



FIRST SEMESTER FINANCIAL REPORT 2015

**365 DAYS WITH
UNTIRING DEDICA-
TION AND DEVO-
TION TO WORK.**



Building the Difference

DATES

21 January 2016

Publication of revenues
for 2015 financial year

1 March 2016

Financial media information and
analysts' conference
on the 2015 financial year

22 April 2016

29th Annual General Meeting

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DIVISIONS

BUILDING TECHNOLOGY

In the first half of 2015, the Building Technology Division, despite the challenging environment, could increase their revenue by 0.6% to CHF 217.7 million in particular thanks to the integration of Sabiana acquired in the previous year. On the other hand, when adjusted for currency and acquisition effects, the revenue declined by 2.9% compared with the previous year. After adjusting the non-recurring effect, the EBIT was slightly below the previous year with CHF 14.5 million. As a result of the impairment of the goodwill position of Sabiana by CHF 20.3 million, on EBIT level a loss of CHF 5.9 million (previous year CHF +16.1 million) occurred. An evaluation of the originally calculated synergies within the division has led to new assumptions for the medium-term planning. The calculations based on this lead to this impairment requirement that has been allocated by goodwill.

The division was faced with greater external challenges from outside in the first six months of 2015. Not only the upgrading of the Swiss Franc and the affected competitiveness of the Swiss production compared to Europe but also the weak construction economy in Russia and the economic situation in France make the business of the division more difficult. On the other hand, the comparatively stable construction economy in the home markets Switzerland, Germany and Italy have had a positive effect.

The focus in the first half of the year was in the mutual development of the customer base between the Heating Technology and Air Conditioning and Ventilation Technology Business Units. The division could implement the first "cross selling" successes. Flexible capacity adaptations and a strict cost controlling could successfully limit the market effects to the half-year result.

BUILDING ENVELOPE

In the first half of 2015, the Building Envelope Division generated CHF 135.9 million in revenue which is by 16.8% or adjusted for currency effects by 12.5% significantly below previous year's figure (CHF 163.3 million). The EBIT dropped from CHF -0.9 million in the previous year to CHF -12.3 million. Including special effects, the EBIT was CHF -112.9 million. This includes CHF 100.9 million in conjunction with the impairments for goodwill, property, plant and equipment and intangible assets with EgoKiefer and Dobroplast.

The negative price development and the high cost pressure on the Swiss construction market continue to be a strong burden to the result. The import pressure in Switzerland has continued to grow since suspending the Euro minimum conversion rate. Thus in March 2015 the company EgoKiefer has accelerated its production relocation of the vinyl window production from Altstätten (CH) to Pravenec (SK) and the planned expansion of the wood and wood/aluminium window production at the EgoKiefer plant in Altstätten has been reviewed again. They also announced a cost reduction program in order to sustainably reduce the cost base in Switzerland.

The new production line in Pravenec (SK) has started its production as planned in the second quarter of 2015. The initiative for increasing the international growth outside Switzerland is showing first positive results, but could not compensate the significant worsening of the turnover on the Swiss market.

BUILDING SECURITY

In the first half of 2015, the Building Security Division achieved revenues of CHF 71.3 million (previous year CHF 66.3 million) which is an increase by 7.6%. Adjusted for currency effects, the revenue increased by 10.2%. The growth in revenue was a result of positioning the Forster Profile Systems in the direct sales in Germany, Denmark and Poland. The exchange rate situation has also left traces in the operative result and the EBIT of the division dropped to CHF 1.4 million (previous year CHF 2.7 million).

The competition on the Swiss domestic market has continued to intensify and the ongoing price pressure burdened the margins additionally. Whereas the market situations in Switzerland and in France are remaining difficult and where the weak Rouble in Russia keeps burdening the course of business, the situation in Austria and Poland are pleasing. An upward trend can also be observed in Spain as well as in the Middle East where different large projects could be won.

The strategic step of the Building Security Division where the Forster Profile Systems Business Unit has entered into direct sales in Germany, Denmark and Poland is running according to plan. From the 1 January 2016, Germany shall be operated completely by Forster. With the takeover of the family-run company and existing supplier Bloxer Ronchi as of 1 July 2015, important progress is to be expected for the market penetration on the Italian market in the future.

