

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

www.swmtl.net

Annual Report 2013

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COMPANY PROFILE

Letter to Shareholders

Dear shareholders,

also in the past financial year the Board of Directors of Swmtl Holding Ltd. in liq. (hereafter also "Swmtl" or "the company") continued the efforts in winding down the company with the goal to realize the value of its assets in the best achievable way and we are in a position to report some significant achievements:

On 10 January 2013 certain assets of the sites belonging to Weidenareal Metall Ltd. (hereafter "Weidenareal" or "WAM") 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 and the name of the subsidiary changed from Swissmetal Industries Ltd. in Weidenareal Metall Ltd. (hereafter also "Weidenareal" or "WAM"). In the context of the transaction, 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 decreased in the extent of the paid amount. However there still exists an uncertainty relating to the claim of recovery inherent to the guarantee. The sale of the trademark „Swissmetal“ belonging to Swmtl Holding Ltd. in liq. to the Chinese Baoshida Group resulted in a cash inflow of CHF 0.85 million to Swmtl.

Furthermore, the definitive debt restructuring moratorium of Swmtl Holding Ltd.'s subsidiary Weidenareal Metall Ltd., which was initially definitely granted on 20 September 2011 and extended by the competent judge of the Amtsgericht Dorneck-Thierstein on 13 August 2012 for a term until 21 September 2013 ended 11 September 2013 as the competent judge granted the "Nachlassvertrag mit Vermögensabtretung" ("liquidation proceeding in course of the composition agreement with assignment of assets"). Accordingly Swmtl has lost from then on, all of their information rights and/or duties on the subsidiary.

On 6 November 2013 Avins USA Inc., being the central asset of Avins International Ltd. (a fully owned subsidiary of Swmtl) was sold together with the trademarks „Avins“ to the local management. Due to the business performance of the US subsidiary, operating under severe refinancing limitations relating to the ownership of the ultimate parent company being in liquidation, the estimated value as at 31 December 2012 of CHF 2 million could only be partially realized.

On 9 December 2013 Avins International Ltd. entered into voluntary liquidation and changed the name in AV International Ltd. in liq.

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal. 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 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 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 creditor position at Weidenareal. A partial repayment appears to be likely on the basis of the Board's current knowledge.

Sincerely yours,

Jean-Paul Periat
Chairman of the Board of Directors

Viktor Huser
Member of the Board of Directors

CORPORATE GOVERNANCE

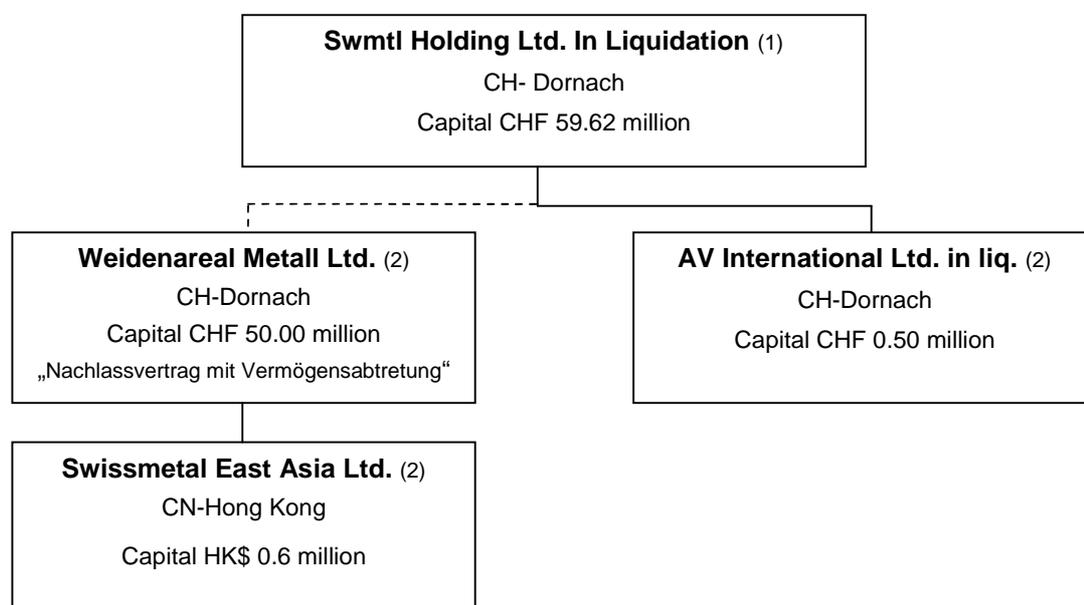
As a listed company, Swmtl Holding Ltd. in liq. is subject to the Directive on Information relating to Corporate Governance as issued by the SIX Swiss Exchange (also referred to as the SWX Directive), including its Annex and Commentary.

The Corporate Governance section of the Annual Report precisely follows the structure of the SWX Directive and covers events up to and including 22 May 2014.

1. Group structure and shareholders (as at 31 December 2013)

1.1 Group structure

Legal Group structure of Swmtl Holding Ltd. in liq.



1 100% of Weidenareal Metall Ltd. Dornach (deconsolidated in 2011) and AV International Ltd. in liq. Dornach.

2 100% each of the subsidiaries presented

Swmtl Holding Ltd. in liq., Dornach, is listed on the SIX Swiss Exchange in Zurich (SMET, Swiss security number 257 226; ISIN CH0002572268) and is subject to Swiss law. The share price stood at CHF 0.83 as at 31 December 2013, resulting in a market capitalization of CHF 5.5 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 2013 financial year The scope of consolidation as of 31 December 2013 comprised Swmtl Holding Ltd. in liq., Dornach, Switzerland and AV International Ltd. in liq., Dornach, Switzerland only. Due to the disposal of Avins USA Inc., Warren/NJ, USA, the entity was excluded from the scope of consolidation as at 6 November 2013 and accordingly deconsolidated.

