AFG
Building the Difference

FIRST SEMESTER FINANCIAL REPORT

2013

DATES

23 January 2014
Publication of revenues for 2013 financial year

4 March 2014
Financial media/analysts' conference
presenting the 2013 financial year

25 April 2014
27. Annual General Meeting 2014

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The original language is German.

DEAR SHAREHOLDERS
DEAR LADIES AND GENTLEMEN

Daniel Frutig
CEO

Rudolf Graf
Chairman of the Board of Directors

The first half of 2013 was marked by far-reaching decisions for AFG: The Annual General Meeting heralded the start of a comprehensive personnel and institutional renewal of the company. As well as the new, future-oriented composition of the Board of Directors, the shareholders approved the abolition of the 5% restriction on voting rights and introduced an age limit for members of the Board of Directors.

The Board of Directors has already made some far-reaching decisions in its new constellation: The Windows and Doors Division is being strengthened and geared towards future challenges with investments amounting to CHF 33 million and the establishment of new centres of competence. By selling the Precision Steel Tubes business unit to the Mubea Group and the Forster Refrigeration business to V-ZUG, AFG has made significant progress in the pursuit of its strategic focus on building supplies. The two businesses have been guaranteed a secure long-term future with investments by the new owners in the further development of the businesses while the jobs at the Arbon location remain intact.

The Windows and Doors Division definitely acquired Polish window manufacturer Dobroplast on 21 February 2013. This raises AFG to No. 3 among Europe’s window and door manufacturers and it can therefore continue to push ahead in cultivating the market in Eastern Europe, Germany and Scandinavia based on its market leadership in Poland. The expansion of door production at RWD Schlatter is progressing according to plan with a new building and new machines that will herald a significant increase in production capacity. The first phase is scheduled to enter operation at the end of the year.

Since 1 January 2013, the Heating Technology and Sanitary Equipment Division has been clearly focusing its organisation and responsibilities on the two business units Heating Technology and Sanitary Equipment. The Heating Technology business unit came up with a surprise in March 2013 at the most important trade fair of the year, the ISH in Frankfurt, by unveiling the new "x-optimiert" complete system. The feedback from the industry was positive on what, thanks to the introduction of the heat pump, is now an end-to-end system with heat generation, regulation, storage, distribution and transmission. Heating Technology is therefore set to develop consistently from a component supplier to a system supplier.

The successes mentioned represent important steps in the conversion and expansion of AFG into the technological leader in construction materials for cladding and interiors. At the strategic level, the **operational excellence, technological innovation and internationalisation** programmes were pursued further. The "Management & Performance" programme aimed at achieving operational excellence once more brought about a sustained improvement in performance: a consistent enhancement of procurement processes through the introduction of product group management, the bundling of transport volumes, measures to increase productivity and reduce failure costs and an improvement in distribution efficiency.

At CHF 597.3 million, revenue is 0.5% up on the previous year (0.7% when adjusted for currency, acquisition and divestment effects) – and this in a difficult environment. This pleasing result is attributable to an intensification in sales as well as positive trends in individual markets. In general the home markets of Switzerland and Germany have tended sideways while the South European markets remain negative. The trend in Russia and China remains positive.

At CHF 14.7 million, EBIT is up CHF 3.1 million on the previous year. The AFG companies are exposed to continuing strong and largely increasing competitive pressure in their markets. This is characterised by high price pressure with corresponding price sensitivity among customers. AFG has further reduced its procurement and production costs compared with the first half of 2012.

Starting on 1 July 2013, a further milestone in terms of internationalisation was set with the bundling of activities in the strategic foreign markets of Russia, the Middle East and China in the hubs and their transfer to the direct responsibility of AFG International.

A slight growth in revenue is expected for the year as a whole. The challenge lies in countering the ongoing price pressure due to imports to the home markets by means of suitable measures and innovative products and making further gains in terms of international growth and profitability. AFG is making use of the present year to strengthen its core business in a sustainable manner, push ahead with its expansion to become the technological leader in construction materials for cladding and interiors, integrate Dobroplast, develop and procure skills that are lacking and consistently implement the strategic programmes drawn up with a view to achieving the financial targets of AFG for 2015.

The Board of Directors and management would like to thank the shareholders for their confidence in the company and the employees for their contribution to the new AFG.

Rudolf Graf
Chairman of the Board of Directors

Daniel Frutig
CEO

HEATING TECHNOLOGY AND SANITARY EQUIPMENT

The Heating Technology and Sanitary Equipment Division posted revenue of CHF 209.0 million in the first half of 2013. Adjusted for currency effects and the sale of Aqualux, it fell by 2.3% year on year. In the heating technology sector, the Russian and Chinese markets are experiencing particularly positive growth, while exports to Poland, Iran and Iraq are more sluggish. The home market in the sanitary equipment sector is stable and an innovative new flat shower offers new sales opportunities. The lower revenues impacted EBIT, which is CHF 2.9 million down on the previous year at CHF 16.1 million.

