



HALF-YEAR REPORT 2015



KEY FIGURES

in TEUR
HY 2015 in TEUR
HY 2014

Consolidated income statement

Net sales	3'189	3'411
EBITDA	-2'560	-2'068
EBIT	-3'538	-3'054
Net result	-4'209	-3'263
Net result per share in EUR	-0.31	-0.26

Consolidated cash flow 3'515 265

Consolidated balance sheet

Cash and cash equivalents	4'529	710
Shareholders' equity	11'780	7'360
Balance sheet total	31'058	23'191

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PROFILE OF AIROPACK TECHNOLOGY GROUP

Airopack Technology Group AG is a leading developer and supplier of mechanical and pressure-controlled dispensing packaging technologies and systems for manufacturers and suppliers of cosmetics, body care, pharmaceutical and food products. The revolutionary and worldwide patented Airopack[®] technology offers a safe, all-plastic pressurized dispenser that is environmental friendly: no inhalation risks, no propellants and no unnecessary waste. Unlike other pressurized dispensers that use propellants, Airopack[®] uses just normal compressed air which results in dispensing a formulation at constant pressure from start to finish.

Airopack Group does not only offer this patented technology but also has a Full-Service operation. With this Full-Service operation Airopack Group provides a turnkey solution to quickly and easily launch customer products in Airopack[®]. Via the unique Full-Service operation Airopack Group can mould, assemble, sleeve or label, fill and pack Airopack[®] to customers' specifications. In addition Airopack Group has a highly experienced laboratory for formulation development and a bulk production to ensure the best quality and control.

Within the context of a joint venture (Aiolux AG) with Resilux, the Airopack Technology Group operates a manufacturing facility in Glarus Nord (Switzerland), a Full-Service operation in Heist-op-den-Berg (Belgium), a global R&D and customer service facility in Waalwijk (the Netherlands) and a sales office in Pendergrass, GA (United States of America).

With deliveries to the world's largest and leading consumer brands, Airopack Technology Group reached a key milestone in 2015 with respect to commercial market entry.

The shares of the Company are listed on the Swiss Reporting Standard of the SIX Swiss Exchange.
(Ticker: AIRN / ISIN: CH0242606942)



**AIRO
PACK**[®]

Airopack
New dispensing
platform,
driven by air

Acrosol? Pump?

Yes Yes

No No

The image shows three Airopack dispensers of different sizes and designs, all containing a blue liquid. The background is a teal gradient.

REPORT FROM THE BOARD OF DIRECTORS

General

On 1 April 2015, Airopack Technology Group AG successfully completed a capital increase from the authorized capital. A total of 900'000 registered shares were issued at a price of CHF 10 per share, generating CHF 9.0 million in cash for the Group.

On 28 May 2015, the General Assembly of Shareholders approved the appointment of Antoine Kohler, Dr. Attila Tamer and Christian Feller as members of the Board of Directors and at the same time renewed the appointment of Quint Kelders and John McKernan as members of the Board of Directors. Prior to the AGM, Dr. Alexander Vogel, Benno Zehnder and Daniel Gutenberg, former members of the Board of Directors, declared their resignation and were not available for election. On behalf of the Board of Directors and Airopack Technology Group we thank our former colleagues for their valuable contribution to the Group and wish them all the best for the future.

Sales Airopack

In the first half of 2015, Airopack Technology Group's joint venture company Airolux produced and delivered 11.5 million pieces of Airopack, an increase of 72% compared to the 6.7 million pieces in the first half of 2014. The recent global launch by our Triple-A client of its new shave gel line accounted for the majority of the volume in the first half of 2015. Group management is satisfied to see that the volume development for its leading customer is on track. In the first half of 2015, Airopack Group was again able to add some new brands like Fuel and Fuente to its customer portfolio. In June 2015, Airopack Group could proudly announce the partnership with Conair. Conair chose the Airopack dispenser as the delivery system for its Rusk Elixir Mist. This product launch marked the entrance of Airopack in the professional hair care market.

On the consolidated level, the net sales amounted to EUR 3.2 million compared to EUR 3.4 million in the first half of 2014. The shift in volume towards our Triple-A customer accounted for lower average sales prices compared to 2014.

