



**FIRST SEMESTER
FINANCIAL
REPORT
2016**

In the first half year of 2016, AFG worked on the solid financial basis, which was created during the previous year. An intensive implementation of the related strategic measures for repositioning and restructuring took place in all three divisions. As of mid-2016, AFG is well on course to achieve its goals for 2018.

DEAR SHAREHOLDERS, DEAR LADIES AND GENTLEMEN,

AFG can look back on a pleasing first half of 2016. The company accomplished a significant improvement compared to the previous year with all key financial performance indicators despite a headwind on the largest domestic market, apart from Germany, Switzerland.

Group revenue stood at CHF 459.0 million, an 8.0 % increase, 2.3 % in adjusted terms, on the previous year (CHF 425.1 million). The EBITDA increased to CHF 27.3 million (CHF 23.3 million in adjusted terms) and the EBIT improved significantly compared to the same period in the previous year and achieved a positive value again with CHF 5.7 million or CHF 4.2 million in adjusted terms (first half year of 2015: CHF – 125.4 million or CHF – 2.9 million adjusted for one-time effects). AFG reported a group loss of CHF – 3.5 million (first half year of 2015: CHF – 132.6 million) for the first half of 2016.

MARKET ENVIRONMENT

In the first half of 2016, AFG's two largest domestic markets, Germany and Switzerland, had very different development trends. While the market in Germany experiences a strong upward trend in the new building segment in particular, the development in the Swiss construction industry was negatively affected by various factors, which led at best to a sideways movement in the market. Strong competitive pressure continues to dominate and was exacerbated by the Swiss franc's high exchange rate.

By contrast, the market development in Germany was favoured by several influences. On the one hand, low interest rates are encouraging investments in property, which is in turn leading to an above-average rise in building permits. On the other hand, the flow of refugees requires new homes, which will boost the building and renovating of apartments. Building suppliers will benefit substantially from the corresponding programmes, although these will only show their full effect over the next few years.

STRATEGIES AND AIMS OF THE DIVISIONS

AFG set itself the strategic objective in 2015 of being the leading European building supplier by 2018 by focusing on competitive products that meet the market's requirement for high energy efficiency. Extensive repositioning and restructuring of the company was required to achieve this aim. We defined three priority measures for this:

- Relocation of production footprint
- Focus on divisional strategies
- Establishment of a lean industrial holding

We have achieved our interim targets based on the action plans in all divisions in the first half year of 2016. However, there are still several challenges to overcome.

In the first half of 2016, the **Building Technology Division** generated CHF 232.4 million in revenue which is an increase by 6.7 % or adjusted for currency effects by 4.0 % on the previous year's figure (CHF 217.7 million). The EBITDA rose from CHF 22.9 million in the previous year to CHF 24.9 million. The division achieved an EBIT of CHF 16.0 million (previous year CHF –5.9 million or CHF 14.5 million in adjusted terms).

The high import pressure on the domestic market of Switzerland has intensified further. An additional burden is the at best sideways movement in the Swiss housing market development. Compared to this, there is, as already mentioned, pleasing progress on the German construction market, whereas the renovation market runs only stable.

Despite this partly heterogeneous market development, all three business units have contributed to the growth of the Building Technology Division. During the reporting period the Italian company Sabiana developed particularly positively; it achieved growth in double figures, also as a result of the sustained pleasing development in the commercial and public building sector in Italy, which is important for the business unit. Another growth-driver are the Heating Technology and Air-Conditioning/Ventilation Technology Business Units' intensified cross-selling activities, with which the product portfolio potential can be tapped across markets.

The division is expanding its range of products in the shower enclosure segment with the acquisition of the Koralle Group from Geberit AG. Thanks to this transaction, the Sanitary Equipment Business Unit is obtaining wide access to the Swiss market in the sanitary equipment sector. The Sanitary Equipment Business Unit's market position is being strengthened and further developed in Germany and Austria by the Koralle Group.