WINDOWS AND DOORS

The net revenue of the Windows and Doors Division increased by 29.1% year on year to CHF 205.0 million. Adjusted for currency and acquisition effects, growth came to an impressive 8.5%. The Swiss windows market remains subject to massive price pressure – particularly for plastic windows. With the creation of a centre of competence for wood and wood/aluminium windows at the Altstätten site announced in May 2013 and a transfer of the production of plastic windows to Slovakia, the division is preparing itself for future market requirements and will be able to gain market shares in the lower price segment. At CHF 9.3 million, EBIT is CHF 4.5 million up on the previous year. The door production at RWD Schlatter is also displaying a positive trend, with a 10.3% increase in revenue year-on-year.

STEEL TECHNOLOGY

The Steel Technology Division achieved a slight increase in year-on-year revenue to CHF 66.0 million. The rise in third-party sales was largely made possible by the launch of direct distribution in Austria. The EBIT of CHF 4.7 million that is up CHF 4.3 million on the previous year is attributable to the reduced depreciation owing to the impairment carried out at the end of 2012 as well as a combination of higher sales and lower material costs. The sale of the Precision Steel Tubes business unit to the Mubea Group will clear the way for the Profile Systems business unit, which is part of AFG'score business, to implement a focused growth strategy.

KITCHENS

The Kitchens business operating under the name AFG Kitchens (excluding the Forster Refrigeration business that has been sold) sustained a fall in revenue of 8.4% to CHF 75.9 million in the first six months of the year. The fall in revenue left its mark in particular on the direct sales of both brands, Forster Steel Kitchens and Piatti. The EBIT of AFG Kitchens remains significantly negative at CHF – 3.4 million albeit that an improvement on the prior-year period can be noted. Despite the lower revenue, the personnel and material expenses remained high owing to the high volume of pre-production. The Kitchens business unit has a considerably greater order backlog compared with the previous year, which should facilitate positive growth in the second half of the year.

SURFACE TECHNOLOGY

The net revenue of the Surface Technology Division in the first half of 2013 is up 1.4% year on year at CHF 33.2 million. Its revenue development remains shaped by the weak demand in the print and paper segments. The low revenue resulted in a year-on-year decrease in EBIT of CHF 0.5 million to CHF – 2.4 million. Despite the high volatility for the year as a whole, AFG expects EBIT in the Surface Technology Division to improve on the previous year.

Consolidated Income Statement (condensed)

	For the six months ended 30/06/2013		For the six months ended 30/06/2012 restated[1]	
	in 1000 CHF	in %	in 1000 CHF	in %
Continuing operations				
Net revenues	**556350**	**100.0**	**526558**	**100.0**
Other operating income and capitalised own services	7410	1.3	8607	1.6
Changes in inventories of semi-finished and finished goods	20734	3.7	22156	4.2
Net operating performance	**584494**	**105.1**	**557321**	**105.8**
Cost of material and goods	–247879	–44.6	–241538	–45.9
Personnel expenses	–216233	–38.9	–202021	–38.4
Other operating expenses	–83427	–15.0	–81742	–15.5
EBITDA	**36955**	**6.6**	**32020**	**6.1**
Depreciation and amortisation	–23631	–4.2	–22211	–4.2
EBIT	**13324**	**2.4**	**9809**	**1.9**
Net financial result	–8552	–1.5	–25951	–4.9
Group result before income tax	**4772**	**0.9**	**–16142**	**–3.1**
Income tax expense	–4261	–0.8	–317	–0.1
Group result from continuing operations	**511**	**0.1**	**–16459**	**–3.1**
Group result from discontinued operations after taxes	**1452**	**0.3**	**2717**	**0.5**
Group result	**1963**	**0.4**	**–13742**	**–2.6**
Attributable to:				
Shareholders of AFG Arbonia-Forster-Holding AG	1955		–13752	
Non-controlling interests	8		10	
Earnings per share from continuing operations in CHF	0.03		–0.93	
Earnings per share from discontinued operations in CHF	0.08		0.15	
Earnings per share in CHF	0.11		–0.78	

Basic and diluted earnings are identical

[1] see note 5

EBITDA = Earnings before financial results, tax, depreciation and amortisation
EBIT = Earnings before financial results and tax

The notes on pages 12 to 22 form an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Comprehensive Income (condensed)

	For the six months ended 30/06/2013 in 1 000 CHF	For the six months ended 30/06/2012 restated[1] in 1 000 CHF
Group result	**1 963**	**– 13 742**
Other comprehensive income		
Items that will not be reclassified to income statement		
Actuarial gains on defined benefit plans	61 668	7 457
Total items that will not be reclassified to income statement	**61 668**	**7 457**
Items that may be reclassified subsequently to income statement		
Fair value adjustments on cash flow hedges	973	87
Currency translation differences	– 2 351	13 460
Total items that may be reclassified subsequently to income statement	**– 1 378**	**13 547**
Other comprehensive income after taxes	**60 290**	**21 004**
Total comprehensive income	**62 253**	**7 262**
Attributable to:		
Shareholders of AFG Arbonia-Forster-Holding AG	62 245	7 252
Non-controlling interests	8	10
Total comprehensive income from continuing operations	55 530	3 254
Total comprehensive income from discontinued operations	6 715	3 998

[1] see note 5

The notes on pages 12 to 22 form an integral part of these condensed interim consolidated financial statements.