The situation for the Special Doors Business Unit that is mainly active on the Swiss market continues to remain difficult. The limited construction activity in conjunction with public and commercial projects can still be noticed. Since commissioning the new production facility last year the Business Unit could increase the production capacities as well as the production flexibility.

**CONSOLIDATED INCOME STATEMENT
(CONDENSED)**

	For the six months ended 30/06/2015		For the six months ended 30/06/2014	
	in 1 000 CHF	in %	in 1 000 CHF	in %
Net revenues	425 053	100.0	446 984	100.0
Other operating income and capitalised own services	7 631	1.8	9 496	2.1
Changes in inventories of semi-finished and finished goods	21 205	5.0	11 965	2.7
Net operating performance	453 889	106.8	468 445	104.8
Cost of material and goods	-202 281	-47.6	-204 173	-45.7
Personnel expenses	-165 903	-39.0	-169 179	-37.8
Other operating expenses	-69 638	-16.4	-69 346	-15.5
EBITDA	16 067	3.8	25 747	5.8
Depreciation, amortisation and impairments	-141 432	-33.3	-19 940	-4.5
EBIT	-125 365	-29.5	5 807	1.3
Net financial result	-14 100	-3.3	-8 027	-1.8
Group result before income tax	-139 465	-32.8	-2 220	-0.5
Income tax expense	6 829	1.6	-372	-0.1
Group result from continuing operations	-132 636	-31.2	-2 592	-0.6
Group result from discontinued operations after taxes			1 658	0.4
Group result	-132 636	-31.2	-934	-0.2
Attributable to:				
Shareholders of AFG Arbonia-Forster-Holding AG	-132 636		-952	
Non-controlling interests			18	
Earnings per share from continuing operations in CHF	-7.38		-0.15	
Earnings per share from discontinued operations in CHF			0.09	
Earnings per share in CHF	-7.38		-0.05	

Basic and diluted earnings are identical

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

EBIT = Earnings before financial results and tax

The notes on pages 13 to 22 form an integral part of these condensed interim consolidated financial statements.

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONDENSED)**

	For the six months ended 30/06/2015	For the six months ended 30/06/2014
	in 1000 CHF	in 1000 CHF
Group result	- 132 636	- 934
Other comprehensive income		
<i>Items that will not be reclassified to income statement</i>		
Remeasurements of employee benefit obligations	- 7 611	- 2 941
Total items that will not be reclassified to income statement	- 7 611	- 2 941
<i>Items that may be reclassified subsequently to income statement</i>		
Fair value adjustments on cash flow hedges		- 508
Currency translation differences	- 35 948	- 1 907
Total items that may be reclassified subsequently to income statement	- 35 948	- 2 415
Other comprehensive income after taxes	- 43 559	- 5 356
Total comprehensive income	- 176 195	- 6 290
Attributable to:		
Shareholders of AFG Arbonia-Forster-Holding AG	- 176 195	- 6 308
Non-controlling interests		18
Total comprehensive income from continuing operations	- 176 195	- 4 599
Total comprehensive income from discontinued operations		- 1 709