To improve the value chain and market presence in France and Luxembourg, AFG's Italian subsidiary, Sabiana, which is responsible for the Air-Conditioning/Ventilation Technology Business Unit is taking over its

French exclusive distribution partner Sabiatherm S.A.S. The gradual expansion of the country-specific product portfolio also offers additional potential for growth with fitters and planners on these markets. The company is being integrated into Sabiana's organisation to improve process efficiency but will still exist as a local distribution location with its own personnel.

At the location in Plattling (D), the main production site for both the Heating Technology and Sanitary Equipment Business Units, AFG is investing in the Heating Technology Business Unit more than EUR 25 million in modernisation, expanding the capacity and complementing the product ranges over the next 24 months.

The relocation of special heating production from Arbon (CH) to Střibro (CZ) is running according to plan and will be finished by the beginning of 2017.

In the first half year of 2016, the **Building Envelope Division** was able to increase its revenue by 11.4 % to CHF 151.4 million, whereby the growth was due to currency and acquisition effects. The EBITDA improved compared to the previous year (CHF – 4.4 million) and stood at CHF – 1.9 million. The division achieved an EBIT of CHF – 9.0 million (previous year CHF – 112.9 million, – 12.3 in adjusted terms).

The division is still battling with a strong headwind on the Swiss market, which can be traced back to the sustained import and cost pressure and the strength of the Swiss franc. The limited building work in the project business (office, industrial and administration buildings) exacerbated the situation in the first half of the year too and had a negative impact on the sales and revenue trend in Switzerland.

The Eastern European markets Slovakia, Czech Republic and Poland are developing pleasingly as a result of the construction industry and economic growth.

To be able to comprehensibly make use of the Building Envelope Division's economies of scale, we are developing strong local market organisations and production centres of excellence. The state-of-the-art European production site for vinyl windows is being built in Slovakia. The relocation of our vinyl window production from Villeneuve in Switzerland will be completed by the end of 2016. Our Wertbau company in Thuringia (D) will be the centre for wood and wood/aluminium window production. The relocation of production from Altstätten (CH) to Wertbau is scheduled for the end of 2017. With the development of sites in Central and Eastern Europe we are using their cost advantages on the one hand and strengthening our market position in these economic regions on the other hand. We will be developing and testing windows in Switzerland in future too.

In addition to relocating the production capacities, the division is constantly working on measures to optimise its cost structure. For example there are various activities in the area of strategic purchasing for the whole division to achieve an increase in competitiveness for all European locations.

The **Building Security Division's** revenue was CHF 75.1 million at the end of June 2016, which is an increase of 5.3 %, and 1.5 % adjusted for currency and acquisition effects, compared to the previous year (CHF 71.3 million). The EBITDA dropped from CHF 3.2 million to CHF 2.7 million and the EBIT from CHF 1.4 million to CHF 1.2 million.

Although the division includes with Forster one of the two leading global companies for steel profile systems and with RWD Schlatter the market leader for special wooden doors in Switzerland, both division companies are still facing the challenges of the domestic market Switzerland. The export-based Profile Systems Business Unit's business is still being negatively affected by the strong Swiss franc, which also as a result incites the import pressure, predominantly of aluminium systems. With the Special Doors Business Unit (RWD Schlatter) that mainly operates on the Swiss market the sustained restraint in building activity for projects in industrial and office buildings is continuing to be a burden.

To strengthen Forster's market position we established direct sales in several European countries last year. This is showing its first positive effects. One important lever to improve results will also be adjusting the product range in the future and the associated launch of new products.

Measures are being checked for the Special Doors Business Unit to permanently reduce the independence on the Swiss market. The aim is to tap into markets such as Germany and other European countries with new sales organisations.

OTHER AFG GROUP ACTIVITIES

The streamlining of holding functions together with a marked reduction in costs is part of the repositioning and restructuring of AFG. We are also on course with this measure and can stick to the specified target of reducing costs to 1% of our revenue by 2018.