Result development

In the first half of 2015, the consolidated income statement showed a net loss of EUR 4.2 million. The consolidated gross profit of EUR 0.5 million, was not sufficient to cover the fixed organizational expenses. Compared to the first half of 2014, the consolidated EBITDA was EUR 0.5 million worse and amounted to negative EUR 2.6 million. Airopack Group has now entered a strong growth phase which requires a further strengthening of its organisation. Typically, outlay must precede returns. Obviously Airopack continues to invest in further product development.

Expansion production capacity

The expansion and globalization of production capacity necessary to support the growing demand for Airopack from global Triple-A customers was unfortunately partially delayed due to some unexpected capacity constraints at one of Airopack's external machine builders. However, the Group Management is confident that this delay will not affect the mid-term prospects of Airopack. The new capacity will be brought into operation in the fourth quarter of 2015.

Prospects

Based on the current business development the Board of Directors and Group Management expect an ongoing positive evolution of Airopack sales and results.

Feedback from globally leading companies has strengthened our conviction that the Airopack platform technology has a huge potential. We will continue to work relentlessly to realize this potential to its full extent.

Baar, September 2015

Antoine Kohler
Chairman of the
Board of Directors

Quint Kelders
CEO and Member of the
Board of Directors

FINANCIAL REVIEW

Capital structure

Issued capital

In the first half of 2015, a total of 1'120'193 shares with a nominal value of CHF 5 each were issued. 900'000 shares were issued from the authorized capital following the capital increase of 1 April 2015, and 220'193 shares were issued from the conditional capital following the exercise of 220'193 share options.

Authorized capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue new authorized capital up to a maximum of 1.6 million registered shares and a maximum aggregate amount of CHF 8.0 million at any time up to 28 May 2017.

Conditional capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create new conditional capital up to CHF 10.0 million through the issuance of up to 2.0 million fully paid registered shares with a nominal value of CHF 5 each through the exercise of share option rights which shall be granted to the key employees and members of the Board of Directors of the Company or its Group companies according to a share option plan as adopted by the Board of Directors. In the first half of 2015, a total of 220'193 shares with a nominal value of CHF 5 each were issued from the conditional capital.

Income statement

In the first half of 2015, the consolidated net loss amounted to EUR 4.2 million. On EBITDA level the loss amounted to EUR 2.6 million, compared to a loss of EUR 2.1 million in the first half of 2014. The major positions of the income statement can be explained as follows:

Operating income

In the first six months of 2015, the joint venture company Airolux realized a sales volume of 11.5 million pieces of Airopack which resulted in consolidated net sales of EUR 3.2 million, compared to EUR 3.4 million in the half-year 2014. The shift in volume towards the Triple-A customer accounted for the lower average sales price. Other operating income and change in inventory generated a total income of EUR 0.1 million, in line with the first half of 2014.

Raw material expense

Raw material expense consists of plastic parts purchased from third parties and external cost of purchased decorating materials and bulk formulations to fill Airopack.

Personnel expense

Personnel expenses remained stable and amounted to EUR 1.8 million, including EUR 0.4 million relating to share-based payments. We refer to Note 3 on page 16 of the Half-year Report for more information on the effect of the share-based payments. Excluding the share-based payments personnel expenses slightly decreased compared to the first half of 2014 mainly as a result of staff previously employed by Airopack Technology Group being transferred to the joint venture Airolux to strengthen the organization.

Other operating expense

Other operating expense slightly increased to EUR 1.3 million as a consequence of the increased activity level. A detailed breakdown of other operating expense can be found in Note 2 on page 16 of the Half-year Report.

Depreciation / Amortization

Compared to the first half of 2014 depreciation of tangible fixed assets remained stable and amounted to EUR 0.6 million. Amortization of intangible assets remained unchanged at EUR 0.4 million in the first half of 2015.

Financial result

The financial result amounted to negative EUR 0.7 million compared to negative EUR 0.2 million in the first half of 2014. In the first half of 2015 a currency exchange rate loss of EUR 0.3 million occurred, mainly due to the extreme revaluation of the Swiss Franc versus the Euro. Financing cost also substantially increased as a result of larger funding requirements of the joint venture.

FINANCIAL REVIEW

Balance sheet

The major assets of the Airopack Group are machinery, moulds and intellectual property. In the first half of 2015, a total of 1'120'193 shares were issued, of which 900'000 shares from the authorized capital and 220'193 shares from the conditional capital. As a result, the Group's equity increased by EUR 10.3 million of which EUR 5.4 million share capital at nominal value, and EUR 5.0 million capital (premium) reserves.