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CONSOLIDATED BALANCE SHEET (CONDENSED)	30/06/2015		31/12/2014		30/06/2014	
	in 1000 CHF	in %	in 1000 CHF	in %	in 1000 CHF	in %
Assets						
Cash and cash equivalents	88 640		79 512		118 880	
Securities	2 155		1 989		2 205	
Receivables and other assets	132 596		122 580		129 801	
Inventories	152 405		139 998		157 859	
Deferred expenses	3 549		4 426		3 039	
Financial assets	368		778		449	
Non-current assets held for sale			2 211		48 897	
Current assets	379 713	46.5	351 494	36.3	461 130	47.7
Property, plant, equipment and investment property	304 491		372 697		330 187	
Intangible assets and goodwill	104 406		213 648		133 123	
Deferred income tax assets	9 678		9 346		7 057	
Capitalised pension surplus	10 187		14 192		20 112	
Financial assets	7 398		8 075		14 758	
Non-current assets	436 160	53.5	617 958	63.7	505 237	52.3
Total assets	815 873	100.0	969 452	100.0	966 367	100.0
Liabilities and shareholders' equity						
Liabilities	143 276		136 977		109 252	
Financial debt	307 823		89 891		132 371	
Accruals and deferred income	54 903		36 052		53 787	
Provisions	10 764		11 703		10 454	
Liabilities associated with assets held for sale					14 906	
Current liabilities	516 766	63.3	274 623	28.3	320 770	33.2
Financial debt	19 390		222 730		206 970	
Other liabilities	7 661		8 006		25	
Provisions	5 872		6 379		5 072	
Deferred income tax liabilities	21 361		36 870		34 402	
Employee benefit obligations	58 069		57 891		41 574	
Non-current liabilities	112 353	13.8	331 876	34.2	288 043	29.8
Total liabilities	629 119	77.1	606 499	62.6	608 813	63.0
Shareholders' equity attributable to equity holders of AFG Arbonia-Forster-Holding AG	186 754	22.9	362 953	37.4	356 750	36.9
Total shareholders' equity	186 754	22.9	362 953	37.4	357 554	37.0
Total liabilities and shareholders' equity	815 873	100.0	969 452	100.0	966 367	100.0

The notes on pages 13 to 22 form an integral part of these condensed interim consolidated financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
(CONDENSED)**

	For the six months ended 30/06/2015	For the six months ended 30/06/2014
	in 1000 CHF	in 1000 CHF
Group result	- 132 636	- 934
Depreciation, amortisation and impairments	141 432	19 940
Profit/loss on disposal of non-current assets/subsidiaries	- 386	- 738
Changes in non-cash transactions	- 5 690	- 1 438
Changes in net working capital (excluding cash and cash equivalents)	- 2 100	- 71 977
Cash flows from operating activities – net	620	- 55 147
To investment activities		
Purchases of property, plant and equipment and investment property	- 8 481	- 18 242
Purchases of intangible assets	- 856	- 769
Acquisition of subsidiaries (net of cash acquired)		- 4 848
Issuance of financial assets		- 5 358
From divestment activities		
Proceeds from sale of property, plant and equipment and investment property	2 393	3 967
Proceeds from sale of intangible assets	3	22
Proceeds from sale of subsidiaries/businesses (net of cash disposed)		32 930
Repayment of financial assets	318	16
Cash flows from investing activities – net	- 6 623	7 718
From financing activities		
Proceeds from financial debts	20 000	75
Sale of treasury shares	2 484	
To financing activities		
Repayment of financial debts and finance lease liabilities	- 2 326	- 4 329
Distribution from capital contribution reserves		- 5 327
Purchase of treasury shares	- 3 016	
Cash flows from financing activities – net	17 142	- 9 581
Effects of translation differences on cash and cash equivalents	- 2 011	135
Change in cash and cash equivalents	9 128	- 56 875
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents as of 01/01	79 512	182 563
Cash and cash equivalents as of 30/06 continuing operations	88 640	118 880
Cash and cash equivalents as of 30/06 discontinued operations		6 808
Change in cash and cash equivalents	9 128	- 56 875
Supplementary information for operating activities:		
Interest paid	7 719	10 056
Interest received	297	293
Income tax paid	2 597	4 622

The notes on pages 13 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								
Balance at 31/12/2013	76547	171364	-20148	-54478	194910	368195	786	368981
Group result					-952	-952	18	-934
Other comprehensive income after taxes				-2415	-2941	-5356		-5356
Total comprehensive income				-2415	-3893	-6308	18	-6290
Distribution from capital contribution reserves		-5327				-5327		-5327
Changes in treasury shares			352		-352			
Share based payments			684		-494	190		190
Total transactions with owners		-5327	1036		-846	-5137		-5137
Balance at 30/06/2014	76547	166037	-19112	-56893	190171	356750	804	357554
Balance at 31/12/2014	76547	166037	-8261	-55986	184616	362953		362953
Group result					-132636	-132636		-132636
Other comprehensive income after taxes				-35948	-7611	-43559		-43559
Total comprehensive income				-35948	-140247	-176195		-176195
Changes in treasury shares			1357		-1889	-532		-532
Share based payments			871		-343	528		528
Total transactions with owners			2228		-2232	-4		-4
Balance at 30/06/2015	76547	166037	-6033	-91934	42137	186754		186754

The notes on pages 13 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 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, Forster Profile Systems and RWD Schlatter 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 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 11 August 2015.