1.2 Significant shareholders As at 31 December 2013 the shareholders holding more than 3% of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows.

Significant Shareholders	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%

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 2013, the nominal value of the share capital of Swmtl Holding Ltd. in liq., Dornach, was CHF 59,616,954 (2012: 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).

Since 2011 the share capital remained unchanged.

2.4 Shares Each share is one bearer share and carries one vote. It conveys the right to a proportionate share of net profit and the residual proceeds of liquidation of the company. Swmtl recognizes only one owner per share. The share is indivisible with respect to the company. The company has issued 6,624,106 shares with a par value of CHF 9.00 each; all shares are fully paid. By amending the Articles of Incorporation, the Annual General Meeting may at any time convert bearer shares into registered shares. Swmtl currently has no participation certificates. Similarly to the previous year as at 31 December 2013, no treasury shares were held by the Group.

2.5 Profit sharing certificates Profit sharing certificates within the meaning of the SWX Directive are a special form of non-voting securities that replace or complement shares. Swmtl Holding Ltd., Dornach, has not issued any profit sharing certificates.

2.6 Limitations on transferability There are no limitations on the transferability of shares.

2.7 Convertible bonds and options The company currently has no outstanding convertible bonds or options.

3. Board of Directors

3.1 Members of the Board of Directors The Boards of Directors of Swmtl Holding Ltd. in liq., and AV International Ltd., are not identical.

Composition as at 22 May 2014.

Jean-Paul Periat Born in 1953, Swiss and French citizen, is Chairman of the Board of Directors of Swmtl Holding Ltd. in liq. since 9 December 2013, before that date he was a member of the Board of Directors since 10 May 2013. Jean-Paul Periat holds two Master's degrees in Finance, one from the San Diego State University and one of the New-York Institute of Finance in New York. He is the Delegate of the Board and CEO of Herculis Partners Ltd. Porrentruy, a company specialized in asset management for High Net Worth Individuals.

Viktor Huser Born in 1952, Swiss citizen, is member of the Board of Directors of Swmtl Holding in liq. since 10 May 2013. From 10 May 2013 to 9 December 2013 he was a member of the Board of Directors of AV International Ltd. Since 9 December 2013, he acts as the president of the Board of Directors and as liquidator. Viktor Huser is an independent Swiss farmer and cattleman.

Both members of the Board of Directors represents the interests of the shareholders holding more than 3 % of the capital of Swmtl as described in section 1.2 of this report.

Changes during the 2013 financial year On the General Meeting held on 10 May 2013 two members of the Board of Directors, namely Martin Hellweg and Patrick Huber-Flotho did not candidate anymore for a seat on the board. Arturo Giovanoli was reconfirmed and Viktor Huser and Jean-Paul Periat were nominated as board members and as liquidators of the company for another term. Arturo Giovanoli resigned as member of the Board of Directors of Swmtl Holding in liq., and of AV International Ltd. (where he served as Chairman for the period from 10 May to 9 December 2013) and as liquidator of Swmtl.

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 2013 financial year on 30 June 2014.

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

Jean-Paul Periat is the Chairman of the Board. The Chairman may convene as many meetings as the business requires. Each Member of the Board of Directors may also request the Chairman to convene a meeting immediately, stating the respective reasons. A majority of the Members of the Board of Directors must be present to constitute a quorum for the transaction of business. Resolutions are adopted by a majority of votes cast. Resolutions may also be adopted in writing if no member requests a verbal consultation. The Chairman of the Board of Directors keeps the minutes of the deliberations and resolutions. Resolutions adopted by correspondence are recorded in the minutes.

The Board of Directors and its Chairman are assigned the non-transferable and inalienable duties set out in Articles 716a of the Swiss Code of Obligations. 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.

Spread over 2013, the Board of Directors held 6 ordinary meetings (2012: 7) lasting an average of one hour to two hours each, as well as 11 teleconferences (2012: 29) and resolutions adopted by correspondence to also address.

Due to the special situation in the light of the liquidation and of the disposal on the US entity the board is very flexible on drafting agendas for meetings and address a wide variety of 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 till 10 May 2013 by the Delegate of the Board of Directors. The Delegate of the Board of Directors was appointed by the Board of Directors. Together with the Executive Management (appointed by the Board of Directors) and within the scope of the strategy approved by the Board of Directors, he was responsible for the operational management of the company and of the Swmtl Group. He chaired the Executive Management. The Members of the Executive Management typically convened once a month via meeting or teleconference.

From 10 May 2013 till 6 November 2013 the last Member belonging to the Executive Management (see Section 4.1. below) reported directly to the President 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 was governed by the Organizational Regulations and their Annexes.

The Executive Management was responsible for the operational management comprising 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.

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 Due to the liquidation of all the entities within the scope of consolidation, as at 31 December 2013 there were no longer employees belonging to the Executive Management.

Changes during the 2013 financial year Jean Pierre Tardent (CEO of Swissmetal Industries Ltd.) and Remy Choo (Managing Director of Swissmetal East Asia Ltd) left the Executive Management on

10 January 2013 as their employment contracts were transferred to Baoshida Switzerland Ltd., a subsidiary of the Chinese Baoshida Group. Patrick Huber Flotho (Delegate of the Board and accordingly Head of Swmtl Group Executive Management) also left the Executive Management as he did not candidate anymore for a seat on the Board of Directors (see Note 3.1) on 10 May 2013. Furthermore Joseph Rudden Jr. (CEO of Avins USA Inc.) left the Executive Management on 6 November 2013 as a consequence of the disposal of the USA subsidiary. Arturo Giovanoli (CFO of the Swmtl Group), who worked on a mandate basis, left the Executive Management on 9 December 2013.

4.2 Other activities and vested interests Due to the fact, that there are no longer Members belonging to the Executive Management there are no other activities and vested interests to be disclosed.