Liquidity

The cash flow from operating activities amounted to negative EUR 5.6 million, of which EUR 1.5 million resulting from a substantial reduction of short-term debts. On top, EUR 1.6 million was paid on new tangible assets. The resulting negative cash flow of in total EUR 7.2 million was financed by additional loans of on balance EUR 3.9 million (EUR 4.3 million was drawn from the credit facility provided by Resilux to the joint venture) and a net amount of EUR 10.3 million generated by the shares issued. In the first half of 2015, the loan from the major shareholder was repaid in full. At 30 June 2015, the cash position of the Group amounted to EUR 4.5 million.

Baar, September 2015

Frans van der Vorst
CFO

INFORMATION ON REGISTERED SHARES

Ticker: AIRN

ISIN: CH 024 260 694 2

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> Restated ³	<u>HY 2015</u>
Number of issued shares ¹	8'987'571	9'882'571	12'706'163	12'989'063	14'109'256
Nominal value per share in CHF	5.00	5.00	5.00	5.00	5.00
Dividend payments / repayments of nominal value in CHF	0.00	0.00	0.00	0.00	0.00
Net result of the Group per share in CHF	-0.46	-0.74	-0.66	-0.61	-0.33
Market prices (Closing prices Zürich)²					
Highest price (CHF)	10.00	12.80	10.65	10.50	11.50
Lowest price (CHF)	7.53	7.85	8.00	7.50	6.99
Closing price as at 31 December (CHF)	9.17	10.00	8.80	7.75	
Market capitalization as at 31 December (million CHF)	82.42	98.83	111.81	100.67	

¹ As at 30 June 2015, 13'889'063 are registered in the commercial register

² Source: www.six-swiss-exchange.com

³ Certain amounts here do not correspond to the 2014 Annual Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report

Investor Relations

Contact persons for the Financial Community are the CEO and the CFO.

CONSOLIDATED INCOME STATEMENT

		in TEUR	in TEUR
	Notes	<u>1st Half 2015</u>	<u>1st Half 2014</u> Restated ¹
Net sales		3'189	3'411
Other operating income	2	109	13
Change in inventory of finished and semi-finished goods		4	78
Operating income		3'302	3'502
Raw material expense		-2'766	-2'610
Personnel expense	3	-1'789	-1'805
Other operating expense	2	-1'307	-1'155
Operating expense		-5'862	-5'570
Earnings before interest, taxes, depreciation and amortization (EBITDA)		-2'560	-2'068
Depreciation of tangible fixed assets		-580	-600
Amortization of intangible assets		-398	-386
Earnings before interest and taxes (EBIT)		-3'538	-3'054
Financial result		-671	-209
Earnings before taxes (EBT)		-4'209	-3'263
Income taxes		-	-
Net result		-4'209	-3'263
Net result per share in EUR	4	-0.31	-0.26

¹ Certain amounts shown here do not correspond to the 2014 Half-year Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report.

CONSOLIDATED BALANCE SHEET

Assets	Notes	in TEUR	in TEUR
		<u>30.06.2015</u>	<u>31.12.2014</u> Restated ¹
Cash and cash equivalents		4'529	956
Trade accounts receivable		3'054	2'686
Other receivables	5	647	518
Inventories	6	1'915	1'565
Prepayments and accrued income		511	93
Current assets		10'656	5'818
Other receivables	5	7'482	7'482
Tangible fixed assets	7	5'175	3'882
Intangible assets	8	7'745	7'540
Non current assets		20'402	18'904
Total assets		31'058	24'722
Liabilities and shareholders' equity			
Financial liabilities			
Bank overdrafts		0	422
Short term portion of financial liabilities		540	1'363
Trade accounts payable		1'556	1'894
Other current payables		35	94
Accrued liabilities and deferred income		579	1'412
Current liabilities		2'710	5'185
Financial liabilities*	11	16'472	14'687
Provisions	9	96	83
Non current liabilities		16'568	14'770
Liabilities		19'278	19'955
Share capital	10	55'092	49'726
Capital reserves	10	-14'225	-19'167
Cumulative translation adjustments		401	-123
Accumulated losses		-29'488	-25'669
Shareholders' equity		11'780	4'767
Total Liabilities and Shareholders' equity		31'058	24'722
* thereof subordinated		9'875	9'875