2 GENERAL PRINCIPLES AND BASIS OF PREPARATION

The unaudited interim consolidated financial statements for the six months ended 30 June 2015, 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 2014.

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 those facts disclosed in note 6, 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 2014.

Amendments to significant published standards effective in 2015

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 2014, except for the adoption of the following amended standards, which AFG has implemented in 2015:

- Annual improvements to IFRSs 2010 – 2012 cycle
- Annual improvements to IFRSs 2011 – 2013 cycle

The adoption of these amended standards did not significantly affect the Group's interim financial statements.

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:

Standard	effective date
– Amendments to IAS 1 "Presentation of financial statements" – disclosures	01 January 2016
– 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
– Annual improvements to IFRSs 2012 – 2014 cycle	01 January 2016

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.

It is not expected that IFRS 9 will significantly affect the Group's financial statements. The application of IFRS 15 however will affect the Group's financial statements. AFG will soon systematically analyse and assess the impact of these standards on its financial statements. The adoption of the remaining amended standards will not significantly affect the Group's financial statements.

3 CHANGES IN THE SCOPE OF CONSOLIDATION

There were no changes during the reporting period in the Group.

4 FOREIGN CURRENCY RATES

The following foreign currency rates have been applied:

Currency	Unit	Closing rate 30/06/2015	2015 Half-year average rate	Closing rate 30/06/2014	2014 Half-year average rate
EUR	1	1.0416	1.0553	1.2149	1.2211
GBP	1	1.4706	1.4410	1.5192	1.4870
USD	1	0.9302	0.9465	0.8893	0.8909
CZK	100	3.8231	3.8378	4.4259	4.4517
PLN	100	24.8331	25.5057	29.2388	29.2524
CNY	100	15.1618	15.1200	14.4724	14.4500
RUB	100	1.7139	1.6522	2.6876	2.5456

5 SEGMENT INFORMATION

AFG is organised into three divisions and segments, respectively 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, 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 and liabilities include all assets, liabilities and intercompany transactions. Goodwill has been allocated to the respective segments.

Six months ended 30/06/2015	Building Technology	Building Envelope	Building Security	Others and eliminations	Total Group
in 1000 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
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 (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
Total assets as of 30/06/2015	372 820	221 293	121 190	100 570	815 873
Total liabilities as of 30/06/2015	198 747	208 121	77 114	145 137	629 119

The impairments on property, plant and equipment, intangible assets and goodwill disclosed in the Building Technology and Building Envelope Divisions in the amount of CHF 121.2 million are explained in more detail in note 6.

Six months ended 30/06/2014	Building Technology	Building Envelope	Building Security	Others and eliminations	Total Group
in 1000 CHF					
Sales with third parties	216379	163193	66250	1162	446984
Sales with other segments	27	64	15	-106	
Net revenues	216406	163257	66265	1056	446984
EBITDA	23244	7819	4094	-9410	25747
<i>in % of net revenues</i>	10.7	4.8	6.2		5.8
Depreciation and amortisation	-7140	-8748	-1349	-2703	-19940
Segment results (EBIT)	16104	-929	2745	-12113	5807
<i>in % of net revenues</i>	7.4	-0.6	4.1		1.3
Net financial result					-8027
Result before income tax					-2220
Income tax expense					-372
Result after income tax					-2592
Average number of employees	2502	2796	370	118	5786

6 GOODWILL IMPAIRMENT TESTS 2015

The recoverability of goodwill is normally assessed annually towards year-end or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs to sell.