As announced on 22 April 2016, AFG sold its properties at Industrie-strasse 23, 24 and 29 in Arbon to the automotive supplier Mubea, a previous tenant of the AFG production halls. The transaction with a volume of roughly CHF 25 million was made as part of the strategic decision to part with property that is not necessary to our operation. AFG is planning to complete property sales amounting to a total volume of CHF 60 to 80 million over the next few years and is aiming to finance investments and acquisitions with the proceeds. As a result, we will keep our net debt at a low level.

In addition, AFG is making a commitment to the Arbon location by entering into a new contract for the Corporate Centre with a repurchase obligation in eleven years with the current owner, Credit Suisse Funds AG. Until then both parties have concluded a new lease agreement with reduced rent for AFG, which became effective as of 1 July 2016.

Furthermore, AFG took over the remaining 10 % in Sabiana from the owners early at a price (around CHF 10 million) fixed at the time of acquisition. This was paid for partly using AFG shares and cash. AFG is focusing increasingly on share-based compensation systems with the aim of providing those entitled with an investment in the company's long-term and sustainable success.

OUTLOOK

For the overall year of 2016 we are reckoning on a net revenue in the ballpark of CHF 1 billion and an accordingly higher EBITDA. The equity ratio will stand between 40 and 45 %. We are assuming a net debt without acquisition effects of approx. CHF 50 million by the end of 2016.

AFG is on the right path to achieve its strategic and financial aims for the year 2018: a revenue of more than CHF 1 billion (without effects from the Koralle acquisition) and an EBITDA of over CHF 100 million. We are also still expecting to be able to generate a substantial free cash flow.

As a result, the basis for the ability to pay dividends is expected to be restored from the business year 2018 onwards. In the medium term, a net debt to equity ratio based on the operating EBITDA of less than 1.5x is predicted. We are assuming that we will grow by 3 % on average every year.

ACKNOWLEDGEMENTS

We are looking back on an extremely intensive first half of 2016 in which the attention of all those involved was on implementing the introduced restructuring and repositioning measures. On behalf of the Board of Directors and Group Management, we would like to thank all employees for their engagement and support during these challenging times. We are still convinced that we have taken the right steps for our company's long-term success.

We would also like to thank our customers and most notably you, our dear shareholders, for your trust.

Arbon, August 2016



Alexander von Witzleben
Chairman of the Board of Directors and CEO



Felix Bodmer
CFO

CONSOLIDATED INCOME STATEMENT (CONDENSED)	For the six months ended 30/06/2016		For the six months ended 30/06/2015	
	in 1000 CHF	in %	in 1000 CHF	in %
Net revenues	459 028	100.0	425 053	100.0
Other operating income and capitalised own services	6 909	1.5	7 631	1.8
Changes in inventories of semi-finished and finished goods	19 542	4.3	21 205	5.0
Cost of material and goods	-217 669	-47.4	-202 281	-47.6
Personnel expenses	-172 581	-37.6	-165 903	-39.0
Other operating expenses	-67 886	-14.8	-69 638	-16.4
EBITDA	27 343	6.0	16 067	3.8
Depreciation, amortisation and impairments	-21 654	-4.7	-141 432	-33.3
EBIT	5 689	1.2	-125 365	-29.5
Net financial result	-7 537	-1.6	-14 100	-3.3
Group result before income tax	-1 848	-0.4	-139 465	-32.8
Income tax expense	-1 692	-0.4	6 829	1.6
Group result	-3 540	-0.8	-132 636	-31.2
Earnings per share in CHF	-0.08		-5.44 ¹	

Basic and diluted earnings are identical

¹Earnings per share adjusted for 2015 capital increase

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

EBIT = Earnings before financial results and tax

The notes on pages 13 to 21 form an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)	For the six months ended 30/06/2016	For the six months ended 30/06/2015
	in 1 000 CHF	in 1 000 CHF
Group result	-3 540	-132 636
Other comprehensive income		
<i>Items that will not be reclassified to income statement</i>		
Remeasurements of employee benefit obligations	-4 058	-7 611
Total items that will not be reclassified to income statement	-4 058	-7 611
<i>Items that may be reclassified subsequently to income statement</i>		
Currency translation differences	-897	-35 948
Total items that may be reclassified subsequently to income statement	-897	-35 948
Other comprehensive income after taxes	-4 955	-43 559
Total comprehensive income	-8 495	-176 195