¹ Certain amounts shown here do not correspond to the 2014 Annual Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	in TEUR <u>1st half 2015</u>	in TEUR <u>1st half 2014</u> Restated ¹
Net result		-4'209	-3'263
Depreciation, impairments and amortization		978	986
Other positions with no impact on liquidity		400	386
Operating cash flow		-2'831	-1'891
Change in trade accounts receivable		-369	-1'497
Change in other receivables		-112	-107
Change in inventories		-256	-41
Change in prepayments and accrued income		-479	-65
Change in trade accounts payable		-447	1'474
Change in other current payables		-59	195
Paid income tax and received tax refunds (net)		-	-
Change in accrued liabilities and deferred income		-1'000	49
Cash flow from operating activities		-5'553	-1'883
Tangible and intangible assets			
Investments		-1'597	-83
Disposals		-	-
Outflow from long term receivables from joint venture	5	-	-476
Cash flow from investing activities		-1'597	-559
Inflow / (Outflow) from bank overdrafts and short term financial liabilities		-1'178	6
Inflow / (Outflow) from shareholder loan	11	-2'427	619
Inflow from long-term financial liabilities		3'945	580
Inflow from capital increase	10	10'325	1'502
Cash flow from financing activities		10'665	2'707
Total Cash flow		3'515	265
Cash and cash equivalents as at 1 January		956	443
Total Cash flow		3'515	265
Impact of currency translation		57	2
Cash and cash equivalents as at 30 June		4'529	710
Paid interest (included in Cash flow from operating activities)		-371	-17
Received interest payments (included in Cash flow from operating activities)		2	3

¹ Certain amounts shown here do not correspond to the 2014 Half-year Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Capital reserves			Accu- mulated exchange differences	Accu- mulated losses	Total Equity
	Number of shares	in TEUR	Capital reserves parent company (premium)	Other Capital reserves	Total Capital reserve			
Equity as at 01.01.2014	12'706'163	48'566	12'419	-33'396	-20'977	-262	-18'553	8'774
Changes in accounting policies (Note 3)	-	-	-	1'012	1'012	-	-1'012	0
Equity as at 01.01.2014 (restated¹)	12'706'163	48'566	12'419	-32'384	-19'965	-262	-19'565	8'774
Capital increase from option exercise	222'400	910	592	-	592	-	-	1'502
Equity transaction cost	-	-	-	-	-	-	-	0
Share-based payments	-	-	-	-76	-76	-	358	281
Net result of the period	-	-	-	-	-	-	-3'263	-3'263
Exchange differences	-	-	-	-	-	66	-	66
Equity as at 30.06.2014¹	12'928'563	49'476	13'011	-32'460	-19'449	-196	-22'470	7'360
	Number of shares	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Equity as at 01.01.2015	12'989'063	49'726	13'162	-33'396	-20'234	-122	-24'603	4'767
Changes in accounting policies (Note 3)	-	-	-	1'067	1'067	-	-1'067	0
Equity as at 01.01.2015 (restated²)	12'989'063	49'726	13'162	-32'329	-19'167	-122	-25'670	4'767
Capital increase from option exercise	220'193	1'051	794	-	794	-	-	1'845
Capital increase from authorized capital	900'000	4'315	4'315	-	4'315	-	-	8'630
Equity transaction cost	-	-	-150	-	-150	-	-	-150
Share-based payments	-	-	-	-17	-17	-	392	375
Net result of the period	-	-	-	-	-	-	-4'209	-4'209
Exchange differences	-	-	-	-	-	522	-	522
Equity as at 30.06.2015	14'109'256	55'092	18'121	-32'346	-14'225	400	-29'487	11'780

¹ Certain amounts shown here do not correspond to the 2014 Half-year Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report.

² Certain amounts shown here do not correspond to the 2014 Annual Report and reflect adjustments made. We refer to Note 3 on page 16 of this Half-year Report.