Due to the decision of the Swiss National Bank on 15 January 2015 to discontinue the Euro minimum exchange rate of 1.20, significant changes with an adverse economic impact have arisen during the reporting period for AFG. Those implications could only be further analysed in the course of the last few months and have already become partially apparent in earnings. According to IAS 36 "Impairment of assets" this might be an indication that goodwill may be impaired. As a consequence impairment tests were carried out on all cash-generating units (CGUs) as of 30 June 2015.

The impairment tests were determined based on value-in-use calculations using cash flow projections for a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The underlying financial budgets form part of the Group's medium term plan approved by the Board of Directors in early summer 2015. Budgeted gross margins were determined based on expectations for the market development and initiated optimisation measures. The growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

With the exception of the two CGU's Slovaktual and RWD Schlatter, impairments for all other CGU's were identified.

The movement of goodwill during the reporting period is as follows:

30/06/2015	Sabiana	Dobroplast	Slovaktual	RWD Schlatter	EgoKiefer	Total
in 1000 CHF						
Balance at 31/12/2014	49 443	18 871	15 998	8 100	33 158	125 570
Foreign exchange differences	-6 359	-1 814	-2 143			-10 316
Impairments	-20 347	-17 057			-33 158	-70 562
Balance at 30/06/2015	22 737		13 855	8 100		44 692

With the decision of the SNB from mid January 2015 to discontinue the Euro minimum exchange rate of 1.20, the competitiveness in particular of the CGU EgoKiefer compared to foreign window producers has further significantly deteriorated. The domestic Swiss market is characterised as highly competitive and possessing excessive capacities. This has led to a further substantial price and volume pressure. Taking already initiated reorganisation measures also into consideration, this pressure will lead in the future to significantly lower profit contributions by the CGU EgoKiefer. This new currency reality was included in the medium term plan of the CGU EgoKiefer. The underlying value-in-use calculation showed for the CGU an impairment of CHF 82.6 million, which as a first step has been allocated to goodwill. The remaining amount of CHF 49.5 million was assigned to property, plant and equipment and intangible assets. A budgeted gross margin of 58.7%, a perpetual growth rate of 1.0% and a discount rate of 8.3% were basis for the value-in-use calculation.

The below-expectation growth and earnings as well as a reassessment of the main markets of the CGU Dobroplast will lead to lower future earnings potential. Due to the numerous changes in personnel since the acquisition of Dobroplast, an in-depth analysis of required capital expenditures could only be carried out time-delayed, with the result that sustainably higher capital expenditures will be required. These new findings have been taken into account in the medium term plan. The underlying value-in-use calculation resulted for the CGU Dobroplast in an impairment of CHF 18.2 million, which as a first step was allocated to goodwill. The remaining amount of CHF 1.1 million was assigned to intangible assets. A budgeted gross margin of 44.7%, a perpetual growth rate of 1.0% and a discount rate of 10.1% were basis for the value-in-use calculation.

A reassessment based on knowledge gained since the acquisition and ongoing integration process of Sabiana has led to the awareness that the originally calculated synergies within the Division Building Technology will only eventuate with a certain delay and only be achievable with additional personnel expenses. These amended assumptions were incorporated in the medium term plan of the CGU Sabiana. The underlying value-in-use calculation resulted in an impairment of CHF 20.3 million, which has been fully allocated to goodwill of the CGU Sabiana. A budgeted gross margin of 44.2%, a perpetual growth rate of 1.5% and a discount rate of 10.9% were basis for the value-in-use calculation.

Based on a reasonably possible change in the key assumptions, sensitivity analyses were calculated in 2015 for the two CGU's Slovaktual and RWD Schlatter on higher discount rates, lower than actually expected EBITDAs, lower gross margins and lower growth rates which only led to a possible impairment at the CGU Slovaktual. A budgeted gross margin of 31.8%, a perpetual growth rate of 1.0% and a discount rate of 9.6% were basis for the value-in-use calculation. A reduction in the budgeted gross margin from 31.8% to 30.8% would result in an impairment of the CGU Slovaktual amounting to CHF 3.2 million. At a budgeted gross margin of 31.2%, the recoverable amount was equal to their carrying amount. A 10% reduction in EBITDA and a simultaneous reduction of perpetual growth from 1.0% to 0.5% would lead to an impairment of CHF 6.5 million. At a reduction of 3% in EBITDA and a simultaneous reduction of perpetual growth to 0.5%, the recoverable amount was equal to their carrying amount.

