HALF-YEAR REPORT 2016

KEY FIGURES

	in TEUR HY 2016		in TEUR HY 2015
Consolidated income statement			
Net sales	6'024		3'189
EBITDA	-11'605		-2'560
EBIT	-14'566		-3'538
Net result	-16'226		-4'209
Net result per share in EUR	-1.15		-0.31
Consolidated cash flow	3'867		3'515
Consolidated balance sheet			
Cash and cash equivalents	6'784		4'529
Shareholders' equity	-15'183	1)	11'780
Balance sheet total	82'669		31'058

1) On 7 July 2016, a capital increase of approx. EUR 42 million was completed. The pro forma shareholders' equity after completion amounted to approx. EUR 27 million.

TABLE OF CONTENTS

PROFILE OF AIROPACK TECHNOLOGY GROUP

Airopack Technology Group AG is a leading provider of mechanical and pressure-controlled primary packaging technologies and dispensing systems for manufacturers and suppliers of cosmetics, body care, pharmaceutical and food products.

Its revolutionary and worldwide patented Airopack® technology offers a safe, all-plastic pressurized dispenser which is environmentally friendly: no inhalation risks, no harmful propellants and no unnecessary waste. Unlike other pressurized dispensers that use harmful propellants, Airopack® uses just normal compressed air which results in dispensing a formulation at constant pressure from start to finish.

Airopack Technology Group operated an Airopack Ready to Fill manufacturing facility in Glarus Nord (Switzerland), which facility currently is being relocated to Waalwijk (The Netherlands).

Airopack Technology Group operates under own control a Full-Service Filling operation in Heist-op-den-Berg (Belgium) and the Global Research and Development Team as well as the Airopack Global Management and Customer Service Organization in Waalwijk (The Netherlands).

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

REPORT FROM THE BOARD OF DIRECTORS

General

On 26 April 2016, Airopack Technology Group AG reached an agreement regarding the acquisition of the remaining 50% of its Airolux AG joint venture, formerly owned by Resilux. Airopack Technology Group paid an amount of EUR 25 million to acquire Resilux's 50% stake and also paid Resilux's outstanding shareholder loans and financial debts to Airolux of around EUR 37 million on 14 July 2016. The transfer of the shares was completed on 13 May 2016.

Due to the acquisition of the 50% stake in the Airolux AG joint venture on 13 May 2016 goodwill is created. Net assets taken over in the acquisition are valued at actual values; the surplus of acquisition cost over the newly valued net assets at the date of transfer is designated as goodwill and capitalized as intangible fixed asset in the balance sheet. The goodwill amounts to EUR 45.0 million and will be amortized over a period of 5 years.

The Board of Directors decided in May 2016 to close the manufacturing facility in Glarus Nord (Switzerland) and transfer manufacturing to the Netherlands, near its global headquarters in Waalwijk. This decision was taken to reduce manufacturing and logistical cost and improve the organizational footprint. The transfer of manufacturing equipment was effectuated in June 2016 and the new plant in the Netherlands will commence operations in the fourth quarter of 2016.

Sales Airopack

In the first half of 2016, Airopack Technology Group's former joint venture company Airolux shipped 8.2 million pieces of Airopack, a decrease of 29% compared to the 11.5 million pieces in the first half of 2015. The decrease is caused by the shut-down of the manufacturing facility in Switzerland in May 2016. The shut-down has been carefully managed in close alignment with Airopack's main customers in order to minimize disruption to their supply chains.

On the consolidated level, the net sales amounted to EUR 6.0 million compared to EUR 3.2 million in the first half of 2015. The full service manufacturing activities that were insourced in October 2015 contributed EUR 4.0 million to the net sales.

Result development

The consolidated income statement for the first half of 2016 shows a net loss of EUR 16.2 million (First half of 2015: EUR 4.2 million). As from May 2016, the losses of Airolux AG and its subsidiaries are fully consolidated. Furthermore, the consolidated result is strongly influenced by incidental expenses of EUR 5.6 million incurred in connection with the acquisition of the 50% stake in the Airolux AG joint venture, the finance arrangement entered into with funds managed by affiliates of Apollo Global Management, and the relocation of the manufacturing facility from Switzerland to the Netherlands. The ongoing expansion and strengthening of the organizational footprint in the Netherlands will better position ATG for the roll-out of Airopack, but has entailed one-times costs and coincided with a temporary production halt in the second quarter. The full service manufacturing activities also had a negative impact on the net result, largely as a result of non-recurring expenditure.