Share-based payments

For share-based payments to employees, Swiss GAAP FER 31/3 requires entities to recognize personnel expense over the vesting period. For equity-settled share-based payments this personnel expense is booked against an increase in equity. Since Swiss GAAP FER 31/3 does not specify where in equity this should be recognized, the Group has chosen to recognize the equity increase in other capital reserves. The Group issues new shares to employees exercising share options. When share options are exercised or expire the relating amount is released from other capital reserves and booked against accumulated losses. In case options are exercised the excess of cash received over the nominal value is recognized in share premium reserves. The Group has applied Swiss GAAP FER 31 for the first time in 2015. The previous year figures have been restated for comparative purposes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The share capital of Airopack Technology Group AG is held in Swiss Franc (CHF) and converted to Euro at historical rates. All shares issued as at 30 June 2015 are entitled to dividends and voting rights in relation to their nominal value at the meeting of shareholders.

Issued capital

In the first half of 2015, a total of 1'120'193 shares with a nominal value of CHF 5 each were issued. 900'000 shares were issued from the authorized capital following the capital increase of 1 April 2015, and 220'193 shares were issued from the conditional capital following the exercise of 220'193 share options.

Authorized capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue new authorized capital up to a maximum of 1.6 million registered shares and a maximum aggregate amount of CHF 8.0 million at any time up to 28 May 2017.

Conditional capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create new conditional capital up to CHF 10.0 million through the issuance of up to 2.0 million fully paid registered shares with a nominal value of CHF 5 each through the exercise of share option rights which shall be granted to the key employees and members of the Board of Directors of the Company or Group companies according to a share option plan as adopted by the Board of Directors.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

General

Airopack Technology Group AG is a Swiss limited company, domiciled in Baar, and is the parent company of the Airopack Group.

Basis of preparation

The consolidated financial statements comprise the unaudited half-year results of Airopack Technology Group AG and its Group companies for the period ending 30 June 2015. The half-year statements are prepared in accordance with Swiss GAAP FER 31 Complementary recommendation for listed companies, section Interim Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements compiled for the financial year ending 31 December 2014 as they represent an update of the last complete financial statements. The Group has adopted Swiss GAAP FER 31 with effect of 1 January 2015. The new rules have the following impact on the consolidated balance sheet and income statement of the Group:

Swiss GAAP FER 31 requires share based payments to be valued at the grant date at current cost and to be recognised as personnel cost and as equity or liability (cash settled instruments), respectively, over the vesting period. None of the other new provisions effective for the first time have had a material effect on the Group's interim consolidated financial statements.

The consolidated half-year statements were approved by the Board of Directors on 23 September 2015. The half-year statements are prepared under the assumption of going concern.

The preparation of half-year financial statements requires management to make estimates and other judgments that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

Consolidated companies

The consolidated financial statements include the annual accounts of Airopack Technology Group AG as well as the Group companies in which Airopack Technology Group AG directly or indirectly holds 50% or more of the voting rights or has a controlling influence by contractual agreement (control principle). Investments of 50% where the Group does not hold sole management control (joint ventures) are consolidated using the quotal-method and investments between 20% and 49% (associated companies) are accounted for using the equity method. Minority holdings of less than 20% are carried in the balance sheet at acquisition cost less any adjustments for impairment required by generally accepted accounting principles.

Changes to the Group of consolidated companies

Changes in 2015

No changes occurred during the period ending 30 June 2015.

Changes in 2014

As at 24 June 2014 Intelligent Packaging Systems Group SA was merged with IPS Patent AG. The newly merged company changed its name to Airopack Technology AG. As at 24 June 2014 Airopack Technology Group AG was merged with I.P.S. Remarketing Holding AG and Airopack Technology IP AG (formerly named I.P.S. IP AG). Both mergers took place to simplify the legal structure and reduce the number of inactive legal entities in the Group.

Consolidation principles

Capital has been consolidated using the purchase method. Assets and liabilities as well as expenses and income of the fully consolidated companies are included in their entirety; those of classical joint ventures with voting share of exactly 50% are included at 50%. Minority holdings in consolidated shareholders' equity and Group profit are shown separately. Companies and businesses acquired during the course of the year are re-valued on their acquisition date on the basis of uniform Group principles and consolidated from that date onwards. Any goodwill or negative goodwill remaining after this revaluation (the difference between the purchase price and the total shareholders' equity reported) is recognized under assets or liabilities and written off through the income statement over its useful life of which is usually five years.