Consolidated Balance Sheet (condensed)

	30/06/2013		31/12/2012 restated[1]		30/06/2012 restated[1]	
	in 1 000 CHF	in %	in 1 000 CHF	in %	in 1 000 CHF	in %
Assets						
Cash and cash equivalents	146 459		261 325		184 826	
Securities	2 325		2 673		2 578	
Receivables and other assets	176 506		128 862		169 630	
Inventories	191 599		157 442		208 873	
Deferred expenses	7 780		11 918		9 176	
Financial assets	308		60		778	
Non-current assets held for sale	17 649		16 847		1 714	
Current assets	**542 626**	**46.4**	**579 127**	**51.5**	**577 575**	**46.6**
Property, plant, equipment and investment property	450 733		428 311		543 351	
Intangible assets and goodwill	132 871		95 467		96 614	
Deferred income tax assets	9 934		11 312		11 963	
Capitalised pension surplus	26 096		8 235		8 235	
Financial assets	7 681		1 930		1 756	
Non-current assets	**627 315**	**53.6**	**545 255**	**48.5**	**661 919**	**53.4**
Total assets	**1 169 941**	**100.0**	**1 124 382**	**100.0**	**1 239 494**	**100.0**
Liabilities and shareholders' equity						
Liabilities	175 515		168 851		157 662	
Financial debt	60 047		56 706		17 958	
Accruals and deferred income	62 067		44 163		70 062	
Provisions	11 887		13 816		12 510	
Liabilities associated with assets held for sale	1 969					
Current liabilities	**311 485**	**26.6**	**283 536**	**25.2**	**258 192**	**20.8**
Financial debt	337 756		338 484		397 878	
Other liabilities	10		4		18	
Provisions	7 975		9 465		8 290	
Deferred income tax liabilities	41 975		29 524		44 164	
Employee benefit obligations	46 799		102 171		81 256	
Non-current liabilities	**434 515**	**37.1**	**479 648**	**42.7**	**531 606**	**42.9**
Total liabilities	**746 000**	**63.8**	**763 184**	**67.9**	**789 798**	**63.7**
Shareholders' equity attributable to equity holders of AFG Arbonia-Forster-Holding AG	**423 159**	**36.2**	**360 424**	**32.1**	**448 923**	**36.2**
Total shareholders' equity	**423 941**	**36.2**	**361 198**	**32.1**	**449 696**	**36.3**
Total liabilities and shareholders' equity	**1 169 941**	**100.0**	**1 124 382**	**100.0**	**1 239 494**	**100.0**

[1] see note 5

The notes on pages 12 to 22 form an integral part of these condensed interim consolidated financial statements.

Consolidated Cash Flow Statement (condensed)

	For the six months ended 30/06/2013	For the six months ended 30/06/2012 restated[1]
	in 1000 CHF	in 1000 CHF
Group result	**1963**	**–13742**
Depreciation and amortisation	23975	26521
Profit/loss on disposal of non-current assets/subsidiaries	–975	–1335
Changes in non-cash transactions	125	13593
Changes in net working capital (excluding cash and cash equivalents)	–61740	–75774
Cash flows from operating activities – net	**–36652**	**–50737**
To investment activities		
Purchases of property, plant and equipment and investment property	–17982	–25388
Purchases of intangible assets	–166	–633
Acquisition of subsidiaries (net of cash acquired)	–65607	
Issuance of financial assets	–456	–91
From divestment activities		
Proceeds from sale of property, plant and equipment and investment property	10134	7773
Proceeds from sale of intangible assets		81
Proceeds from sale of subsidiaries/businesses (net of cash disposed)	–2367	8686
Repayment of financial assets	59	28
Cash flows from investing activities – net	**–76385**	**–9544**
From financing activities		
Proceeds from financial debts	304	40
To financing activities		
Repayment of financial debts and finance lease liabilities	–2124	–4628
Purchase of treasury shares	–26	
Cash flows from financing activities – net	**–1846**	**–4588**
Effects of translation differences on cash and cash equivalents	17	94
Change in cash and cash equivalents	**–114866**	**–64775**
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents as of 01/01	261325	249601
Cash and cash equivalents as of 30/06	146459	184826
Change in cash and cash equivalents	**–114866**	**–64775**
Supplementary information for operating activities:		
Interest paid	12047	9816
Interest received	651	486
Income tax paid	4241	4903

[1] see note 5

The notes on pages 12 to 22 form an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Changes in Equity (condensed)

	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Attributable to equity holders AFG	Non-controlling interests	Total shareholders' equity
	in 1000 CHF	in 1000 CHF	in 1000 CHF	in 1000 CHF	in 1000 CHF	in 1000 CHF	in 1000 CHF	in 1000 CHF
Balance at 31/12/2011	**76547**	**171364**	**–24574**	**–65105**	**336532**	**494764**	**763**	**495527**
Restatement IAS 19 revised				8	–54068	–54060		–54060
Balance at 01/01/2012	**76547**	**171364**	**–24574**	**–65097**	**282464**	**440704**	**763**	**441467**
Group result					–13752	–13752	10	–13742
Other comprehensive income after taxes				13547	7457	21004		21004
Total comprehensive income				**13547**	**–6295**	**7252**	**10**	**7262**
Changes in treasury shares			815		–815			
Share based payments			644		323	967		967
Balance at 30/06/2012	**76547**	**171364**	**–23115**	**–51550**	**275677**	**448923**	**773**	**449696**
Balance at 31/12/2012	**76547**	**171364**	**–22014**	**–52081**	**261234**	**435050**	**774**	**435824**
Restatement IAS 19 revised				–10	–74616	–74626		–74626
Balance at 01/01/2013	**76547**	**171364**	**–22014**	**–52091**	**186618**	**360424**	**774**	**361198**
Group result					1955	1955	8	1963
Other comprehensive income after taxes				–1378	61668	60290		60290
Total comprehensive income				**–1378**	**63623**	**62245**	**8**	**62253**
Changes in treasury shares			422		–448	–26		–26
Share based payments			655		–139	516		516
Balance at 30/06/2013	**76547**	**171364**	**–20937**	**–53469**	**249654**	**423159**	**782**	**423941**

The notes on pages 12 to 22 form an integral part of these condensed interim consolidated financial statements.