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

5. Compensation, shareholdings, and loans

The compensation paid or accrued is disclosed in Note 19 of the Financial Report 2013 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 Swmtl 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 2013, 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 Swmtl 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 30'000 (2012: CHF 40'000).

8.3 Additional fees The fees for various tax services for Swmtl or one of its subsidiaries amounted to CHF 5'900 for the year under review (2012: CHF 7'132).

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

FINANCIAL REPORT

Swmtl Group financial report 2013

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Unless explicitly stated otherwise, all of the values are in CHF thousands. The consolidated financial statements are prepared in accordance with Swiss GAAP FER.

Consolidated income statement

SWMTL GROUP

Consolidated income statement		2013	2012
CHF 000			
Gross sales	1	4'344	6'396
Deductions from gross sales		-355	12
Net sales		3'989	6'408
Cost of materials and changes in stock		-3'694	-4'712
Gross margin		295	1'696
Other operating income	2	-	-230
Personnel expenses	3	-632	-749
Operating and administrative expenses	4	-664	-849
Operating income before depreciation (EBITDA) - before extraordinary result		-1'001	-132
Depreciation on intangible assets	5 / 6	-	-150
Operating income (EBIT)		-1'001	-282
Financial result	7	-1'468	-85
Ordinary result		-2'469	-367
Non-operating and extraordinary result	8	-883	-502
Earnings before taxes (EBT)		-3'352	-868
Income taxes	9	-	-28
Result for the year (EAT)		-3'352	-896

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 2013 figures with the previous year is therefore hardly meaningfully possible.

Consolidated balance sheet

SWMTL GROUP

ASSETS	31.12.2013		31.12.2012
		Total	Total
CHF 000			
Current assets			
Cash and cash equivalents	10	809	341
Trade accounts receivable	11	-	677
Other receivables		7	1
Stock	12	-	1'441
Prepaid expenses and accrued income		-	11
Total current assets		816	2'471
Fixed assets			
Intangible assets	13	-	850
Financial assets	14	7'455	13'331
Total fixed assets		7'455	14'181
TOTAL ASSETS		8'271	16'652
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Interest-bearing liabilities	15	6'150	11'488
Trade accounts payable		254	672
Other liabilities	16	2'684	2'782
Accrued expenses and prepaid income	17	353	994
Provisions	18	610	604
Total short-term liabilities		10'051	16'540
Total liabilities		10'051	16'540
Shareholders' equity			
Share capital		59'617	59'617
Capital reserves		34'226	34'226
Cumulated exchange rate translation differences		-	-1'460
Retained earnings		-95'623	-92'271
Total shareholders' equity	19	-1'780	112
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8'271	16'652

Consolidated Cash Flow Statement

SWMTL GROUP

CHF 000	2013	2012
	Total	Total
Cash flow from operating activities		
Result for the year	-3'352	-896
Impairment on the assets of the deconsolidated entity	703	-
Net loss realized in the context of the the disposal of the deconsolidated entity	167	-
Impairment on intangible assets	-	150
Disposal of the brand "Atmova"	-	15
Change in provisions	16	-
Other non-cash income statement items	1'460	2
Cash flow before change in net current assets	-1'006	-729
Change in securities	-	3
Change in trade accounts receivable	-97	602
Change in other receivables and prepaid expenses and accrued income	-	218
Change in stock	-273	-101
Change in trade accounts payable	1'377	-551
Changes in other current liabilities and accrued expenses and prepaid income	-414	7
Total cash flow from operating activities	-413	-551
Cash flow from investing activities		
Disposal of intangible assets	850	-
Proceeds from the disposal of the consolidated entity	31	-
Total cash flow from investing activities	881	-
Free cash flow	468	-551
Cash flow from financing activities		
Change in own shares	-	34
Total cash flow from financing activities	-	34
Net change in cash and cash equivalents	468	-517
Cash and cash equivalents as at 1 January	341	858
Cash and cash equivalents as at 31 December	809	341

The increase on the cash position results almost exclusively from the disposal of the brand "Swissmetal" and of the disposal of the US entity

Statement of Changes in Consolidated Shareholders' Equity

SWMTL GROUP

CHF 000	Share capital	Capital reserves ¹	Own shares	Cumulated exchange rate translation differences	Retained earnings ²	Total ³
Balance as at 31 December 2011	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
Balance as at 31 December 2012	59'617	34'226	-	-1'460	-92'271	112
Result for the year	-	-	-	-	-3'352	-3'352
Exchange rate translation differences	-	-	-	1'460	-	1'460
Balance as at 31 December 2013	59'617	34'226	-	-	-95'623	-1'780

¹ Includes retained statutory reserves and shareholders' equity transaction costs

² 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

³ In 2013 and 2012, there are no minority interests

As at 31 December 2013, the share capital of Swmtl remained unchanged at CHF 59,616,954 (2012: CHF 59,616,954), divided into 6,624,106 (2012: 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)
Balance as of 1 January 2012	26'207	5.48
Purchase	-	-
Sale	-26'207	1.15
Balance as of 31 December 2012	-	-
Purchase and/or Sale	-	-
Balance as of 31 December 2013	-	-

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 2013, Swmtl Group held zero own shares (previous year: 0). At present, no derivative instruments on own shares are outstanding.

Notes to the consolidated financial statements

SWMTL GROUP

GENERAL NOTE

Basis of preparation Due to the fact that both entities within the scope of consolidation entered into voluntary liquidation, the balance sheet has been prepared on the basis of liquidation values instead of going concern values. The valuation of certain assets and liabilities is depending on future developments in particular. Therefore, there remains an inevitable uncertainty about their realisation value and the amounts accrued for (for further details see also Notes 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.

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

SCOPE OF CONSOLIDATION

All companies in which Swmtl Holding Ltd. in liq., Dornach, has more than a 50% interest are included in the consolidation. The scope of consolidation as of 31 December 2013 comprised Swmtl Holding Ltd. in liq., Dornach, Switzerland and AV International Ltd. in liq., Dornach, Switzerland. Due to the disposal of Avins USA Inc., Warren/NJ, USA, the entity was excluded from the scope of consolidation as at 6 November 2013 based on unaudited figures.