A provision in the amount of negative goodwill is written back over a maximum of five years. Companies sold during the year are excluded from the consolidated financial statements from the date of sale.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Transactions with related parties

Parties (individuals or legal entities) are considered to be related if one party has the ability to directly or indirectly exercise significant influence on the other party (organisation) in making financial or operating decisions. Organisations that are controlled directly or indirectly by the same related parties are also considered to be related. In addition, members of the Board of Directors and the Group Management or close members of their families are also considered related parties. According to information available to the Company at 30 June 2015, Jan Kelders had ownership of 59.25% of the voting rights and therefore control over the Group. As per the most recent information available to the Company, Jan Kelders controls less than 3% of the voting rights. We refer to Note 14 on page 19 of this Half-year Report.

Foreign currencies translation

The Euro is the Group's reporting currency. Financial statements of consolidated companies in other currencies are translated as follows: current assets, fixed assets and liabilities at year-end rates (rate on balance sheet date); shareholders' equity at historical rates. The income statement and cash flow statement are translated at the average rate for the year. Any resulting exchange differences are recognized in shareholders' equity with no effect on the income statement. The foreign currency items contained in the individual financial statements of the consolidated companies are translated as follows: foreign currency transactions at the rate on the date of the transaction (current rate); foreign currency balances are translated at year-end using the year-end rate (rate on the balance sheet date). The resulting exchange differences are recognized in the income statement.

The foreign exchange rates shown below were used in compiling the consolidated financial statements.

Currency exchange rates in EUR

Currency	Balance sheet		Income statement / Cash flow statement	
	<u>30.06.2015</u>	<u>31.12.2014</u>	<u>HY 2015</u>	<u>HY 2014</u>
CHF	0.9612	0.8317	0.9450	0.8188

Income statement

The consolidated income statement of Airopack Technology Group has been prepared pursuant to the period-based costing method.

Cash flow statement

Cash and cash equivalents are the basis for the cash flow statement. Cash flow from operating activities is calculated using the indirect method.

Segment reporting

Airopack Technology Group currently operates in one business segment.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	in TEUR <u>HY 2015</u>	in TEUR <u>HY 2014</u>
2. OTHER OPERATING INCOME AND EXPENSE		
Other operating income	109	13
Revenue from intergroup transfer of ready to sell concept	-	-
	109	13
EXPENSE		
Research and development cost	-103	-45
Charges for operation of the production facility	-125	-102
Office rental and maintenance	-329	-259
Marketing and public relations	-223	-232
Audit, legal and consulting	-371	-284
Other operating cost	-156	-233
Incidental consulting expense	-	-
	-1'307	-1'155

3. PERSONNEL EXPENSE

For share-based payments to employees, Swiss GAAP FER 31/3 requires entities to recognize personnel expense over the vesting period. The Group issues new shares to employees exercising share options. The Group has applied Swiss GAAP FER 31 for the first time in 2015. The previous year figures have been restated for comparative purposes.

	in TEUR <u>HY 2015</u>	in TEUR <u>HY 2014</u>
Salaries, social security expense and other personnel expense	-1'414	-1'524
Share-based payments (restatement effect)	-375	-281
	-1'789	-1'805

4. EARNINGS PER SHARE

Earnings per share are calculated by dividing the Airopack Technology Group's net result for the half-year by the weighted average number of shares outstanding. The exercise of stock options does not have a dilutive effect on the earnings per share.

	in TEUR <u>HY 2015</u>	in TEUR <u>HY 2014</u>
Net result for the period	-4'209	-3'263
Weighted average number of shares outstanding	13'555'797	12'706'163
Basic earnings per share in EUR	-0.31	-0.26

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	in TEUR <u>30.06.2015</u>	in TEUR <u>31.12.2014</u>
5. OTHER RECEIVABLES		
Receivable from German Tax authorities	329	329
Value added tax receivables	328	393
Other receivables from third parties	205	11
Other receivables from joint venture	<u>7'267</u>	<u>7'267</u>
	8'129	8'000
Current (< 1 year)	647	518
Long-term (> 1 year)	<u>7'482</u>	<u>7'482</u>
	8'129	8'000

	in TEUR <u>30.06.2015</u>	in TEUR <u>31.12.2014</u>
6. INVENTORIES		
Raw materials and consumables	1'040	950
Semi-finished goods	428	136
Finished goods	<u>447</u>	<u>479</u>
	1'915	1'565

7. TANGIBLE FIXED ASSETS

Virtually all tangible fixed assets are used for the assembling and filling of Airopack. The recoverability of these values depends on future sales. As the Group Management believes in the realization of the business plan the valuation is based on the going concern principle. Should the business plan not be realized as expected, a significant value adjustment would be required. These conditions indicate the existence of a material uncertainty that may cause significant doubt about the valuation.