SELECTED EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 General information

AFG Arbonia-Forster-Group (AFG) is an international leading construction technology company, whose innovative solutions and services provide for the efficient use of energy as well as for safety, security and well-being. AFG is divided into five main divisions, namely Heating Technology and Sanitary Equipment, Kitchens and Refrigeration, Windows and Doors, Steel Technology and Surface Technology. Manufacturing plants are located in Switzerland, Germany, the Czech Republic, France, Poland, Slovakia, the United States and China. AFG owns major brands such as Kermi, Arbonia, Prolux, Forster Kitchens, Piatti, EgoKiefer, RWD Schlatter, Slovaktual, Dobroplast, Forster Precision Steel Tubes, Forster Profile Systems and STI|Hartchrom and possesses a strong position in its home markets in Switzerland and Germany. Taking into consideration the economic trend, international activities especially in Central and Eastern Europe as well as in the Middle and Far East are gaining importance for the Group. With around 40 production and distribution companies, agencies and partners of its own, AFG is represented in over 70 countries worldwide.

The ultimate parent company, AFG Arbonia-Forster-Holding AG is a corporation organised under Swiss law incorporated and domiciled at Amriswilerstrasse 50, CH-9320 Arbon (Canton Thurgau). AFG Arbonia-Forster-Holding AG is listed on the SIX Swiss Exchange in Zurich under the valor number 11024060/ ISIN CH0110240600.

2 General principles and basis of preparation

The unaudited interim consolidated financial statements for the six months ended 30 June 2013, have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 “Interim Financial Reporting”. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2012.

The preparation of interim financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Consequently actual results might deviate from such estimates.

With the exception of the restatement effects described under paragraph “Amendments to significant published standards effective in 2013”, the same significant accounting estimates and assumptions were applied for these interim financial statements as for the preparation of the consolidated financial statements as of 31 December 2012.

Amendments to significant published standards effective in 2013

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the following new or amended standards, which AFG has implemented in 2013:

- Amendments to IAS 1 “Presentation of financial statements” – presentation of items of other comprehensive income
- IAS 19 revised “Employee benefits”
- IAS 27 revised “Separate financial statements”
- IAS 28 revised “Investments in associates and joint ventures”
- Amendments to IFRS 7 “Financial instruments; disclosure“ – transfers of financial assets and offsetting financial assets and financial liabilities

- IFRS 10 “Consolidated financial statements”
- IFRS 11 “Joint arrangements”
- IFRS 12 “Disclosure of interests in other entities”
- IFRS 13 “Fair value measurement”

With the exception of IAS 19, the adoption of these new or amended standards did not significantly affect the Group’s interim financial statements.

AFG has applied IAS 19 revised retroactively in accordance with the transition provisions of the standard. The amendments primarily remove the corridor approach. All actuarial gains and losses have to be recognised immediately in other comprehensive income. The net interest expense / income replaces the previously calculated interest cost on the defined benefit obligation and expected return on plan assets and is calculated on the net amount of the defined benefit obligation and plan assets using the discount rate. Past service costs are recognised immediately in the income statement. The net amount charged for defined benefit plans to the income statement is allocated to personnel expenses and financial results. Further details on the application of the revised standard and its financial impact on previous year’s figures are disclosed in note 5.

Published standards that are not yet effective nor adopted early

The following published but as of the balance sheet date not yet effective significant new or amended standards have not yet been adopted by AFG:

- Amendments to IAS 32 ”Financial instruments; presentation”
- Amendments to IFRS 9 “Financial instruments” – mandatory effective date of IFRS 9 and transition disclosures
- IFRS 9 “Financial instruments: classification and measurement”

AFG will adopt these standards no later than the required effective dates. It is not expected that these standards will significantly affect the Group’s financial statements. AFG will soon assess the impact of these standards on its financial statements.

3 Changes in the scope of consolidation

The following material changes occurred during the reporting period in the Group:

- As of 21 February 2013, 100% of the shares of Dobroplast Fabryka Okien sp. z o.o., PL-Zambrow, were retroactively as of 4 February 2013 acquired (see note 8).
- As of 26 February 2013, the remaining 59.2% of shares of the associated company Piatti Küchenforum AG, CH-Luzern, were retroactively as of 1 January 2013 acquired (see note 8). As of 27 June 2013, Piatti Küchenforum AG, CH-Luzern, was merged retroactively as of 1 January 2013 with AFG Küchen AG, CH-Arbon.