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CONSOLIDATED BALANCE SHEET (CONDENSED)	30/06/2016		31/12/2015		30/06/2015	
	in 1 000 CHF	in %	in 1 000 CHF	in %	in 1 000 CHF	in %
Assets						
Cash and cash equivalents	72 041		201 440		88 640	
Securities	2 420		2 240		2 155	
Receivables and other assets	145 469		104 551		132 596	
Inventories	173 548		151 431		152 405	
Deferred expenses	4 287		5 414		3 549	
Financial assets	1 200		1 200		368	
Assets held for sale	20 118					
Current assets	419 083	49.1	466 276	51.8	379 713	46.5
Property, plant, equipment and investment property	320 730		316 761		304 491	
Intangible assets and goodwill	95 846		98 986		104 406	
Deferred income tax assets	10 483		6 898		9 678	
Capitalised pension surplus			9 424		10 187	
Financial assets	6 672		2 180		7 398	
Non-current assets	433 731	50.9	434 249	48.2	436 160	53.5
Total assets	852 814	100.0	900 525	100.0	815 873	100.0
Liabilities and shareholders equity						
Liabilities	170 631		147 532		143 276	
Financial debt	118 425		208 764		307 823	
Accruals and deferred income	59 978		38 112		54 903	
Provisions	22 364		23 258		10 764	
Current liabilities	371 398	43.5	417 666	46.4	516 766	63.3
Financial debt	24 851		19 988		19 390	
Other liabilities	13 247		8 487		7 661	
Provisions	14 694		21 508		5 872	
Deferred income tax liabilities	16 765		17 026		21 361	
Employee benefit obligations	61 485		64 033		58 069	
Non-current liabilities	131 042	15.4	131 042	14.6	112 353	13.8
Total liabilities	502 440	58.9	548 708	60.9	629 119	77.1
Shareholders equity attributable to equity holders of AFG Arbonia-Forster-Holding AG	350 374	41.1	351 817	39.1	186 754	22.9
Total shareholders equity	350 374	41.1	351 817	39.1	186 754	22.9
Total liabilities and shareholders equity	852 814	100.0	900 525	100.0	815 873	100.0

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**CONSOLIDATED CASH FLOW STATEMENT
(CONDENSED)**

	For the six months ended 30/06/2016	For the six months ended 30/06/2015
	in 1 000 CHF	in 1 000 CHF
Group result	-3 540	-132 636
Depreciation, amortisation and impairments	21 654	141 432
Profit/loss on disposal of non-current assets	-60	-386
Changes in non-cash transactions	2 980	-5 690
Changes in net working capital (excluding cash and cash equivalents)	-25 177	-2 100
Cash flows from operating activities – net	-4 143	620
To investment activities		
Purchases of property, plant and equipment and investment property	-19 887	-8 481
Purchases of intangible assets	-270	-856
Acquisition of subsidiaries (net of cash acquired)	-4 649	
Issuance of financial assets	-4 437	
From divestment activities		
Proceeds from sale of property, plant and equipment and investment property	65	2 393
Proceeds from sale of intangible assets		3
Repayment of financial assets	30	318
Cash flows from investing activities – net	-29 148	-6 623
From financing activities		
Proceeds from financial debts	111 024	20 000
Sale of treasury shares	1 590	2 484
To financing activities		
Repayment of financial debts and finance lease liabilities	-207 186	-2 326
Purchase of treasury shares	-1 612	-3 016
Cash flows from financing activities – net	-96 184	17 142
Effects of translation differences on cash and cash equivalents	76	-2 011
Change in cash and cash equivalents	-129 399	9 128
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents as of 01/01	201 440	79 512
Cash and cash equivalents as of 30/06	72 041	88 640
Change in cash and cash equivalents	-129 399	9 128
Supplementary information for operating activities:		
Interest paid	7 445	7 719
Interest received	734	297
Income tax paid	4 138	2 597