AV International Ltd. is overindebted, but in May 2013 was able to negotiate a standstill agreement and a waiver for the full amounts with its two creditors, Swmtl and Weidenareal. The agreements and waivers are subject to certain preconditions and although at the date of this report, the waivers are not yet formalized, the Board of Directors is convinced to obtain the required waivers in the immediate future. However, should the liquidator and the creditor's committee of Weidenareal occasionally not grant the waiver, then the Board of Directors will have to notify the bankruptcy judge.

In the previous year annual report, Avins USA Inc.'s net assets were valued at their estimated net selling price of CHF 2 million. However, due to the unsatisfactory business performance of the US subsidiary, operating under severe refinancing limitations relating to the Swmtl ownership being in liquidation, the estimated value could only be partially realized.

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 2013 and 31 December 2012. 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 2013 and 31 December 2012 (or as of the date of deconsolidation 6 November 2013) 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	2013		2012		2011	
	Balance sheet	Income statement	Balance sheet	Income statement	Balance sheet	Income statement
1 EUR	1.227	1.231	1.208	1.205	1.217	1.234
1 USD	0.891	0.927	0.914	0.938	0.940	0.887
1 GBP	1.472	1.450	1.477	1.486	1.453	1.422
1 HKD	0.442	0.120	0.118	0.121	0.121	0.114

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 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 liquidation of the company, there were no assets capitalized from tax losses carry forward as of December 2013 and 2012.

EMPLOYEE BENEFIT OBLIGATIONS

The Swmtl Group bears the costs of the pensions for all the employees and their surviving dependents as required by local legislations. However, due to the changes in the scope of consolidation there are no longer relating information and/or provision to be disclosed.

Notes to the consolidated income statement

SWMTL GROUP

1 – Gross sales Due to the change in scope of consolidation in 2013 the income statement of the deconsolidated entity reflect the activities until the date of deconsolidation only. A comparison with the previous year encompassing 12 months is therefore hardly meaningfully possible.

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

Operational segments	2013		2012	
	CHF 000	%	CHF 000	%
Traded Products	3'989	100.0%	6'408	100.0%
Total according annual report	3'989	100.0%	6'408	100.0%

The sales are spread over the following geographical segments:

Geographical segments	2013		2012	
	CHF 000	%	CHF 000	%
USA	3'989	100.0%	6'408	100.0%
Total according annual report	3'989	100.0%	6'408	100.0%

In the current year figures, net sales of the deconsolidated entity (Avins USA Inc.) were not accounted for the period between the date of disposal and 31 December 2013. 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 to zero (previous year: CHF 0.2 million).

3 – Personnel expenses In 2013, personnel expenses amounted to CHF 0.6 million and relates to the costs incurred in the consolidated operating entity only. Accordingly, as of 31 December 2013, there were no employees working within the Group (previous year 7 full time equivalents).

4 – Operating and administrative expenses

CHF 000	2013	2012
	Total	Total
Energy	4	8
Operating materials	6	11
Administrative expenses	413	571
Other expenses	242	259
Total operating and administrative expenses	664	849

In 2013, administrative expenses include, among other things, costs for insurance, information technology, communication, consulting totalled CHF 0.4 million. The other expenses of CHF 0.3 million (previous year: CHF 0.3 million) comprise travel and related expenses; rental costs as well as capital and other taxes.

5 and 6 – Depreciation There were no depreciation to be reported for 2013. 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.

7 – Financial result

	2013	2012
CHF 000	Total	Total
Financial expenses	-8	-89
Exchange rate differences	-	4
Exchange rate difference relating to the disposal of the deconsolidated entity	-1'460	-
Financial result	-1'468	-85

The financial result, before the impact of the change in scope of the consolidation, decreased to immateriality. The deconsolidation effect resulted in an expense of CHF 1.5 million.

8 – Non-operating and extraordinary result

	2013	2012
CHF 000	Total	Total
Depreciation current accounts from subsidiaries	-	-110
Accrual for a claimed contractual compensation	-	-331
Disposal of the brand "ATMOVA"	-	15
Impairment on the assets of the deconsolidated entity	-703	-
Net loss realized in the context of the disposal of the deconsolidated entity	-167	-
Other non operating items	-13	-76
Extraordinary result	-883	-502

In 2013, the extraordinary result amounts to CHF 0.9 million and consisted mainly of the effect resulting from the disposal of the deconsolidated entity. The extraordinary result 2012 totalling CHF 0.5 million relates to the additional write-off of CHF 0.1 million of a receivable from WAM 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”.

9 – Income taxes For the fiscal year 2013 there are income taxes to be reported. The position reported in the previous year relates to the federal and state income taxes of the deconsolidated 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 0.8 million (previous year CHF 0.3 million), which represents an increase compared to 31 December 2013 of approximately CHF 0.5 million.

11 – Trade accounts receivable The decrease is entirely due to the effect in change of scope of consolidation.

12 – Stock Stock breakdown as follows:

CHF 000	31.12.2013	31.12.2012
Trade products	-	1'441

The decrease is entirely due to the effect in change of scope of consolidation. As of 31 December 2012, the valuation of traded products at lower of cost or market amounted to CHF 1.4 million.

13 – Property, plant and equipment and Intangible assets

2013 Statement of changes in tangible and intangible assets	Land	Buildings	Machinery and technical equipment	Other equipment	Assets under construction	Intangible assets	Total 2013
CHF 000							
Acquisition value							
Balance as at 1 January	-	-	-	-	-	1'000	1'000
Disposals	-	-	-	-	-	-1'000	-1'000
Balance as at 31 December	-	-	-	-	-	-	-
Accumulated depreciation							
Balance as at 1 January	-	-	-	-	-	150	150
Disposals	-	-	-	-	-	-150	-150
Balance as at 31 December	-	-	-	-	-	-	-
Carrying amount							
as at 1 January	-	-	-	-	-	850	850
as at 31 December	-	-	-	-	-	-	-

The intangible assets as at 31 December 2012 of CHF 0.85 million relating to the capitalization of the brand "Swissmetal" were fully realized in the context of the disposal of the brand "Swissmetal" mid-January 2013.