4 Foreign currency rates

The following foreign currency rates have been applied:

Currency	Unit	**Closing rate 30/06/2013**	**2013 Half-year average rate**	Closing rate 30/06/2012	2012 Half-year average rate
EUR	1	1.2302	1.2304	1.2011	1.2045
GBP	1	1.4367	1.4386	1.4927	1.4645
USD	1	0.9440	0.9339	0.9561	0.9289
CZK	100	4.7516	4.7906	4.6930	4.7914
PLN	100	28.3526	29.4024	28.2044	28.4273
CNY	100	15.3800	15.0917	15.0500	14.7217

5 Impact of the application of IAS 19 revised “Employee benefits”

The application of IAS 19 revised had the following impact on the respective items in the income statement, the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and on earnings per share of the previous year:

Income Statement for the first six months ended 30/06/2012	published		**restated**
	in 1 000 CHF	in 1 000 CHF	in 1 000 CHF
Continuing operations			
Personnel expenses	– 200 650	– 1 371	– 202 021
EBITDA	**33 391**	**– 1 371**	**32 020**
EBIT	**11 180**	**– 1 371**	**9 809**
Net financial result	– 24 585	– 1 366	– 25 951
Group result before income tax	**– 13 405**	**– 2 737**	**– 16 142**
Income tax expense	– 813	496	– 317
Group result from continuing operations	**– 14 218**	**– 2 241**	**– 16 459**
Group result from discontinued operations after taxes	**2 951**	**– 234**	**2 717**
Group result	**– 11 267**	**– 2 475**	**– 13 742**
Attributable to:			
Shareholders of AFG Arbonia-Forster-Holding AG	– 11 277	– 2 475	– 13 752
Non-controlling interests	10		10
Earnings per share from continuing operations in CHF	– 0.80	– 0.13	– 0.93
Earnings per share from discontinued operations in CHF	0.16	– 0.01	0.15
Earnings per share in CHF	– 0.64	– 0.14	– 0.78

Statement of Comprehensive Income for the first six months ended 30/06/2012	published		restated
	in 1000 CHF	in 1000 CHF	in 1000 CHF
Group result	**– 11 267**	**– 2 475**	**– 13 742**
Other comprehensive income			
Actuarial gains on defined benefit plans		9 073	9 073
Impact of deferred taxes		– 1 617	– 1 617
Total comprehensive income	**2 280**	**4 982**	**7 262**
Attributable to:			
Shareholders of AFG Arbonia-Forster-Holding AG	2 270	4 982	7 252
Non-controlling interests	10		10

Balance Sheet as of 30/06/2012	published		restated
	in 1000 CHF	in 1000 CHF	in 1000 CHF
Deferred income tax assets	11 389	574	11 963
Capitalised pension surplus	32 302	– 24 067	8 235
Deferred income tax liabilities	54 901	– 10 737	44 164
Employee benefit obligations	44 934	36 322	81 256
Shareholders' equity attributable to equity holders of AFG Arbonia-Forster-Holding AG	**498 001**	**– 49 078**	**448 923**
Non-controlling interests	**773**		**773**
Total shareholders' equity	**498 774**	**– 49 078**	**449 696**

Balance Sheet as of 31/12/2012	published		restated
	in 1000 CHF	in 1000 CHF	in 1000 CHF
Deferred income tax assets	8 308	3 004	11 312
Capitalised pension surplus	30 445	– 22 210	8 235
Deferred income tax liabilities	43 882	– 14 358	29 524
Employee benefit obligations	32 393	69 778	102 171
Shareholders' equity attributable to equity holders of AFG Arbonia-Forster-Holding AG	**435 050**	**– 74 626**	**360 424**
Non-controlling interests	**774**		**774**
Total shareholders' equity	**435 824**	**– 74 626**	**361 198**

Statement of Cash Flows for the first six months ended 30/06/2012	published		restated
	in 1000 CHF	in 1000 CHF	in 1000 CHF
Group result	**– 11 267**	**– 2 475**	**– 13 742**
Changes in non-cash transactions	11 118	2 475	13 593
Cash flows from operating activities – net	**– 50 737**		**– 50 737**

Statement of Changes in Equity as of 30/06/2012	published		**restated**
	in 1 000 CHF	in 1 000 CHF	in 1 000 CHF
Attributable to equity holders AFG			
Balance at 01/01/2012	**494 764**	**– 54 060**	**440 704**
Group result	– 11 277	– 2 475	– 13 752
Other comprehensive income after taxes	13 547	7 457	21 004
Total comprehensive income	**2 270**	**4 982**	**7 252**
Balance at 30/06/2012	**498 001**	**– 49 078**	**448 923**

During the reporting period, new actuarial valuations have been prepared for the Swiss pension plans by the independent actuaries. For the valuation of pension obligations, actuarial assumptions such as pension increases, capital pay out option and disability probabilities were reviewed and adapted to the latest conditions of the Swiss pension plans. Beside the strong performance of the plan assets, the actuarial gains of the reporting period are due to the adaptation of these assumptions.

6 Segment information

AFG is organised into five main business divisions or operating segments, namely Heating Technology and Sanitary Equipment, Kitchens and Refrigeration, Windows and Doors, Steel Technology as well as Surface Technology. Corporate Functions consist of service, finance, real estate and investment companies and provide their services virtually exclusively to Group companies. They have not been allocated to an operating segment and are therefore included in “Others and eliminations”.