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONDENSED)	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Attribut- able to equity holders AFG	Total share- holders equity
in 1 000 CHF							
Balance at 31/12/2014	76 547	166 037	-8 261	-55 986	184 616	362 953	362 953
Group result					-132 636	-132 636	-132 636
Other comprehensive income after taxes				-35 948	-7 611	-43 559	-43 559
Total comprehensive income				-35 948	-140 247	-176 195	-176 195
Changes in treasury shares			1 357		-1 889	-532	-532
Share based payments			871		-343	528	528
Total transactions with owners			2 228		-2 232	-4	-4
Balance at 30/06/2015	76 547	166 037	-6 033	-91 934	42 137	186 754	186 754
Balance at 31/12/2015	187 140	262 022	-7 553	-84 288	-5 504	351 817	351 817
Group result					-3 540	-3 540	-3 540
Other comprehensive income after taxes				-897	-4 058	-4 955	-4 955
Total comprehensive income				-897	-7 598	-8 495	-8 495
Issuance of share capital (net)	3 842	6 543				10 385	10 385
Changes in treasury shares			-3 772		-787	-4 559	-4 559
Share based payments			1 648		-422	1 226	1 226
Total transactions with owners	3 842	6 543	-2 124		-1 209	7 052	7 052
Balance at 30/06/2016	190 982	268 565	-9 677	-85 185	-14 311	350 374	350 374

The notes on pages 13 to 21 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 a focused building supplier, 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 three main divisions, namely Building Technology, Building Envelope and Building Security. Manufacturing plants are located in Switzerland, Germany, Italy, the Czech Republic, Poland and Slovakia. AFG owns major brands such as Kermi, Arbonia, Prolux, Sabiana, EgoKiefer, Slovaktual, Dobroplast, Wertbau, Forster Profile Systems, and RWD Schlatter and possesses a strong position in its home markets in Switzerland and Germany. The Group focuses mainly on the development of existing markets in Central and Eastern Europe. With around 30 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.

These unaudited interim consolidated financial statements have been approved for issue by the Board of Directors of AFG Arbonia-Forster-Holding AG on 21 July 2016.

2 GENERAL PRINCIPLES AND BASIS OF PREPARATION

The unaudited interim consolidated financial statements for the six months ended 30 June 2016 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 2015.

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 Groups accounting policies. Consequently, actual results might deviate from such estimates.

With the exception of those facts disclosed in note 9 and 13, 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 2015.

Amendments to significant published standards effective in 2016

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 2015, except for the adoption of the following amended standards, which AFG has implemented in 2016:

- Amendments to IAS 1 "Presentation of financial statements" – disclosures
- Annual improvements to IFRSs 2012–2014 cycle

The adoption of these amended standards did not significantly affect the Groups interim financial statements.

Published standards that are neither 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:

Standard	effective date
Amendments to IAS 7 "Statement of cash flows" – disclosures	01 January 2017
IFRS 9 "Financial instruments: classification and measurement"	01 January 2018
Amendments to IFRS 9 "Financial instruments" – mandatory effective date of IFRS 9 and transition disclosures	01 January 2018
Amendments to IFRS 9 "Financial instruments" – hedge accounting	01 January 2018
IFRS 15 "Revenue from contracts with customers"	01 January 2018
IFRS 16 "Leases"	01 January 2019

The amendment to IAS 7 introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9 introduces new principles for the classification and measurement of financial assets and liabilities.

IFRS 15 prescribes when and at what amount to recognise revenue from contracts with customers. This follows a five-step model, which is applied to all customer contracts: (1) identification of contracts with customers (2) identification of separate performance obligations in the contract (3) determination of the transaction price (4) allocation of the transaction price to the separate performance obligations (5) revenue recognition when a performance obligation is satisfied. The standard also requires extensive disclosures.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. An optional exemption for certain short-term leases and leases of low-value assets has been provided for. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The application of IFRS 15 and IFRS 16 will affect the Groups financial statements. AFG will soon systematically analyse and assess the impact of these standards on its financial statements. The adoption of the remaining new or amended standards will not significantly affect the Groups financial statements.