8. INTANGIBLE FIXED ASSETS

Development costs and patents with a total book value of EUR 7.7 million as at 30 June 2015, represent capitalized expenses for patents and patent applications as well as external and internal development costs relating to the Airopack (EUR 3.9 million) and Airopump (EUR 3.8 million) technology. The development cost and patents are amortized over a period of ten years starting from the moment of operational use of the technology. The recoverability of these values depends on future sales. As the Group Management believes in the realization of the business plan, the valuation is based on the going concern principle. Should the business plan not be realized as expected, a significant value adjustment would be required. These conditions indicate the existence of a material uncertainty that may cause significant doubt about the valuation.

Goodwill with a remaining book value of 16 TEUR as at 30 June 2015, represents the premium on Airopack Technology Group AG in the reverse acquisition of 2010 which mainly consists of the value for the listing on the SIX Swiss Exchange. The goodwill is amortized over a period of five years.

The intangible assets are checked at the balance sheet date for signs of impairment losses. Group management conducts the **impairment test** by means of a Discounted Cash Flow calculation, applying a discount rate of between 9.1% and 10.7%, on the most recently updated version of its business plan. However, given the fact that Airopack Technology Group is currently still in the late start-up phase several assumptions underlying the business plan cannot yet be fully validated by actual achieved results. In case Group Management's assumptions on timing of expected revenue's and/or expected EBIT-Margins would prove to be incorrect, a significant value adjustment would be required.

9. PROVISIONS

Provisions include provisions for pending legal matters and other matters where outflows of funds are likely. In all events, the likelihood of such events occurring has been assessed as being well above 50%. In the periods under review there existed no provisions for pension liabilities and no restructuring provisions. Tax provisions are included in the balance sheet position "tax liability".

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. CAPITAL STRUCTURE

Issued capital

In the first half of 2015, a total of 1'120'193 shares with a nominal value of CHF 5 each were issued. 900'000 shares were issued from the authorized capital following the capital increase of 1 April 2015, and 220'193 shares were issued from the conditional capital following the exercise of 220'193 share options.

Authorized capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue new authorized capital up to a maximum of 1.6 million registered shares and a maximum aggregate amount of CHF 8.0 million at any time up to 28 May 2017.

Conditional capital

On 28 May 2015, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create new conditional capital up to CHF 10.0 million through the issuance of up to 2.0 million fully paid registered shares with a nominal value of CHF 5 each through the exercise of share option rights which shall be granted to the key employees and members of the Board of Directors of the Company or Group companies according to a share option plan as adopted by the Board of Directors.

11. TRANSACTIONS WITH SHAREHOLDERS AND RELATED PARTIES

Compared to the consolidated financial statements as at 31 December 2014, the followings changes have occurred in the composition of the related parties. On 28 May 2015, the General Assembly of Shareholders approved the appointment of Antoine Kohler, Dr. Attila Tamer and Christian Feller as members of the Board of Directors. Prior to the AGM, Dr. Alexander Vogel, Benno Zehnder and Daniel Gutenberg, former members of the Board of Directors, declared their resignation and were not available for election.

Compared to the consolidated financial statements as at 31 December 2014, no significant changes have occurred in the nature of the transactions with related parties.

- **Jan Kelders**, Riederalp (Switzerland), major Shareholder of Airopack Technology Group AG and father of Quint Kelders (CEO of Airopack Technology Group). According to information available to the Company at 30 June 2015, Jan Kelders had ownership of 59.25% of the voting rights and therefore control over the Group. As per the most recent information available to the Company, Jan Kelders controls less than 3% of the voting rights. We refer to Note 14 on page 19 of this Half-year Report.

	in TEUR <u>30.06.2015</u>	in TEUR <u>31.12.2014</u>
Shareholder loans		
Balance as at 1 January	2'401	0
Change in loans	-2'427	2'375
Interest (3.75 %)	26	26
Balance as at balance sheet date	0	2'401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. CONTINGENT LIABILITIES