For the monitoring and assessment of the financial performance, EBIT is a pivotal key measure. However Group Management and the Board of Directors also are provided with financial data down to the line item “result after income tax” by operating segment. The segments apply the same accounting policies as the Group. Purchases, sales and services between segments are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. Income and expenses between segments are eliminated on consolidation and disclosed in “Others and eliminations”.

Segment assets include all assets and intercompany relationships. Goodwill has been allocated to the respective segments.

Six months ended 30/06/2013	Heating & Sanitary	Kitchens & Refrige-ration	Windows & Doors	Steel Technology	Surface Technology	Others and elimi-nations	Total Group
in 1 000 CHF							
Sales with third parties	208 954	84 723	204 970	64 399	33 236	978	597 260
Sales with other segments	89	12	21	1 613	1	–1 736	
Net revenues	**209 043**	**84 735**	**204 991**	**66 012**	**33 237**	**–758**	**597 260**
EBITDA	**23 825**	**–1 965**	**18 274**	**5 556**	**155**	**–7 130**	**38 715**
in % of net revenues	11.4	–2.3	8.9	8.4	0.5		6.5
Depreciation and amortisation	–7 719	–1 684	–8 932	–822	–2 549	–2 269	–23 975
Segment results (EBIT)	**16 106**	**–3 649**	**9 342**	**4 734**	**–2 394**	**–9 399**	**14 740**
in % of net revenues	7.7	–4.3	4.6	7.2	–7.2		2.5
Net financial result							–8 552
Result before income tax							**6 188**
Income tax expense							–4 225
Result after income tax							**1 963**
Average number of employees	**2 435**	**540**	**2 794**	**341**	**556**	**124**	**6 790**
Total assets as of 30/06/2013	**285 654**	**110 047**	**434 796**	**72 027**	**119 267**	**148 150**	**1 169 941**
Total liabilities as of 30/06/2013	**172 863**	**96 112**	**277 962**	**44 270**	**205 557**	**–50 764**	**746 000**

Six months ended 30/06/2012 restated	Heating & Sanitary	Kitchens & Refrige-ration	Windows & Doors	Steel Technology	Surface Technology	Others and elimi-nations	Total Group
in 1 000 CHF							
Sales with third parties	219 028	119 966	158 826	62 531	32 793	1 112	594 256
Sales with other segments	207	17	7	3 335		–3 566	
Net revenues	**219 235**	**119 983**	**158 833**	**65 866**	**32 793**	**–2 454**	**594 256**
EBITDA	**26 469**	**483**	**11 500**	**3 610**	**1 191**	**–5 118**	**38 135**
in % of net revenues	12.1	0.4	7.2	5.5	3.6		6.4
Depreciation and amortisation	–7 427	–2 989	–6 649	–3 218	–3 107	–3 131	–26 521
Segment results (EBIT)	**19 042**	**–2 506**	**4 851**	**392**	**–1 916**	**–8 249**	**11 614**
in % of net revenues	8.7	–2.1	3.1	0.6	–5.8		2.0
Net financial result							–25 381
Result before income tax							**–13 767**
Income tax expense							25
Result after income tax							**–13 742**
Average number of employees	**2 493**	**811**	**1 409**	**334**	**542**	**137**	**5 726**

The interim consolidated financial statements were prepared in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" along with adjustments of certain prior-year figures. The above-mentioned segment information however follows internal management reporting, which is why the discontinued operations per note 7 are also included.

The reconciliation of the continuing and discontinued operations on the segment information is presented as follows:

	six months ended 30/06/2013				six months ended 30/06/2012			
	Continuing operations	Discontinued operations		Total Group	Continuing operations	Discontinued operations		Total Group
		Kitchens & Refrig-eration	Steel Tech-nology			Kitchens & Refrig-eration	Steel Tech-nology	
in 1 000 CHF								
Net revenues	**556 350**	**9 512**	**31 398**	**597 260**	**526 558**	**37 018**	**30 680**	**594 256**
Segment results (EBIT)	**13 324**	**438**	**978**	**14 740**	**9 809**	**2 688**	**–883**	**11 614**
in % of net revenues	2.4			2.5	1.9			2.0
Net financial result	–8 552	–48	48	–8 552	–25 951	735	–165	–25 381
Result before income tax	**4 772**	**390**	**1 026**	**6 188**	**–16 142**	**3 423**	**–1 048**	**–13 767**
Income tax expense	–4 261	65	–29	–4 225	–317	194	148	25
Result after income tax	**511**	**455**	**997**	**1 963**	**–16 459**	**3 617**	**–900**	**–13 742**
Total assets	**1 153 338**		**16 603**	**1 169 941**	**1 239 494**			**1 239 494**
Total liabilities	**744 031**		**1 969**	**746 000**	**789 798**			**789 798**

The segment results (EBIT) of continuing operations include intra-group expenses for allocation of costs on the discontinued operations that will be incurred by the group despite the abolition of the discontinued operations. Owing to the resulting earnings credit for the discontinued operations, the deviation calculation between the respective divisions and the discontinued operations will lead to a too low result for the continuing operations of this division.

7 Non-current assets held for sale and discontinued operations

On 26 June 2013, a contract for the sale of certain assets and liabilities of the Forster Precision Steel Tubes business was signed between AFG and the German automobile part supplier Mubea. The closing is expected in the third quarter of 2013. Accordingly, the assets and liabilities affected by the sale have been reclassified to the respective held for sale balance sheet positions.