3 CHANGES IN THE SCOPE OF CONSOLIDATION

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

- As of 15 June 2016, AFG acquired the remaining 10 % of the shares of Sabiana S.p.A., IT-Corbetta (see note 13 and 14).

On 29 June 2016, AFG announced the acquisition of Koralle, a group which specialises in sanitary applications. Koralle Group generated in 2015 net revenues of approx. CHF 45 million with some 240 employees and offers their shower enclosures mainly in the markets of Switzerland, Germany and Austria. The transaction requires the approval by the competition authorities, consequently the closing and thus transfer of control to AFG is expected in August 2016.

4 FOREIGN CURRENCY RATES

The following foreign currency rates have been applied:

Currency	Unit	Closing rate 30/06/2016	2016 Half-year average rate	Closing rate 30/06/2015	2015 Half-year average rate
EUR	1	1.0826	1.0953	1.0416	1.0553
GBP	1	1.3078	1.4077	1.4706	1.4410
USD	1	0.9754	0.9822	0.9302	0.9465
CZK	100	3.9904	4.0529	3.8231	3.8378
PLN	100	24.4628	25.0854	24.8331	25.5057
CNY	100	14.6793	15.0433	15.1618	15.1200
RUB	100	1.5539	1.4027	1.7139	1.6522

5 SEGMENT INFORMATION

AFG is organised into three divisions or segments, namely Building Technology, Building Envelope and Building Security. Corporate Services consist of service, finance, real estate and investment companies and provide their services almost entirely 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, EBITDA and EBIT are pivotal key measures. 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 and liabilities include all assets, liabilities and intercompany transactions. Goodwill has been allocated to the respective segments.

Six months ended 30/06/2016	Building Technology	Building Envelope	Building Security	Others and eliminations	Total Group
in 1 000 CHF					
Sales with third parties	232 371	151 363	75 087	207	459 028
Sales with other segments		1	27	-28	
Net revenues	232 371	151 364	75 114	179	459 028
Segment results I (EBITDA)	24 932	-1 939	2 681	1 669	27 343
<i>in % of net revenues</i>	10.7	-1.3	3.6		6.0
Depreciation and amortisation	-8 942	-7 077	-1 516	-1 659	-19 194
Impairment property, plant and equipment				-2 460	-2 460
Segment results II (EBIT)	15 990	-9 016	1 165	-2 450	5 689
<i>in % of net revenues</i>	6.9	-6.0	1.6		1.2
Net financial result					-7 537
Result before income tax					-1 848
Income tax expense					-1 692
Result after income tax					-3 540
Average number of employees	2 762	2 974	454	63	6 253
Total assets as of 30/06/2016	404 805	260 453	113 166	74 390	852 814
Total liabilities as of 30/06/2016	228 240	264 115	92 628	-82 543	502 440

The impairment on property, plant and equipment in column "Others and eliminations" relates to the Corporate Center in CH-Arbon and is explained in note 13.

Six months ended 30/06/2015	Building Technology	Building Envelope	Building Security	Others and eliminations	Total Group
in 1 000 CHF					
Sales with third parties	217 680	135 856	71 224	293	425 053
Sales with other segments	32		79	-111	
Net revenues	217 712	135 856	71 303	182	425 053
Segment results I (EBITDA)	22 881	-4 373	3 231	-5 672	16 067
<i>in % of net revenues</i>	10.5	-3.2	4.5		3.8
Depreciation and amortisation	-8 402	-8 506	-1 834	-2 300	-21 042
Reversal of impairment on property, plant and equipment		844			844
Impairment property, plant and equipment and intangible assets		-50 672			-50 672
Impairment goodwill	-20 347	-50 215			-70 562
Segment results II (EBIT)	-5 868	-112 922	1 397	-7 972	-125 365
<i>in % of net revenues</i>	-2.7	-83.1	2.0		-29.5
Net financial result					-14 100
Result before income tax					-139 465
Income tax expense					6 829
Result after income tax					-132 636
Average number of employees	2 686	2 801	415	77	5 979

6 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.