Prospects

The Board is pleased that the discussions with the former joint venture partner led to the acquisition of its 50% stake in the Airolux AG joint venture. Sole ownership of Airolux will allow Airopack Technology Group to fully utilise the Airopack technology, unlock its growth potential and enhance time to market.

2016 will be a transition year and Group Management is confident that the operational business of the Group will rapidly improve once this transition has been completed. Based on the current development of the customer and sales pipeline, ATG expects an ongoing positive evolution of Airopack sales and results. With its current cost structure, ATG estimates that it will reach EBITDA break-even once production reaches a run rate of 80 million pieces per year. The further ramp-up to a run rate of 160 million pieces annually is estimated to only marginally increases ATG's fixed cost base, thus further increasing future profitability. ATG continues to be confident that its mid-term goal of a run rate volume of over 700 million pieces annually can be achieved, compared to a total aerosol market of 15.48 billion annual units as of the end of 2015.

Baar, September 2016

Antoine Kohler	**Quint Kelders**
Chairman of the	CEO and Member of the
Board of Directors	Board of Directors

FINANCIAL REVIEW

Capital structure

Issued capital
In the first half of 2016, a total of 30'425 shares with a nominal value of CHF 5 were issued. The shares were issued from the conditional capital following the exercise of 30'425 employee shares options. These registered shares have been issued at a strike price of CHF 9.10. No shares were issued from the authorized capital.

On 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue 4'145'611 fully paid-up registered shares with a nominal value of CHF 5 at the issue price of CHF 11.22 each in connection with the company's strategic partnership with funds managed by affiliates of Apollo Global Management.

The new shares have been listed in accordance with the Swiss Reporting Standard of SIX Swiss Exchange on 11 July 2016.

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 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create conditional capital in the maximum amount of CHF 9'347'870 for the issuance of a maximum number of 1'869'574 fully paid registered shares with a nominal value of CHF 5 each to affiliates of Apollo Global Management.

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. As per 30 June 2016, the conditional capital approved on 28 May 2015 amounts to CHF 8'699'035 through the issuance of up to 1'739'807 fully paid registered shares.

Income statement

The financial statements include 100% of Airolux AG as of May 2016. In the first half of 2016, the consolidated net loss amounted to EUR 16.2 million. On EBITDA level the loss amounted to EUR 11.6 million, compared to a loss of EUR 2.6 million in the first half of 2015. The major positions of the income statement can be explained as follows:

Operating income
In the first six months of 2016, the operating income increased to EUR 6.9 million from EUR 3.3 million in the first half of 2015 due to Airosolutions which commenced operations in October 2015.

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 increased to EUR 4.5 million in the first half of 2016 from EUR 1.8 million in the first half of 2015. The acquisition of the 50% Resilux stake in the joint venture, the start of the Airosolutions activity in October 2015, as well as the strengthening of the operations and management in the Netherlands following the decision to move the manufacturing facility had a significant increasing effect on the personnel costs.

Other operating expense
Other operating expense increased to EUR 7.8 million as a consequence of the increased activity level as well as significant legal and consulting fees related to the acquisition of the 50% stake in the Airolux AG joint venture. 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 2015 depreciation of tangible fixed assets increased and amounted to EUR 1.1 million. Amortization of intangible assets increased significantly to EUR 1.9 million in the first half of 2016 as a result of the amortization of the created goodwill. Goodwill was created due to the acquisition of the 50% stake in the Airolux AG joint venture. The goodwill amounts to EUR 45.0 million and its amortization over 5 years started in May 2016.

FINANCIAL REVIEW

Financial result
The financial result amounted to a negative EUR 1.7 million compared to a negative EUR 0.7 million in the first half of 2015. Financing cost substantially increased as a result of the funding requirements for acquiring the 50% stake in the joint venture, the relocation of the manufacturing activities to the Netherlands and the expansion of the production capacity for Airopack.

Balance sheet

The major assets of the Airopack Group are machinery, moulds, intellectual property and goodwill. In the first half of 2016, an amount of EUR 45 million goodwill was created as a result of the acquisition of the 50% stake from former joint venture partner Resilux in Airolux AG. At 30 June 2016, the goodwill included in the intangible assets amounts EUR 43.7 million.

As at 30 June 2016, the consolidated net equity amounted to negative EUR 15.2 million. On 7 July 2016, a capital increase of approx. EUR 42 million was completed. The pro forma shareholders' equity after completion amounted to approx. EUR 27 million.