The Forster Precision Steel Tubes business is a significant part of the Division Steel Technology and Warendorfer Kitchens together with Forster Refrigeration form a significant part of the Division Kitchens and Refrigeration. For this reason, these businesses are reported as discontinued operations as of 30 June 2013. Prior-year figures of the income statement have been adjusted accordingly. The figures in the balance sheet were not adjusted in accordance with IFRS 5.

The closing of the sale of property of AFG Warendorfer Immobilien GmbH occurred as agreed on 15 January 2013. The resulting cash inflow from the sale of CHF 6.7 million is disclosed in the statement of cash flows under the position "Proceeds from sale of property, plant and equipment and investment property". The remaining amount of CHF 6.0 million was granted as a secured, interest-bearing and repayable loan.

8 Acquisitions and divestments

Acquisitions

The following fair value of assets and liabilities has arisen from acquisitions in the reporting period as mentioned under note 3:

Acquisition Dobroplast	Fair Value
	in 1 000 CHF
Assets	
Cash and cash equivalents	6 447
Accounts receivables	1 083
Other current assets	301
Inventories	14 343
Deferred expenses	183
Property, plant and equipment	25 068
Intangible assets	32 406
Total assets	**79 829**
Liabilities	
Accounts payables	3 782
Other liabilities	2 456
Financial debts	384
Finance lease liabilities	3 459
Accruals and deferred income	1 477
Provisions	60
Deferred income tax liabilities	237
Total liabilities	**11 856**
Net assets acquired	**67 974**
Goodwill	10 090
Purchase consideration	**78 064**
Cost of acquisition	
Purchase price	71 816
Deferred payment	4 155
Contingent consideration liability	2 094
Total cost of acquisition	**78 064**
Net cash outflow was as follows:	
Purchase price	71 816
Cash and cash equivalents in subsidiary acquired	–6 447
Net cash outflow on acquisition	**65 369**

As of the controlling date of 4 February 2013, AFG acquired 100% of the shares in the Polish Dobroplast Fabryka Okien sp. z o.o., with its registered seat in PL-Zambrow. The company is the leading Polish manufacturer of PVC windows and is allocated to the Division Windows and Doors. The purchase price amounted to CHF 71.8 million. In addition CHF 4.2 million of deferred purchase price will become due within five months after the closing. Furthermore upon achievement of certain agreed targets based on the financial year 2013, up to a maximum of CHF 3.2 million (undiscounted) of contingent consideration may become due. The fair value of the contingent consideration liability was determined at CHF 2.1 million by means of a probability-weighted pay out approach. The applied discount rate for the determination of the fair values amounted to 11.0%.

From the date of acquisition, Dobroplast contributed CHF 32.4 million in net revenues and CHF 0.4 million in loss to the Group. Had the acquisition taken place on 1 January 2013, net revenues for the reporting period would have been CHF 37.3 million and loss would have been CHF 0.8 million. The gross carrying amount of accounts receivables amounted to CHF 1.6 million, of which CHF 0.5 million were considered uncollectable. The acquisition-related costs amounted to CHF 1.3 million and were included in operating expenses for the years 2012 and 2013. The goodwill from this acquisition is due to the fact that certain intangible assets did not meet the criteria of IFRS 3 “business combinations” for the recognition as intangible assets at the date of acquisition. These intangible assets consist mainly of workforce know-how. In addition, goodwill includes the expected synergies within the Division Windows and Doors. The fair value of acquired intangible assets as well as the resulting deferred taxes have been only determined on a provisional basis because the final valuation is still pending.

Acquisition Piatti Küchenforum AG	Fair Value
	in 1000 CHF
Assets	
Cash and cash equivalents	112
Accounts receivables	29
Other current assets	19
Inventories	398
Deferred expenses	29
Property, plant and equipment	69
Financial assets	4
Total assets	**660**
Liabilities	
Accounts payables	36
Other liabilities	20
Accruals and deferred income	19
Total liabilities	**75**
Net assets acquired	**585**
Fair value of already held equity interest	– 235
Purchase consideration	**350**
Net cash outflow was as follows:	
Purchase price	350
Cash and cash equivalents in associate acquired	– 112
Net cash outflow on acquisition	**238**

On 26 February 2013, AFG acquired the remaining 59.2% of the associated Piatti Küchenforum AG retroactively as of 1 January 2013. The purchase price amounted to CHF 0.35 million. Since the company was merged in June 2013 with AFG Küchen AG, separate financial figures for the acquired company are available only until the end of May 2013. From the date of acquisition until 31 May 2013, Piatti Küchenforum AG contributed CHF 0.7 million in adjusted net revenues and CHF 0.1 million in loss to the Group. The fair value of accounts receivables equals the gross carrying amount and all receivables are considered to be collectable. The fair value of the already held interest of 40.8% in Piatti Küchenforum AG immediately before the acquisition and considering that the share of earnings was determined with a lack of one year amounted to CHF 0.24 million and thus equalled its carrying amount.