Pledge of future license and dividend payments

In 2004, Airopack Technology Group acquired IP of part of the basis technology used in the Pressure Control Device of Airopack from a third party. The parties determined the purchase price according to the following earn-out model:

- 50.00% of the license income from the Airopack Business (without limitation in time)
- 33.33% of dividend payments from Airolux AG (without limitation in time)
- 33.33% of capital gains, should Airopack Technology Group sell its participation in Airolux AG (without limitation in time)

To safeguard the counterparty rights in the mentioned agreement, the transfer of the rights to the acquired base technology is subject to certain restrictions. Furthermore, the future license and dividend payments from Airolux AG to Airopack Technology Group are pledged to the seller of that base technology.

In March 2013, Airopack Technology Group has entered into an agreement with the former owner, pursuant to which it has been granted the option to settle the aforementioned purchase price for a fixed amount of EUR 25 million. The newly negotiated purchase price can be paid no later than 31 December 2018, whereby it has been agreed that, within the fixed period, a certain amount per Airopack sold is paid as an advance payment. In case Airopack Technology Group has not paid off the agreed fixed amount of EUR 25 million until 31 December 2018, the earn-out model as originally agreed between the parties will revive. As at 30 June 2015, Airopack Technology Group has paid a total amount of 252 TEUR as advance payment. As at 30 June 2015, Airopack Technology Group has accrued a liability of 144 TEUR (relating to the first half-year 2015) payable in the third quarter 2015. The accrued amount is included in the balance sheet position "Accrued liabilities and deferred income".

Legal disputes

Airopack Group is involved in legal disputes in connection with ordinary operating activities. Although the outcome of these disputes cannot be predicted with certainty at present, Airopack Group assumes that it will not have a major negative impact on business activity or the financial situation of the Group. Expected outgoing payments are provided for accordingly.

Performance guarantees

Airopack Technology Group AG has issued performance guarantees of in total EUR 2.5 million towards Credit Suisse, for the due performance by Airolux AG of its obligations under its financial lease agreements with Credit Suisse. As at 30 June 2015 the outstanding obligations of Airolux AG under said agreements amounted to a total of EUR 1.9 million. The consolidated outstanding obligations are included in the balance sheet position "Financial liabilities".

13. GOING CONCERN

In the first half of 2015 the consolidated income statement shows a net loss of EUR 4.2 million. As at 30 June 2015, the available cash amounted to EUR 4.5 million. The capital expenditure for production equipment together with the working capital requirements as per the joint venture business plan 2015-2016 are covered by funding of EUR 25.6 million provided by joint venture partner Resilux. Despite the fact that accurate forecasting of expected revenues from customer projects remains difficult in the current phase of Airopack Technology Group's development, the Board of Directors and the Group Management are confident that the Group is able to meet its targets over the next 12 months. Nevertheless, the aforementioned conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

14. EVENTS AFTER THE BALANCE SHEET DATE

From the accounting reference date until the consolidated financial statements were approved by the Board of Directors on 23 September 2015, the following major event occurred:

- On 6 July 2015 the major shareholder of Airopack Technology Group AG, Jan Kelders, announced that he sold the majority of the shares controlled by the Kelders family to his son Quint Kelders, CEO of the Airopack Technology Group. At the same time Quint Kelders secured the control over the voting rights of all shares held by the Kelders family, via a shareholders agreement. As per the most recent information available to the Company, Quint Kelders controls 46.13% of the voting rights and therefore exercises control over the Group.

CORPORATE CALENDAR AND ADDRESSES

Corporate Calendar

25 March 2016	Financial Reporting 2015
30 September 2016	Half-year Report 2016

Airopack Technology Group registered shares

Exchange	SIX Swiss Exchange Swiss Reporting Standard
Ticker	AIRN
ISIN Code	CH 024 260 694 2

Important Web-links

www.airopackgroup.com

Website of the Airopack Technology Group

<http://www.airopackgroup.com/en/investor-relations/financial-news/>

Ad-hoc-Information

<http://www.airopackgroup.com/en/investor-relations/investor-relations-contact/>

Registration in the mailing list

info@airopackgroup.com

Contact address

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Disclaimer

This report contains future related statements which offer no guarantee with regard to future performance.

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