7 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 but 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 2016, the book value of the transferred receivables amounts to CHF 55.6 million. Thereof AFG already received from the factor CHF 29.0 million in cash and the remaining CHF 26.6 million are disclosed as receivables against the factor. In addition, a receivable and a liability of CHF 0.6 million are recorded for the consideration of the continuing involvement.

8 ASSETS HELD FOR SALE

The position includes real estate consisting of land and production halls in CH-Arbon. A purchase contract was concluded with the new owners. At the balance sheet date, the approval of the bureau of environment of the canton of Thurgau was still pending for this transaction, therefore no transfer of ownership occurred. It is assumed that the approval will be obtained in the next few months, and the sale will be completed by autumn 2016.

9 CAPITALISED PENSION SURPLUS

In the first half of 2016, AFG re-assessed the possibility of offsetting the capitalised pension surplus of a pension foundation with the employee benefit obligations of two pension plans. The re-assessment concluded that an offsetting was permitted, so that as of 30 June 2016 the capitalised pension surplus in the amount of CHF 9.4 million was offset with the employee benefit obligations.

10 FINANCIAL ASSETS

As of 18 April 2016, AFG acquired a minority share of 31% on the Austrian window manufacturer Gaulhofer through payment of CHF 4.4 million. The investment was made in the form of a capital increase of Gaulhofer Industrie-Holding GmbH. The proportionate profit since the acquisition date amounted to CHF 0.1 million and is included in the financial result. The Gaulhofer Group generated net revenues of around CHF 60 million in 2015.

11 FINANCIAL DEBTS

The bond of CHF 200 million at 3.375% with a duration of 6 years was repaid on time by 12 May 2016.

As a result of the bond repayment CHF 111 million of the syndicated loan was drawn during the reporting period. By 30 June 2016, CHF 111 million of the syndicated loan has been used.

12 PROVISIONS

In the first half of 2016, a provision of CHF 5 million stemming from the under-utilisation of the existing rental space in connection with the long-term lease agreement of the Corporate Center in CH-Arbon was released.

13 FINANCIAL INSTRUMENTS

The following information is to be read in conjunction with note 43 “Additional disclosures on financial instruments” of the 2015 consolidated financial statements. Financial instruments measured at fair value are allocated to the respective hierarchy levels as follows:

	Level 2	Level 3	Fair value at 30/06/2016
in 1 000 CHF			
Assets			
Financial assets at fair value through profit or loss – designated (FA FVTPL designated)			
Investment funds	2 420		2 420
Total assets	2 420		2 420
Liabilities			
Financial liabilities at fair value through profit or loss – designated (FL FVTPL designated)			
Interest rate swaps without hedges	2 292		2 292
Financial liabilities at fair value through profit or loss – trading (FL FVTPL trading)			
Purchase commitment		12 590	12 590
Contingent consideration liability		584	584
Total liabilities	2 292	13 174	15 466

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

The movement in the fair value changes of level 3 items is as follows:

	Contingent consideration liability	Purchase commitment	Purchase commitment on non-controlling interests
in 1 000 CHF			
Balance at 31/12/2015	554		7 879
Purchase contract		12 590	
Within financial results recognised unrealised foreign exchange losses			301
Within financial results recognised expenses from compounding	30		2 436
Settlement			-10 616
Balance at 30/06/2016	584	12 590	

The purchase commitment of CHF 12.6 million relates to the signed purchase agreement on 16 June 2016 between AFG and Credit Suisse Funds AG for the Corporate Center in CH-Arbon with transfer of ownership in around eleven years. The purchase commitment was recorded at the balance sheet date at fair value. The two parties have signed a new lease agreement at a reduced rent which will come into force on 1 July 2016. AFG has made a payment of CHF 5 million to

Credit Suisse Funds AG at the end of June 2016, which is reported in the cash flow statement under "purchases of property, plant and equipment and investment properties". Due to the commitment to purchase the Corporate Center and the current lease agreement being valid until the moment of the transfer of ownership, this deal qualifies as a finance lease. Accordingly, the fair value of the Corporate Center of CHF 25 million has been capitalised, the net present value of the lease payments and the discounted purchase price commitment have been recorded as liabilities. The transaction resulted in an impairment on the Corporate Center of CHF 2.5 million.