Liquidity

The cash flow from operating activities amounted to negative EUR 11.2 million, of which EUR 11.6 million relates to the operating loss. On top, EUR 2.4 million was paid for new tangible assets and EUR 25 million was paid for the remaining 50% of its Airolux AG joint venture. The resulting negative cash flow has been financed through funding from Apollo Global Management. The cash position of the Group amounted to EUR 6.8 million at the end of June 2016.

Baar, September 2016

Frans van der Vorst
CFO

INFORMATION ON REGISTERED SHARES

Ticker: AIRN

ISIN: CH 024 260 694 2

	2012	2013	2014	2015	HY 2016
Number of issued shares[1]	9'882'571	12'706'163	12'989'063	14'149'256	**14'179'681**
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	-0.74	-0.66	-0.61	-1.25	**-1.25**
Market prices (Closing prices Zürich)[2]					
Highest price (CHF)	12.80	10.65	10.50	13.50	**12.50**
Lowest price (CHF)	7.85	8.00	7.50	6.99	**8.76**
Closing price as at 31 December (CHF)	10.00	8.80	7.75	12.35	
Market capitalization as at 31 December (million CHF)	98.83	111.81	100.67	174.74	

[1] As at 30 June 2016, 14'149'256 are registered in the commercial register

[2] Source: www.six-swiss-exchange.com

Investor Relations

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

CONSOLIDATED INCOME STATEMENT

	Notes	in TEUR 1st Half 2016	in TEUR 1st Half 2015
Net sales		6'024	3'189
Other operating income	2	465	109
Change in inventory of finished and semi-finished goods		367	4
Operating income		**6'856**	**3'302**
Raw material expense		-6'151	-2'766
Personnel expense	3	-4'500	-1'789
Other operating expense	2	-7'810	-1'307
Operating expense		**-18'461**	**-5'862**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**-11'605**	**-2'560**
Depreciation of tangible fixed assets		-1'077	-580
Amortization of intangible assets		-1'884	-398
Earnings before interest and taxes (EBIT)		**-14'566**	**-3'538**
Financial result		-1'660	-671
Earnings before taxes (EBT)		**-16'226**	**-4'209**
Income taxes		0	0
Net result		**-16'226**	**-4'209**
Net result per share in EUR	4	-1.15	-0.31

CONSOLIDATED BALANCE SHEET

Assets	Notes	in TEUR 30.06.2016	in TEUR 31.12.2015
Cash and cash equivalents		6'784	2'918
Trade accounts receivable		4'120	2'941
Other receivables	5	704	1'128
Inventories	6	4'223	2'354
Prepayments and accrued income		1'118	186
Current assets		**16'949**	**9'527**
Financial assets	5	114	8'927
Tangible fixed assets	7	13'318	6'736
Intangible assets	8	52'288	7'444
Non current assets		**65'720**	**23'107**
Total assets		**82'669**	**32'634**
Liabilities and shareholders' equity			
Financial liabilities			
Bank overdrafts		500	510
Short term portion of financial liabilities	13	37'995	579
Trade accounts payable		3'109	3'539
Other current payables		126	465
Accrued liabilities and deferred income		2'905	1'282
Current liabilities		**44'635**	**6'375**
Financial liabilities*		53'217	26'103
Non current liabilities		**53'217**	**26'103**
Liabilities		**97'852**	**32'478**
Share capital	9	55'413	55'276
Capital reserves	9	-13'401	-13'733
Cumulative translation adjustments		224	32
Accumulated losses		-57'419	-41'419
Shareholders' equity		**-15'183**	**156**
Total Liabilities and Shareholders' equity		**82'669**	**32'634**
* thereof subordinated		0	12'987