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

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

14 – Financial assets The financial assets primarily relate to receivables from subsidiaries and amounted to a total of CHF 7.5 million in 2013 (previous year: CHF 13.3 million).

The current account from the subsidiary Weidenareal of CHF 0.6 million (unchanged compared to the previous year) reflects the expected repayment in the context of the liquidation quota of the subsidiary.

The claim relating to a mortgage provided to WAM in the amount of CHF 6.2 million (previous year: CHF 12.1 million) includes CHF 0.9 million of accrued interests (see Note 17) and relates to the claim of nominal CHF 5.2 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 Weidenareal.

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 Weidenareal depends on the outcome of the liquidation. As there exists an uncertainty regarding the payment term of the receivable, it has been classified to long-term financial assets.

15 – Interest-bearing liabilities (short-term)

Credit type (CHF 000)	31.12.2013	31.12.2012
Bank loans	6'150	11'488
Total interest-bearing liabilities (short-term)	6'150	11'488

In the context of the sale of certain assets belonging to Weidenareal 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 decreased in the extent of the paid amount. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee. Swmtl was able to secure a stand-still agreement with the bank until 30 June 2014. In the previous year the estimated due interest on the loan were partially accrued and disclosed as provisions.

16 – Other liabilities Other liabilities amount to a total of CHF 2.7 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 2.8 million). The other liabilities consist mainly of a liability for compensation of CHF 0.3 million to a member of the Board arising from his past contractual agreement and of a liability arising from a contractual compensation of CHF 0.4 million claimed by a former Member of the Executive Management (CHF 0.4 million). The latter claim is partially a matter of a dispute. Furthermore CHF 1.9 million payables are owed from AV International Ltd. to a deconsolidated entity. Also for this liability Swmtl was able to secure a stand-still agreement and a waiver subject to certain preconditions. However, should the creditor's committee of Weidenareal Metall eventually not grant the waiver, then the bankruptcy judge will have to be notified. However, the Board of Directors of AV International Ltd. in liq. is convinced to obtain the required waivers in the proximate future.

17 – Accrued expenses and prepaid income The total accrued expenses and prepaid income of CHF 0.4 million (prior year CHF 1.0 million) includes accruals for auditing services, an accrual for expected costs of liquidation of CHF 0.12 million and the accrued expenses for the Board of Directors. 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 21). In the previous year the position included the accrued interest relating to the payable to a bank asking to honour a guarantee commitment of CHF 20 million securing a credit of nominal CHF 11.5 million provided to Weidenareal Ltd. (see Notes 14 and 15).

18 – Provisions The nature of the provision of CHF 0.6 million as of 31 December 2013 (2012: CHF 0.6 million) represents the remaining exposure toward the bank asking to honour a guarantee commitment mentioned above.

2013					
CHF 000	Restructuring	Other liabilities	Pension liabilities	Deferred taxes	Total
Book value as at 1.1.2013	-	604	-	-	604
Addition	-	6	-	-	6
Book value as at 31.12.2013	-	610	-	-	610
Thereof short-term	-	610	-	-	610
2012					
CHF 000	Restructuring	Other liabilities	Pension liabilities	Deferred taxes	Total
Book value as at 1.1.2012	-	604	-	-	-604
Addition	-	-	-	-	-
Book value as at 31.12.2012	-	604	-	-	-604
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 2013, the shareholders holding more than 3 % of the capital are as follows:

Significant Shareholders	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%

The two main shareholders are represented in the Board of Directors by Jean-Paul Periat (CEO of Herculis) and Viktor Huser.

21 – Contingent liabilities and credit line

CHF 000	31.12.2013	31.12.2012
Other potential claims	450	450

In the the financial year 2011, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the Board of Directors leaving 30 June 2011 were allocated to Swmtl Holding Ltd. in liq. In the financial year 2012 the Board of Directors (see changes in the Board of Directors on section 3.1 of this report) came to the conclusion that this amount fairly represents their share of work for Swmtl and that other companies of the Group have to bear the rest of the compensation. However, a certain risk of honouring partially or in full the obligation remains at the Swmtl Holding Ltd. in liq. level.

Furthermore, the Board of Directors was confronted with a claim raised by a metal supplier of Weidenareal Metall Ltd. in liq. on the basis of an alleged breach of duty of the Board of Directors of Swmtl Holding Ltd. in liq. in charge till 30 June 2011. However, the company is of the opinion that the allegations are unjustified. Accordingly there are no relating provisions or accruals.

As at 31 December 2013 there were no credit lines available at Group level.

22– Financial obligations from operating leases As at 31 December 2013 there were no financial obligations from operating leases. The decrease from the previous year exposure is entirely due to the effect of deconsolidation.

23 – Hedges As at 31 December 2013 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 liquidators directly supported by the relevant accounting functions.

The major financial risks that are identified, which are, therefore, the most critical accounting policies consist of liquidity, 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 2013 have been approved by the Board of Directors of the Swmtl Group on 22 May 2014.

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 liq., which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the statement of changes in consolidated equity and Notes (pages 11 to 25), for the year ended 31 December 2013.