7 FINANCIAL DEBTS

Since the bond of CHF 200 million at 3.375% with a duration of 6 years will become due by 12 May 2016, a reclassification from non-current to current liabilities occurred.

During the reporting period a further CHF 20 million on a net basis were drawn from the syndicated loan. By 30 June 2015, CHF 100 million of the syndicated loan has been used.

Due to the economic environment that has become even more demanding since the beginning of the year, AFG has taken up discussions with the syndicate banks of the syndicated loan in the reporting period in order to obtain a waiver on certain covenants as of 30 June 2015 and 31 December 2015 against the payment of a one-time fee. An agreement was reached on 7 July 2015 with all banks of the consortium. The agreement contains certain conditions, that AFG has to meet by 30 November 2015. AFG is convinced it will fulfil these conditions in due time.

8 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.

9 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 2015 the book value of the transferred receivables amounts to CHF 45.2 million. Thereof AFG already received from the factor CHF 23.3 million of cash and the remaining CHF 21.9 million are disclosed as receivables against the factor. In addition a receivable and a liability of CHF 0.3 million and CHF 0.4 million respectively are recorded for the consideration of the continuing involvement.

10 FINANCIAL INSTRUMENTS

The following information is to be read in conjunction with note 43 “Additional disclosures on financial instruments” of the 2014 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 30/06/2015
in 1 000 CHF			
Assets			
Financial assets at fair value through profit or loss – designated (FA FVTPL designated)			
Investment funds	2 155		2 155
Total assets	2 155		2 155
Liabilities			
Financial liabilities at fair value through profit or loss – designated (FL FVTPL designated)			
Interest rate swaps without hedges	2 107		2 107
Financial liabilities at fair value through profit or loss – trading (FL FVTPL trading)			
Purchase commitment on non-controlling interests		7 248	7 248
Total liabilities	2 107	7 248	9 355

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:

	Purchase commitment on non-controlling interests
in 1 000 CHF	
Balance at 31/12/2014	7 971
Within financial results recognised unrealised gains	– 1 068
Within financial results recognised losses on compounding of liabilities	345
Balance at 30/06/2015	7 248

11 TREASURY SHARES

Compared to 31 December 2014, the balance of treasury shares has declined by 16 865 to 223 318 shares. In the reporting period, 43 304 shares were used for the share-based payment plans.

12 CAPITAL COMMITMENTS

As of 30 June 2015, capital commitments for the purchase of property, plant and equipment amount to CHF 3.9 million and for intangible assets to CHF 0.5 million.

13 CONTINGENCIES

No significant changes have occurred from those disclosed in the consolidated financial statements as of 31 December 2014.

14 EVENTS AFTER THE BALANCE SHEET DATE

On 22 July 2015, AFG acquired 100 % of Italian Bloxer Ronchi S.r.l., IT-Villafranca Padovana. Bloxer manufactures glazed fire-protection doors in steel and aluminium and will be allocated to the Building Security Division. The company generated in 2014, with 23 employees, revenues of about CHF 3 million.

No other events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2015 interim consolidated financial statements.

SUPPLEMENTARY INFORMATION FOR INVESTORS

Share figures	30/06/2015	30/06/2014	30/06/2013	30/06/2012	30/06/2011
Number of shares					
Registered par value CHF 4.20	18 225 603	18 225 603	18 225 603	18 225 603	18 225 603
Stock market prices in CHF					
Highest price during reporting period	25.2	35.6	27.6	23.2	37.8
Lowest price during reporting period	15.6	26.9	22.9	16.3	29.2
Share price at 30/06	17.7	30.1	26.0	17.2	30.8
Market capitalisation in CHF million	323	549	474	313	560

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