CONSOLIDATED CASH FLOW STATEMENT

	Notes	in TEUR 1st half 2016	in TEUR 1st half 2015
Net result		**-16'226**	**-4'209**
Depreciation and amortization		2'961	978
Impairment receivables		1'884	-
Other positions with no impact on liquidity		956	400
Operating cash flow		**-10'425**	**-2'831**
Change in trade accounts receivable		-152	-369
Change in other current receivables		629	-112
Change in inventories		-695	-256
Change in prepayments and accrued income		-542	-479
Change in trade accounts payable		-1'317	-447
Change in other current payables		-339	-59
Change in accrued liabilities and deferred income		1'607	-1'000
Cash flow from operating activities		**-11'234**	**-5'553**
Tangible and intangible assets			
Investments		-2'423	-1'597
Disposals		-	-
Payment for the acquisiton of consolidated organisations (less cash taken over)		-24'906	-
(Outflow)/Inflow from long term receivables from joint venture	5	-2'030	-
Cash flow from investing activities		**-29'359**	**-1'597**
Inflow / (Outflow) from current financial liabilities		-419	-1'178
Inflow / (Outflow) from shareholder loan		-	-2'427
Inflow from long-term financial liabilities		44'630	3'945
Inflow from capital increase	9	249	10'325
Cash flow from financing activities		**44'460**	**10'665**
Total Cash flow		**3'867**	**3'515**
Cash and cash equivalents as at 1 January		**2'918**	**956**
Total Cash flow		3'867	3'515
Impact of currency translation		-1	58
Cash and cash equivalents as at 30 June		**6'784**	**4'529**
Paid interest (included in Cash flow from operating activities)		-1'099	-371
Received interest payments (included in Cash flow from operating activities)		0	2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Capital reserves			Accumulated exchange differences	Accumulated losses	Total Equity
			Capital reserves parent company (premium)	Other Capital reserves	Total Capital reserve			
	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**	**-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**

	Number of shares	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Equity as at 01.01.2016	**14'149'256**	**55'276**	**18'269**	**-32'002**	**-13'733**	**33**	**-41'420**	**156**
Capital increase from option exercise	30'425	137	112	-	112	-	-	**249**
Capital increase from authorized capital	-	-	-	-	-	-	-	**-**
Equity transaction cost	-	-	-	-	-	-	-	**-**
Share-based payments	-	-	-	220	220	-	227	**447**
Net result of the period	-	-	-	-	-	-	-16'226	**-16'226**
Exchange differences	-	-	-	-	-	191	-	**191**
Equity as at 30.06.2016	**14'179'681**	**55'413**	**18'381**	**-31'782**	**-13'401**	**224**	**-57'419**	**-15'183**

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.

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 2016 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 2016, a total of 30’425 shares with a nominal value of CHF 5 were issued. The shares were issued from the conditional capital following the exercise of 30’425 share options. These registered shares have been issued following the exercise of employee share options at a strike price of CHF 9.10. No shares were issued from the authorized capital.

On 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue 4’145’611 fully paid-up registered shares with a nominal value of CHF 5 at the issue price of CHF 11.22 each in connection with the company’s strategic partnership with funds managed by affiliates of Apollo Global Management.

The new shares have been listed in accordance with the Swiss Reporting Standard of SIX Swiss Exchange on 11 July 2016.

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 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create conditional capital in the maximum amount of CHF 9’347’870 for the issuance of a maximum number of 1’869’574 fully paid registered shares with a nominal value of CHF 5 each to the affiliates of Apollo Global Management.

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. As per 30 June 2016, the conditional capital approved on 28 May 2015 amounts to CHF 8’699’035 through the issuance of up to 1’739’807 fully paid registered shares.

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 2016. 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 2015 as they represent an update of the last complete financial statements.
With effect of 1 January 2016, the Group has adopted the changes in Swiss GAAP FER Framework, FER 3 and FER 6 in regards to revenue recognition, revenue measurement and disclosure. The amendments had no impact on the Group's consolidated financial statements in respect to revenue recognition and measurement.

The consolidated 2016 half-year statements were approved by the Board of Directors on 20 September 2016. 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 2016
On 26 April 2016, Airopack Technology Group AG reached an agreement regarding the acquisition of the remaining 50% of its Airolux AG joint venture. Airopack Technology Group paid an amount of EUR 25 million to acquire Resilux's 50% stake and will also repay Resilux outstanding shareholder loans and financial debts to Airolux of around EUR 37 million. The transfer of the shares was completed on 13 May 2016. Due to the acquisition of the 50% Resilux's stake in the joint venture Airolux AG on 13 May 2016 goodwill has been created.
Since May 2016, the financial statements of Airolux AG were consolidated at 100% in the group financial statements. 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.

Changes in 2015
No changes occurred during the period ending 30 June 2015.

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.