Goodwill has changed during the reporting period as follows:

Goodwill	Total
	in 1 000 CHF
Balance at 31/12/2012	**57 315**
Acquisition Dobroplast	10 090
Foreign exchange differences	– 96
Balance at 30/06/2013	**67 309**

Divestments

A cash inflow of CHF 1.4 million resulted from the sale of certain assets of the Forster Refrigeration business. The sale was completed on 28 February 2013 between AFG and V-Zug. The cash flow is reflected in the statement of cash flows under "Proceeds from sale of subsidiaries / businesses". The sale of the Forster Refrigeration business resulted in a disposal gain of CHF 0.5 million. The disposal gain includes the provisionally calculated gain due to partial liquidation of the pension plan (settlement). Because the partial liquidation will occur in a couple of months, and the calculation is based on today's estimates, the gain may change depending on the development of the coverage of the pension plan up to the end of the partial liquidation.

In April 2013, the deferred loss compensation of CHF 3.7 million was paid to Warendorfer Küchen GmbH, a company sold by AFG on 31 December 2012. This cash outflow is included in the statement of cash flows under "Proceeds from sale of subsidiaries / businesses".

9 Seasonality of operations

Due to the seasonal nature of certain divisions of the Group, higher net revenues and operating results are usually expected in the second half of the year rather than in the first semester.

10 Transfer of financial assets

Since February 2010 AFG sells receivables under a factoring agreement. Because AFG neither transfers nor retains substantially all the risks and rewards of ownership and still retains control, the receivables have to be recorded in the balance sheet to the extent of the so-called continuing involvement as stipulated under the provision of IAS 39. In particular the late payment risk is completely retained by AFG up until a certain point in time. As of 30 June 2013 the book value of the transferred receivables amounts to CHF 50.1 million. Thereof AFG already received from the factor CHF 23.1 million of cash and the remaining CHF 27 million are disclosed as receivables against the factor. In addition a receivable and a liability of CHF 0.5 million and CHF 0.5 million respectively are recorded for the consideration of the continuing involvement.

11 Financial instruments

The following information is to be read in conjunction with note 43 “Additional disclosures on financial instruments” of the 2012 consolidated financial statements. Financial instruments measured at fair value are allocated to the three hierarchy levels as follows:

	Level 1	Level 2	Level 3	Fair value at 30/06/2013
	in 1 000 CHF	in 1 000 CHF	in 1 000 CHF	in 1 000 CHF
Assets				
Financial assets at fair value through profit or loss – designated (FA FVTPL designated)	438	1 887		**2 325**
Available-for-sale (AFS)			1 020	**1 020**
Liabilities				
Financial liabilities at fair value through profit or loss – trading (FL FVTPL trading)		76	2 157	**2 233**
Cross currency swaps (cash flow hedges)		19 754		**19 754**

The liability in the category “FL FVTPL trading” of the hierarchy level 3 relates to the contingent consideration from the acquisition of Dobroplast. The fair value of the contingent consideration liability was determined by using a probability-weighted pay out approach of possible target achievements and the discount rate used for the determination of the fair values amounted to 11.0%.

In the reporting period, no reclassifications occurred between levels 1 and 2.

12 Treasury shares

Compared to 31 December 2012, the balance of treasury shares has declined by 24645 to 486821 shares. During the reporting period, 1000 shares were bought and the allocation of shares from the share-based payment plan resulted in a reduction by 25645 shares.

13 Capital commitments

As of 30 June 2013, capital commitments for the purchase of property, plant and equipment amount to CHF 12.0 million and for intangible assets to CHF 1.1 million.

14 Contingencies

No significant changes have occurred from those disclosed in the consolidated financial statements as of 31 December 2012.

15 Events after the balance sheet date

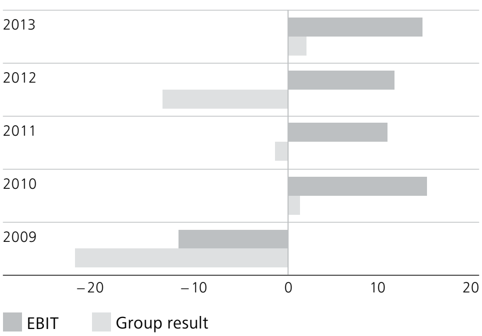
On 1 July 2013, the deferred purchase price of CHF 4.2 million was paid for the acquisition of Dobroplast to the former owners. No other events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2013 interim consolidated financial statements.

SUPPLEMENTARY INFORMATION FOR INVESTORS

Share figures[1]	**30/06/2013**	30/06/2012	30/06/2011	30/06/2010	30/06/2009
Stock market prices in CHF					
Highest price during reporting period	27.6	23.2	37.8	29.2	27.4
Lowest price during reporting period	22.9	16.3	29.2	21.3	12.6
Share price at 30/06	26.0	17.2	30.8	22.0	16.2
Market capitalisation in CHF million	**474**	**313**	**560**	**401**	**294**

Breakdown 2013 in CHF million	**Net revenues first half year**[2]	**EBITDA first half year**[2]	**EBIT first half year**[2]
Heating and Sanitary	**209.0**	**23.8**	**16.1**
Kitchens and Refrigeration	**84.7**	**−2.0**	**−3.6**
Windows and Doors	**205.0**	**18.3**	**9.3**
Steel Technology	**66.0**	**5.6**	**4.7**
Surface Technology	**33.2**	**0.2**	**−2.4**

EBIT and Group result for the period
first half year in CHF million



[1] Adjusted for the effects of previous capital increases
[2] Consolidated on a divisional basis; without Corporate Functions

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