Liquidator's and Board of Directors' responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Swmtl Holding Ltd. in liq.'s investment in Avins US Inc., a foreign associate which was fully consolidated was sold during 2013. The income and expenses of Avins US Inc. were consolidated until the divestiture of the company. We were unable to obtain sufficient appropriate audit evidence about the consolidated income and expenses as there was no audit performed at the date of the divestiture.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" paragraph, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Emphasis of Matter

We draw attention to the Notes 14, 17 and 21 to the consolidated financial statements, which indicate that material valuation uncertainties exist. These valuation uncertainties may lead to further impairments of assets or increases of debts and may cast significant doubt about Swmtl Holding Ltd.'s

ability to further proceed with the liquidation as planned. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

Despite the qualification described in the “Basis for qualified opinion” paragraph, we recommend that the consolidated financial statements be approved, as the misstatements are not pervasive.

PricewaterhouseCoopers AG

Dr. Daniel Suter
Audit expert
Auditor in charge

Michael Scheibli
Audit expert

Münchenstein, 22 May 2014

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Financial Report (interim liquidation statement)

Swmtl Holding Ltd. in liq., Dornach - financial report 2013

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The accounts are prepared in accordance with Swiss law (Swiss Code of Obligations) and the company's Articles of Incorporation. **Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012**

Income statement

SWMTL HOLDING LTD. IN LIQ..

		2013	2012
CHF 000	Notes		
Income from subsidiaries		-	-
Other income		-	-
Total operating income		-	-
Operating and administrative expenses	1	-147	-227
Other expenses from subsidiaries	2	-	-10
Operating income before depreciation (EBITDA)		-147	-237
Depreciation	3	-	-150
Operating income (EBIT)		-147	-387
Financial result	4	-8	88
Non operating and extraordinary result	5	127	-530
Earnings before taxes (EBT)		-28	-829
Taxes	6	-	-
Result for the year (EAT)		-28	-829

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	31.12.2013 liquidation value	31.12.2012 liquidation value
ASSETS			
Current assets			
Cash and cash equivalents		664	18
Receivable from subsidiaries	8	140	-
Total current assets		804	18
Financial assets			
Other receivables	7	620	601
Receivable from subsidiaries - long term	8	6'835	12'731
Investment in subsidiaries	9	-	-
Intangible assets			
Capitalization of brand	10	-	850
Total fixed assets		7'455	14'182
TOTAL ASSETS		8'259	14'200
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable	11	254	233
Payable to bank	8	6'150	11'488
Other liabilities	12	755	741
Accrued expenses and prepaid income	13	353	970
Other provisions	14	610	604
Total liabilities		8'122	14'036
Shareholders' equity			
Share capital	15	59'617	59'617
General statutory reserves		43'895	43'895
Reserve for own shares	16	-	-
Available earnings		-103'375	-103'347
- Retained earnings		-103'347	-102'518
- Result for the year		-28	-829
Total shareholders' equity		137	165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8'259	14'200

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
Balance as at 1 January 2012	59'617	43'752	143	-102'518	994
Allocation to reserves for own shares	-	143	-143	-	-
Result for the year - 2012	-	-	-	-829	-829
Balance as at 1 January 2013	59'617	43'895	-	-103'347	165
Allocation to reserves for own shares	-	-	-	-	-
Result for the year - 2013	-	-	-	-28	-28
Balance as at 31 December 2013	59'617	43'895	-	-103'375	137

Own shares	Number	Average price (CHF)
Balance as of 31 December 2011	-	-
Purchase and or Sale	-	-
Balance as of 31 December 2012	-	-

At the end of 2013 (similarly to the previous year), Swmtl Group held no own shares. At present, no derivative instruments on own shares are outstanding to the company's knowledge.

The General Meeting that was held on 16 May 2007 approved the creation of conditional capital. The share capital will be increased by an amount not exceeding CHF 22.5 million by issuing not more than 2,500,000 bearer shares, each with a par value of CHF 9.00.

The General Meeting on 30 June 2006 approved the creation of authorized capital and consequently authorized the Board of Directors to increase the company's share capital at any time up to 30 June 2008. The authorized capital was extended on 21 May 2008 up to a further two years, in fact until 21 May 2010 and was increased from the maximum amount of CHF 23,563,998 up to CHF 29,808,477 at the same time by issuing at most 3,312,053 bearer shares, each with a par value of CHF 9.00, to be paid in full. On 27 May 2010, the authorized capital was extended again until 27 May 2012 and expired.

In the financial year 2013, the share capital remained the same as in 2012, meaning 6,624,106 shares, each with a par value of CHF 9.00.

Notes to the financial statements

SWMTL HOLDING LTD. IN LIQ.

GENERAL NOTE

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal 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 may (if all its 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 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 creditor position 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 not extend the stand-still agreements and/or initiate a legal case, than the continuation of the liquidation could be seriously jeopardized.

Basis of preparation The balance sheet has been prepared consistently with the previous year on the basis of liquidation values instead of going concern values and represents the interim liquidation balance sheet. The valuation of certain assets and liabilities is depending on future developments in particular. Therefore, there remains an inevitable uncertainty about their realisation value (for further details see also Notes 7, 8, 13 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 0.1 million (previous year: CHF 0.2 million) comprise the Board of Directors' compensation (see Note 19.2) as well as auditing and consulting expenses and capital taxes.

2 – Other expenses In the previous year the expenses covered the proportional administrative contributions within the Swmtl Group (Group companies) and expenses for brands and patent protection.

3 – Depreciation During 2013 there were no depreciation required. In the previous year 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 0.01 million (previous year: CHF 0.1 million).

CHF 000	2013	2012
Financial income	9	128
Financial expenses	-17	-40
Financial result	-8	88

In the year 2013 the interests on the loan to AV International Ltd. in liq. were not calculated and or claimed.

5 – Non-operating and extraordinary result In the year 2013, the extraordinary income of CHF 0.13 million consists mainly of the expected net proceeds resulting from the liquidation (see Note 8) of AV International Ltd. in liq. In 2012 the extraordinary results CHF 0.5 million was mainly made up of an additional depreciation of CHF 0.1 million of the receivables from the deconsolidated Weidenareal (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".