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. We refer to Note 10 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	
	30.06.2016	31.12.2015	HY 2016	HY 2015
CHF	0.9203	0.9238	0.9120	0.9450

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

2. OTHER OPERATING INCOME AND EXPENSE	in TEUR HY 2016	in TEUR HY 2015
Other operating income	465	109
	465	**109**
EXPENSE		
Research and development cost	-177	-103
Charges for operation of the production facility	-138	-125
Office rental and maintenance	-638	-329
Marketing and public relations	-304	-223
Audit, legal and consulting	-421	-371
Other operating cost	-486	-156
Incidental consulting expense	-3'114 [1)]	-
Incidental cost other	-2'532 [2)]	-
	-7'810	**-1'307**

1) The incidental consulting expense in HY 2016 includes TEUR 1'400 related to fund raising fees. The remaining cost mainly related to legal and advisory costs regarding the acquisition of the 50% stake of Airolux AG.
2) The incidental cost other in HY 2016 includes TEUR 1'884 related to impairment receivables from previous and current year.

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.

	in TEUR HY 2016	in TEUR HY 2015
Salaries, social security expense and other personnel expense	-4'053	-1'414
Share-based payments	-447	-375
	-4'500	**-1'789**

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 HY 2016	in TEUR HY 2015
Net result for the period	-16'226	-4'209
Weighted average number of shares outstanding	14'156'020	13'555'797
Basic earnings per share in EUR	**-1.15**	**-0.31**

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER RECEIVABLES AND FINANCIAL ASSETS	in TEUR 30.06.2016	in TEUR 31.12.2015
Receivable from German Tax authorities	224	224
Value added tax receivables	424	849
Other receivables from third parties	29	26
Receivable from shareholders	141	139
Loans from joint venture	0	8'817
	818	**10'055**
Current other receivables (< 1 year)	704	1'128
Financial assets (> 1 year)	114	8'927
	818	**10'055**

6. INVENTORIES	in TEUR 30.06.2016	in TEUR 31.12.2015
Raw materials and consumables	2'682	1'991
Semi-finished goods	784	185
Finished goods	757	178
	4'223	**2'354**

7. TANGIBLE 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 ASSETS

Development costs and patents represent capitalized expenses for patents and patent applications as well as external and internal development costs relating to the Airopack and Airopump 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 is amortized over a period of five years. As result of the acquisition of the 50% Resilux stake in the joint venture Airolux AG on 13 May 2016 goodwill is created. Net assets taken over in the acquisition are valued at actual values; the surplus of acquisition cost over the newly valued net assets at the date of transfer is designated as goodwill and capitalized as intangible fixed assets in the balance sheet. The goodwill amounts TEUR 45'031 and is amortized over a period of 5 years. Accordingly, an amount of TEUR 1'501 is presented as amortization of intangible assets in the consolidated income statement. The purchase price allocation related to the acquisition of the 50% Resilux stake is as follows:

	in TEUR 2016
Payment 13 May 2016	25'000
Total cash outflow for aquisition remaining 50% stake	**25'000**
Net assets Airolux AG as at 13 May 2016	
Current assets	9'030
Non current assets	13'956
Current liabilities	-3'528
Non current liabilties	-59'519
Net assets Airolux AG as at 13 May, based on 100%	**-40'061**
Net assets Airolux AG as at 13 May, based on 50%	**-20'031**

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. CAPITAL STRUCTURE

Issued capital
In the first half of 2016, a total of 30'425 shares with a nominal value of CHF 5 were issued. The shares were issued from the conditional capital following the exercise of 30'425 employee shares options. These registered shares have been issued at a strike price of CHF 9.10. No shares were issued from the authorized capital.

On 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to issue 4'145'611 fully paid-up registered shares with a nominal value of CHF 5 at the issue price of CHF 11.22 each in connection with the company's strategic partnership with funds managed by affiliates of Apollo Global Management.

The new shares have been listed in accordance with the Swiss Reporting Standard of SIX Swiss Exchange on 11 July 2016.

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 23 June 2016, the General Assembly of Shareholders has approved the proposal of the Board of Directors to create conditional capital in the maximum amount of CHF 9'347'870 for the issuance of a maximum number of 1'869'574 fully paid registered shares with a nominal value of CHF 5 each to the affiliates of Apollo Global Management.

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. As per 30 June 2016, the conditional capital approved on 28 May 2015 amounts to CHF 8'699'035 through the issuance of up to 1'739'807 fully paid registered shares.