According to the original purchase contract of 2014, AFG had the right to buy the remaining 10% of Sabiana S.p.A., IT-Corbetta, after four years, at the earliest within one year at a fixed price. The owners had the right to sell their remaining 10% to AFG at any time up to the end of the fifth year at a fixed price. In the first half of 2016, the parties have cancelled this call-and-put option agreement and mutually agreed to already sell the remaining 10% of Sabiana S.p.A. in June 2016 to AFG. The purchase price was settled in equity instruments of AFG and cash (see note 14).

14 SHARE CAPITAL

On 22 April 2016, the Board of Directors of AFG Arbonia-Forster-Holding AG approved an authorised capital increase under exclusion of subscription rights for existing shareholders. The capital increase was completed on 7 June 2016. The share capital was increased through the issue of 914 669 new registered shares with a par value of CHF 4.20 by CHF 3 841 609.80 to CHF 1 909 815 348.80. 514 669 of these new shares with a counter value of CHF 5.8 million and CHF 4.8 million in cash were used for the purchase price settlement of the remaining 10% of Sabiana S.p.A., IT-Corbetta. The remaining 400 000 new registered shares are designated for the participation of employees and the Board of Directors of AFG. The capital surplus resulting from the capital increase in the amount of CHF 6.5 million was allocated to share premium.

On 22 April 2016, the Annual General Meeting approved amongst others the following: to authorise the Board of Directors to create additional share capital by a maximum amount of CHF 33 600 000 through the issuing of maximal 8 000 000 fully paid registered shares with a par value of CHF 4.20 each until 22 April 2018 (authorised capital). To increase the share capital in the amount of CHF 33 600 000 by issuing a maximum of 8 000 000 fully paid up registered shares with a par value of CHF 4.20 (conditional capital increase). The authorised and conditional capital increase together are limited to an additional share capital of CHF 33 600 000.

As a result of the completed authorised capital increase on 7 June 2016, the maximum amount and number of registered shares allocated to raise new capital were reduced to CHF 29 758 390.20 and 7 085 331 shares respectively.

15 TREASURY SHARES

Compared to 31 December 2015, the balance of treasury shares has increased by 253 175 to 762 856 shares. In the reporting period, 400 000 shares from the capital increase dated 7 June 2016 were allocated to treasury shares and 136 352 shares were used for the share-based payment plans.

16 CAPITAL COMMITMENTS

As of 30 June 2016, capital commitments for the purchase of property, plant and equipment amount to CHF 14.2 million and for intangible assets to CHF 0.5 million.

17 CONTINGENCIES

No significant changes have occurred from those disclosed in the consolidated financial statements as of 31 December 2015.

18 EVENTS AFTER THE BALANCE SHEET DATE

No events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2016 interim consolidated financial statements.

SUPPLEMENTARY INFORMATION FOR INVESTORS

Share Figures	30/06/2016	30/06/2015	30/06/2014	30/06/2013	30/06/2012
Number of shares					
Registered par value CHF 4.20	45 471 794	18 225 603	18 225 603	18 225 603	18 225 603
Stock market prices in CHF¹					
Highest price during reporting period	15.7	18.6	26.3	20.4	17.1
Lowest price during reporting period	8.8	11.5	19.9	16.9	12.0
Share price at 30/06	13.9	13.1	22.2	19.2	12.7
Market capitalisation in CHF million	632	323	549	474	313

¹Adjusted for 2015 capital increase

DATES

19 January 2017

Publicaiton of revenue for
2016 financial year

28 February 2017

Financial media information and analysts'
conference on the 2016 financial year

28 April 2017

30th Annual General Meeting 2017

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