position for the financial year 2017 amounts to TCHF 2 compared to an unrealized loss of TCHF 4 in the previous year.

3 – Non-operating and extraordinary result for 2016 consists almost exclusively of a minor and retroactive adjustments made to the interest accruals (see also Notes 2).

CHF 000	2017	2016
Interests on claim relating to Busch-Jaeger	129	
Adjustment of the provision on the receivables from subsidiaries	108	
Charge of retractive interests on account payables and liabilities	-	-3
Extraordinary results	237	-3

The extraordinary result 2017 totalling TCHF 237 relates to (i) the interests received on the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, and to (ii) the adjustment of the expected repayment of the claim of the subsidiary due to the higher than previously communicated liquidation quota as explained in note 7.

4 – Taxes For the fiscal year 2016 there are no income taxes to be reported

NOTES TO THE BALANCE SHEET

5 – Cash and cash equivalents are valued using the current rate method at year end rates as of 31 December 2017 (CHF/EUR 1.169) and 31 December 2016 (CHF/EUR 1.074).

As of the balance sheet date, cash and cash equivalents totalled TCHF 1'149 (2016: TCHF 585), which represents an increase of approximately TCHF 564. The increase mainly relates to the repayment of the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid (Note 6) and to the relating interest received (see note 3).

6 – Other receivables the claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid (2016: TCHF 533) was repaid in March 2017 and the EUR sold for TCHF 541.

7 – Receivables from subsidiaries and payable to bank break-down as follows:

CHF 000	31.12.2017	31.12.2016
Current account from subsidiary	563	455
Claim relating to a mortgage	-	6'137
Claim relating to a contractual obligation	110	110
Non-current assets	674	6'703
Total receivables from subsidiaries	674	6'703

CHF 000	31.12.2017	31.12.2016
Interest-bearing liabilities	-	6'137
Payable to bank	-	6'137

The current account from subsidiary reflects the repayment in the context of the expected liquidation quota. In the last report of the liquidator of WAM dated 23 February 2017 (for further information see www.liquidator-weidenareal.ch sections “Mitteilungen zur Weidenareal Metall AG” publication dated 21 April 2017 and “Rechenschaftsbericht”) the expected liquidation quota is quantified at 30 – 35%. This represents an increase of 5 to 10 % compared to the previously communicated quota. Although the timing of the payment remains undermined, the caption has been prudentially adjusted in the extend of 5 % or TCHF 108,

As at 31. December 2016 the claim relating to a mortgage provided to Weidenareal in the amount of TCHF 6'137 originally related to the claim from a bank for a guarantee commitment of CHF 20 million securing a credit line provided to the deconsolidated entity. However; in consideration of the facts that (i) Weidenareal has fully repaid the outstanding amount of the mortgage to the bank and that (ii) the dateline for third parties to challenge the repayment in the context of the liquidation process of the subsidiaries have expired the Board of Directors believes that the accounting treatment is no longer justified. Accordingly, the claim relating to a mortgage and the corresponding liability to the bank have been fully netted off in the amount of TCHF 6'137.

Additionally, TCHF 110 due from Weidenareal relates to the claim for compensation claimed by a former Member of the Executive Management and was adjusted to reflect the expected repayment in the context of the liquidation quota of the subsidiary. However, the decision to collocate/recognize or not this amount have been suspended by the liquidator of WAM. A partial repayment appears to be likely based on the Board's current knowledge.

There exists an uncertainty regarding the valuation, as the amounts depend on the outcome of the liquidation of Weidenareal. As there exists an uncertainty regarding enforceability of the claims and the payment term of the receivables, it has been classified to current assets.

8 - Investment in subsidiaries Due to the “Nachlassvertrag mit Vermögensabtretung” (liquidation proceedings in course of the composition agreement with assignment of assets) Swmtl has lost all the information rights and/or duties on Weidenareal and its subsidiary in Hong Kong). Accordingly, the investments have been fully depreciated in the past.

9 – Trade accounts payable relate to claims made mainly to services provided previously to the opening of the liquidation. Almost but all the trade account payables bear an interest rate of 5%.

10 – Other liabilities amount to a total of TCHF 904, which is totally part of the short-term liabilities as of the balance sheet date (previous year TCHF 874) and mainly consist of:

- TCHF 363 (nominal TCHF 262 plus TCHF 101 of accrued interests at a rate of 5% or approx. TCHF 13 p.a.) for a compensation to a former member of the Board leaving 10 May 2013 arising from his past contractual agreement as CEO and of
- TCHF 540 (including TCHF 82 of accrued social security and pension plan contributions plus TCHF 98 accrued interests at a rate of 5% or approx. TCHF 18 p.a.) arising from a contractual compensation claimed by a former Member of the Executive Management.

11 – Accrued expenses and prepaid income of TCHF 226 (prior year TCHF 251 includes accruals for auditing services of TCHF 8.5, an accrual of TCHF 5 for a unpaid portion of the remuneration to the Board of Directors for the financial year 2017, an accrual for expected costs of liquidation of TCHF 23 (2015: TCHF 30) and the accrued expenses for the Board of Directors till the financial year 2013 (including accrued interests at a rate of 5%). The former Board of Swmtl Holding Ltd. in liq. leaving 30 June 2011 served as well for a major subsidiary. However, the full compensation has been charged to Swmtl. Due to economic reasons, part of their compensation has been reallocated in 2011 to that major subsidiary. There exists an uncertainty regarding the valuation, as the amount due from Weidenareal entirely depends on the outcome of the liquidation (Note 13).

12 – Share capital the company has issued 6,624,106 bearer shares (previous year: 6,624,106) with a par value of CHF 9.00 each; all shares are fully paid. 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 (if any) of the company. Swmtl recognizes only one owner per share. The share is indivisible with respect to the company. By amending the Articles of Incorporation, the Annual General Meeting may at any time convert bearer shares into registered shares. Similarly, to the previous year as at 31 December 2017, no treasury shares were held by the company.

The SIX Swiss Exchange Regulation has with decision of 15 September 2016 approved the request of the company to delist the 6,624,106 bearer shares with a par value of CHF 9.00 each (ISIN: CH0002572268 / Symbol: SMET). The shares of the company were delisted per 16 March 2017 (the last trading day being 15 March 2017).

OTHER EXPLANATORY NOTES

13 – Contingent liabilities

CHF 000	31.12.2017	31.12.2016
Other potential claims	450	450

In the financial year 2011, 10% of the accrued compensation in the amount of approximately TCHF 450 million to the Board of Directors leaving 30 June 2011 were allocated to Swmtl.. In the financial year 2012 the Board of Directors came to the conclusion that this amount fairly represents their share of work for Swmtl and that other companies of the Group have to bear the rest of the compensation. However, a certain risk of honouring partially or in full the obligation remains at the Swmtl Holding Ltd. in liq. level.

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

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

14 – Significant shareholders As at 31 December 2017, the shareholders holding more than 3 % of the capital of the company are as follows:

Significant Shareholders	Date	Shareholding
Mr. Viktor Huser and Mr. Andreas Pumilia	March 2017	6.17%
K-S Anlagen AG	April 2015	5.73%

In March 2017, the group of Mr. Viktor Huser and Mr. Andrea Pumilia have notified a shareholder holding of 6.17 % (previous year 3.47%).

15 – Employees Since the company is in liquidation there were – similarly to the previous year - no employees working for the company.

16 – Post balance sheet events

The financial statements (income statement, balance sheet and the notes) as of 31 December 2017 have been approved by the Board of Directors on 8. June 2018.

There were no significant events subsequent to the year-end that would require adjustment of the financial statements or disclosure.