10. TRANSACTIONS WITH SHAREHOLDERS AND RELATED PARTIES

Compared to the consolidated financial statements as at 31 December 2015, the following changes have occurred in the composition of the related parties. On 23 June 2016, the General Assembly of Shareholders has approved the appointment of Okko Filius as a member of the Board of Directors. Furthermore, Robert Seminara, Ralf Ackermann and Lorenzo Levi have been elected as members of the Board of Directors as of the registration of the ordinary capital increase on 11 July 2016.
Furthermore, Antoine Kohler, Okko Filius and Lorenzo Levi were appointed as members of the Nomination and Compensation Committee, with the appointment of Lorenzo Levi taking effect as of the registration of the ordinary capital increase in the commercial register on 11 July 2016.

Prior to the AGM, Christian Feller and John McKernan, 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 2015, no significant changes have occurred in the nature of the transactions with related parties.

11. 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 2016, Airopack Technology Group has paid a total amount of 496 TEUR as advance payment. As at 30 June 2016, Airopack Technology Group has accrued a liability of 106 TEUR (relating to the first half-year 2016 and second half-year 2015) payable in the third quarter 2016. 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 EUR 1.9 million and EUR 0.8 million respectively 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 2016, the outstanding obligations of Airolux AG under said agreements amounted to EUR 1.4 million.

Pledge
Airopack Group has entered into a pledge agreement in 2015 as part of the secured debt financing provided by funds managed by Apollo Global Management. Airopack Technology Group and its subsidiaries have provided the following securities; pledge(s) on shares in the capital of its subsidiaries, bank account pledge(s), receivable pledge(s), intellectual property pledge(s) and movables pledge(s).

12. GOING CONCERN

In the first half of 2016, the consolidated income statement shows a net loss of EUR 16.2 million. As at 30 June 2016, the available cash amounted to EUR 6.8 million. In December 2015, Airopack Technology Group entered into a financing agreement with funds managed by Apollo Global Management to support the long-term growth of the Airopack® business. Apollo Global Management have committed to support the long-term growth of the business through a mix of debt and equity investments totalling up to a maximum of EUR 122 million, through a maximum of EUR 80 million secured debt financing and EUR 42 million equity investment. The investment will primarily be used to finance capital expenditures, working capital and the buy-out of Airopack Technology Group's joint venture partner in Airolux AG to accelerate the growth potential of Airopack. In the period December 2015 till June 2016, an amount of EUR 52.0 million was received under the financing agreement and of this amount, EUR 25 million was used for the acquisition of the 50% stake in the Airolux joint venture. The equity investment by Apollo and the share capital increase of approx. EUR 42 million was completed in July 2016.

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. 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.

13. EVENTS AFTER THE BALANCE SHEET DATE

As a consequence of the equity investment from the Apollo Funds, Airopack Technology Group received net proceeds in the amount of approximately EUR 40 million in July 2016 which has been used for the repayment of Resilux's outstanding shareholder loans and financial debts to Airolux of TEUR 36'942 (the amount is included in the balance sheet position "short term portion of financial liabilities"), working capital and capital expenditure for the long-term growth of Airopack Technology Group, and other general corporate purposes.

By means of a capital increase, 4,145,611 registered shares in Airopack Technology Group AG with a nominal value of CHF 5 each were issued to the Apollo Funds at an issue price of CHF 11.22 each. The new shares have been listed in accordance with the Swiss Reporting Standard of SIX Swiss Exchange on 11 July 2016.

As part of the financing arrangement, 1'832'529 warrants to purchase in aggregate up to 1'832'529 shares in Airopack Technology Group AG at an exercise price which is equal to the nominal value of that type of share were issued to the Apollo Funds on 7 July 2016.

In connection with the Strategic Partnership with the Apollo Funds, Q-Invest B.V., who will remain the principal shareholder of Airopack Technology Group AG, entered into a shareholders' agreement with the Apollo Funds containing, inter alia, undertakings regarding the right for each party to propose up to three members of the Board and the joint right to propose an independent non-executive director of ATG.

As a consequence of the entering into the Shareholders' Agreement, Q-Invest B.V., the Apollo Funds and the respective related parties constitute a group of shareholders acting in concert within the meaning of the applicable Swiss disclosure laws, with an aggregate shareholding of 55.11% of the shares and voting rights in Airopack Technology Group. Assuming that all warrants issued to the Apollo Funds and all employee share options issued to Quint Kelders will be exercised, the group of shareholders will hold 66.45% of the shares and voting rights in Airopack Technology Group.

CORPORATE CALENDAR AND ADDRESSES

Corporate Calendar

24 March 2017	Financial Reporting 2016
29 September 2017	Half-year Report 2017

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

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