	2013	2012
CHF 000		
Depreciation current accounts from subsidiaries	-	-212
Expected net proceeds from liquidation of AV International Ltd. in liq.	140	-
Accrual for a claimed contractual compensation	-	-331
Disposal of the brand "ATMOVA"	-	15
Other items	-13	-2
Extraordinary result	127	-530

6 – Taxes Taxes consist of taxes on income and are nil in 2013.

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 The positions break-down as follows:

CHF 000	31.12.2013	31.12.2012
Claim relating to the liquidation of AV International Ltd. in liq.	140	-
Current assets	140	-
Current account from subsidiary	569	565
Claim relating to a mortgage	6'156	12'056
Claim relating to a contractual obligation	110	110
Financial assets - long term	6'835	12'731
Total receivables from subsidiaries	6'975	12'731

CHF 000	31.12.2013	31.12.2012
Interest-bearing liabilities	6'150	11'488
Payable to bank	6'150	11'488

In the context of the liquidation of AV International Ltd. in liq. the company expects to cash in a total net proceeds of CHF 0.14 million in the proximate future (see Note 17). Accordingly the claim has been classified as current asset.

The current account from subsidiary of CHF 0.6 million (CHF 0.6 million as at 31 December 2012) reflects the expected repayment in the context of the liquidation quota of Weidenareal Metall.

The claim relating to a mortgage provided to Weidenareal Metall Ltd. in liq. in the amount of CHF 6.2 (previous year: CHF 12.1 million) includes CHF 0.9 million of accrued interests (see Notes 13) and relates to the claim of nominal CHF 5.2 (previous year: 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 the deconsolidated entity. The company was able to secure a stand-still agreement with the bank until 30 June 2014. In the context of the sale of certain assets belonging to Weidenareal 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 decreased 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 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.

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

9 – Investment in subsidiaries As of 31 December 2013, there was only the fully written off investment in AV International Ltd. in liq. held.

Due to the "Nachlassvertrag mit Vermögensabtretung" (liquidation proceedings in course of the composition agreement with assignment of assets) Swmtl has lost all of the information rights and/or duties on Weidenareal Metall Ltd. in liq. (incl. Swissmetal East Asia Ltd., Hong Kong).

Country and company 2013	Currency 000	Share capital	Purpose	Equity investment	
				Direct in %	Indirect in %
Switzerland					
AV International Ltd. in liquidation, Dornach ¹	CHF	500	Trading company	100	
Country and company 2012					
Switzerland					
Swissmetal Industries Ltd, Dornach ²	CHF	50'000	Production facility	100	
Ains International Ltd, Dornach ¹	CHF	500	Trading company	100	
USA					
Avins USA Inc., Warren/NJ ³	USD	100	Trading company		100
China					
Swissmetal East Asia Ltd, Hong Kong ²	HKD	60	Trading company		100

- 1 Following the disposal of its investment in Avins USA Inc. together with the trademarks „Avins” to the local management. Avins International Ltd. entered into voluntary liquidation and changed the name in AV International Ltd. in liq.
- 2 The definitive debt restructuring moratorium of Swmtl Holding Ltd.'s subsidiary Weidenareal Metall Ltd., which was initially definitely granted on 20 September 2011 and extended by the competent judge of the Amtsgericht Dorneck-Thierstein on 13 August 2012 for a term until 21 September 2013 ended 11 September 2013 as the competent judge granted the "Nachlassvertrag mit Vermögensabtretung".
- 3 Avins USA Inc., Warren New Jersey was sold 6 November 2013. Due to the disappointing business performance of the US subsidiary, operating under severe refinancing limitations relating to the ownership of Swmtl being in liquidation, the estimated value as at 31 December 2012 of CHF 2 million could only be partially realized

Due to the over-indebtedness of AV International Ltd. in liq. and of Weidenareal Metall Ltd. in liq. being "in Nachlassvertrag mit Vermögensabtretung" since 2011 both investments have been fully depreciated in the past. Accordingly the carrying value is nil.

10 – Intangible asset / capitalization of brand The disposal of the brand to a Swiss subsidiary of the Chinese Baoshida Group resulted in a cash inflow of CHF 0.85 million to Swmtl in January 2013.

11 – Trade accounts payable The payables to third parties relate to claims made mainly to services provided previously to the opening of the liquidation. One of the claims in the amount of CHF 0.06 million is subject to a stand-still agreement until 30 June 2014.

12 – Other liabilities As of 31 December 2013 the position consists of a liability of CHF 0.3 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.

13 – Accrued expenses and prepaid income The position contains an accrual for expected costs of liquidation of CHF 0.12 million (previous year: 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. In the previous year there were also accrued interest relating to the payable to a bank for the claim of in accordance with 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 Weidenareal Metall Ltd. in liq. depends on the outcome of liquidation (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 2012, accordingly there is no requirements for a reserve. (See also Statement of changes in shareholders' equity).

Other explanatory notes

17 – Contingent liabilities

CHF 000	31.12.2013	31.12.2012
Other potential claims	450	450

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

In the financial year 2011, 10% of the accrued compensation in the amount of approximately CHF 0.5 million to the Board of Directors leaving 30 June 2011 were allocated to Swmtl Holding Ltd. in liq.. In the previous financial year the Board of Directors (see changes in the Board of Directors on section 3.1 of this report) came to the conclusion that this amount fairly represents their share of work for Swmtl Holding Ltd. in liq. and that other companies of the Group have to bear the rest of the compensation. However, a certain risk of honouring partially or in full the obligation remains at the Swmtl Holding Ltd. in liq. level.

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

The claim towards AV International Ltd., Dornach was fully provided subject to the partial subordination clause of CHF 4.0 million (previous year: CHF 4.0 million). Furthermore, Swmtl agreed on a stand-still agreement in the extent to the exceeding amount and a waiver for the full amount subject to certain preconditions. The Board of Directors of Swmtl will only grant the waiver simultaneously with the one to be received from the second creditor. Should the creditor's committee of Weidenareal Metall eventually not grant the waiver, then the bankruptcy judge will have to be notified. However, the Board of Directors of AV International Ltd. in liq. is convinced to obtain the required waivers in the proximate future.

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

18 – Significant shareholders As at 31 December 2013, The shareholders holding more than 3 % of the capital of Swmtl Holding Ltd. in liq., Dornach, are as follows:.

Significant Shareholders	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 Swmtl Group compared to other enterprises as criteria. The Members of the Board of Directors receive directors' fees and their expenses are reimbursed. Members of the Executive Management received a salary and expenses are (in accordance with the regulations on expenses) reimbursed. The performance-related "Sirius bonus" system is no longer 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

On the General Meeting held on 10 May 2013 two members of the Board of Directors, namely Martin Hellweg and Patrick Huber-Flotho did not candidate anymore for a seat on the board and as liquidators. Arturo Giovanoli was reconfirmed and Viktor Huser and Jean-Paul Periat were nominated as board members and as liquidators of the company for another term. On 9 December 2013 Arturo Giovanoli resigned as member of the Board of Directors and liquidator.

Total remuneration paid or deferred in the 2013 financial year breaks down as follows:

Board of Directors: Compensation 2013 (CHF)	Jean-Paul Periat (Chairman / Member)²	Viktor Huser Member	Arturo Giovanoli (Chairman / Member)³	Martin Hellweg (Chairman)⁴	Patrick Huber- Flotho (Delegate)⁵	Total BoD
Compensation (cash)¹						
Pay (fixed)						
Chairman	545		14'555	9'075		24'175
Member	9'580	9'580	5'445		5'445	30'050
Remuneration for additional work⁶			123'500	27'692	53'046	204'238
Compensation (non cash)						
Social insurances ⁷				2'298	3'610	5'908
Total compensation	10'125	9'580	143'500	39'065	62'101	264'371
Not yet paid out, together with compensation since 2011			22'500	40'000	22'500	85'000

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

2 Chairman from 9 December 2013 on

3 Chairman from 10 May to 9 December 2013

4 Chairman till 10 May 2013

5 Delegate till 10 May 2013

6 This compensation had been paid for activities relating to the debt restructuring moratorium of Weidenareal Metall Ltd. Dornach and is also included (exception for the compensation to Martin Hellweg) in the table "compensation to the Executive Management". The compensation to Arturo Giovanoli also includes CHF 10'000 for the preparation of the annual report .

7 Employer's share 2013 .

Board of Directors: Compensation 2012 (CHF)	Martin Hellweg Chairman ³	Patrick Huber-Flotho Delegate	Arturo Giovanoli Member	Total BoD
Compensation (cash) ¹				
Pay (fixed)				
Chairman ²	25'000			25'000
Vice Chairman ²				0
Member ²		15'000	15'000	30'000
Remuneration for additional work ³	134'087	200'580	282'960	617'626
Compensation (non cash)				
Social insurances ⁴	8'087	11'581		19'667
Total compensation	167'173	227'160	297'960	637'294
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. and is also included (exception for the compensation to Martin Hellweg) in the table "compensation to the Executive Management".
4. Employer's share 2012 .

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 2013 (CHF)	Individual with the highest compensation CEO ² Joseph Rudden Jr.	Other Executive Management Members	Total
Compensation (Cash) ¹			
Pay (fixed)			
Member	137'340	9'206	146'546
Pay (variable)			
Other bonuses	-	-	-
Remuneration for additional work			
Additional services above and beyond regular duties ³	-	176'546	176'546
Total compensation (cash)	137'340	185'752	323'092
Compensation (non-cash)			
Bonus bank closing balance	-	-	-
Pension expenses	-	-	-
Total compensation (non-cash)	-	-	-
Total compensation	137'340	185'752	323'092

- 1 Unless otherwise noted, there are no outstanding options, benefits in kind or loan guarantees.
- 2 CEO of Avins USA Inc., Warren / NJ (see also scope of consolidation on page 15 of this report)
- 3 This compensation had been paid to two Members of the Executive Management for activities relating to the debt restructuring moratorium of Weidenareal Metall Ltd. Dornach.

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

- 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 Weidenareal Metall 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 Weidenareal Metall 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 2013; they only received their contractual or agreed notice entitlements.

19.5 Share allotment in the year under review As of 31 December 2013, 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)	2013	2012
Jean-Paul Periat - Member of the Bod since 10 Mai and Chairman since 9 December 2013	-	n/a
Viktor Huser - Member of the BoD since 10 Mai 2013	100'000	n/a
Martin Hellweg - Chairman of the BoD till 10 Mai 2013	n/a	1
Arturo Giovanoli - Chairman of the BoD from 10 Mai to 9 December 2013	n/a	1'000
Jean-Pierre Tardent - CEO of Weidenareal Metall Ltd.	n/a	1

Jean-Paul Periat and Viktor Huser represents the interests of the shareholders holding more than 3 % of the capital of Swmtl as described in Note 18.

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

19 – 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.

Dornach, 22 May 2014

For the Board of Directors:

Jean-Paul Periat
Chairman of the Board of Directors

Viktor Huser
Member of the Board of Directors

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 liq., which comprise income statement, the balance sheet and Notes (pages 29 to 41), for the year ended 31 December 2013.

Liquidators' and Board of Directors' responsibility

The liquidators and the 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 the 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 2013, prepared using liquidation values, comply with Swiss law and the company's articles of incorporation.

Emphasis of Matter

We draw attention to the general Note, as well as Notes 7, 8, 13, 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 losses exceed the share capital in the sense of article 725 para. 2 CO and the corresponding regulations would need to be complied with. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of liquidation interim financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Dr. Daniel Suter
Audit expert
Auditor in charge

Michael Scheibli
Audit expert

Münchenstein, 22 May 2014

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ADDRESSES

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