

ALNO AG

HALF-YEAR FINANCIAL REPORT

1 January to 30 June 2016



The award of "Kitchen Innovation of 2016" for the ALNOSTAR SIGN kitchen line in May 2016 is not only affirmation of ALNO's product quality but also of the ALNO brand's aspiration to produce innovative design and the latest technology.

Group key figures

		1st half-year or 30 June	1st half-year or 30 June	1st half-year or 30 June	1st half-year or 30 June	1st half-year or 30 June
Group key figures (IFRS)		2016	2015	2014	2013	2012
Consolidated income statement						
Sales revenue	€ 000	243.407	272.994	266.748	196.494	230.866
Total operating performance	€ 000	256.083	307.568	323.823	205.157	237.255
EBITDA	€ 000	-13.456	20.830	38.231	4.822	5.050
Earnings before interest and taxes (EBIT)	€ 000	-21.015	11.501	27.267	3.477	-1.390
Earnings before taxes (EBT)	€ 000	-28.520	4.971	20.345	-168	-7.759
Group profit for the period	€ 000	-27.695	64.274	20.855	-1.186	-8.068
Profit per share (diluted and undiluted)	€	-0,37	0,89	0,30	-0,02	-0,31
Consolidated statement of financial position						
Non-current assets	€ 000	179.925	223.394	190.503	100.493	87.376
Investments in property, plant and equipment	€ 000	4.696	8.608	8.157	7.115	6.514
Liquid funds	€ 000	2.736	2.185	3.189	7.534	5.754
Equity	€ 000	-63.652	40.692	10.643	-9.382	-58.259
Subscribed capital	€ 000	75.595	75.595	70.095	70.095	67.847
Balance sheet total	€ 000	312.205	368.586	318.974	186.493	167.127
Consolidated cash flow statement						
Cash flow from operating activities	€ 000	-17.373	-20.769	4.173	-29.004	24.557
Cash flow from investment activities	€ 000	-5.453	9.561	-44.755	-7.147	-7.394
Cash flow from financing activities	€ 000	20.978	11.104	40.309	38.700	-13.768
Cash change in cash and cash equivalents	€ 000	-1.848	-104	-273	2.549	3.395
Employees						
Employees at the reporting date		2.069	2.322	2.317	1.897	1.865
Yearly average number of employees		2.072	2.306	2.303	1.913	1.855
Personnel expenses	€ 000	66.485	74.988	70.533	48.295	51.304
Yearly average personnel costs per employee	€ 000	32	33	31	25	28
Yearly average sales volume per employee	€ 000	117	118	116	103	124

List of abbreviations Companies

Name and head office

Abbreviation

ALNO AG, Pfullendorf	ALNO AG
pino Küchen GmbH, Coswig (Anhalt)	pino
Gustav Wellmann GmbH & Co. KG, Enger	Wellmann KG
Casawell Service GmbH, Enger	Casawell Service
ALNO Trading GmbH, Enger	ALNO Trading
GVG tielsa Küchen GmbH & Co. KG, Enger	GVG tielsa
Zweitmarkenholding Impuls Pino GmbH, Pfullendorf	
ALNO International GmbH, Pfullendorf	ALNO International
ALNO Logistik & Service GmbH, Pfullendorf	ALNO Logistik & Service
ALNO IP AG & Co. KG, Pfullendorf	ALNO IP
ALNO Beteiligungs UG, Pfullendorf	ALNO UG
Impuls Küchen GmbH, Brilon (until 30 June 2015)	Impuls
AFP Küchen AG, Arbon/Switzerland	AFP
ALNO (Schweiz) AG, Nidau/Switzerland	ALNO Switzerland
ALNO U.K. Ltd., Leeds/UK	ALNO UK
ALNO USA Corporation, New York/USA	ALNO USA
Küchen Nordic AB, Stockholm/Sweden	Küchen Nordic
ALNO China Holding Ltd., Hong Kong/China	ALNO China
tielsa GmbH, Pfullendorf	tielsa
ООО Первая мебельная фабрика - ALNO, St. Petersburg/Russia	1mfa

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The ALNO share

Timeframe: 1 January to 30 June 2016, stock exchange: XETRA

Figures in euro



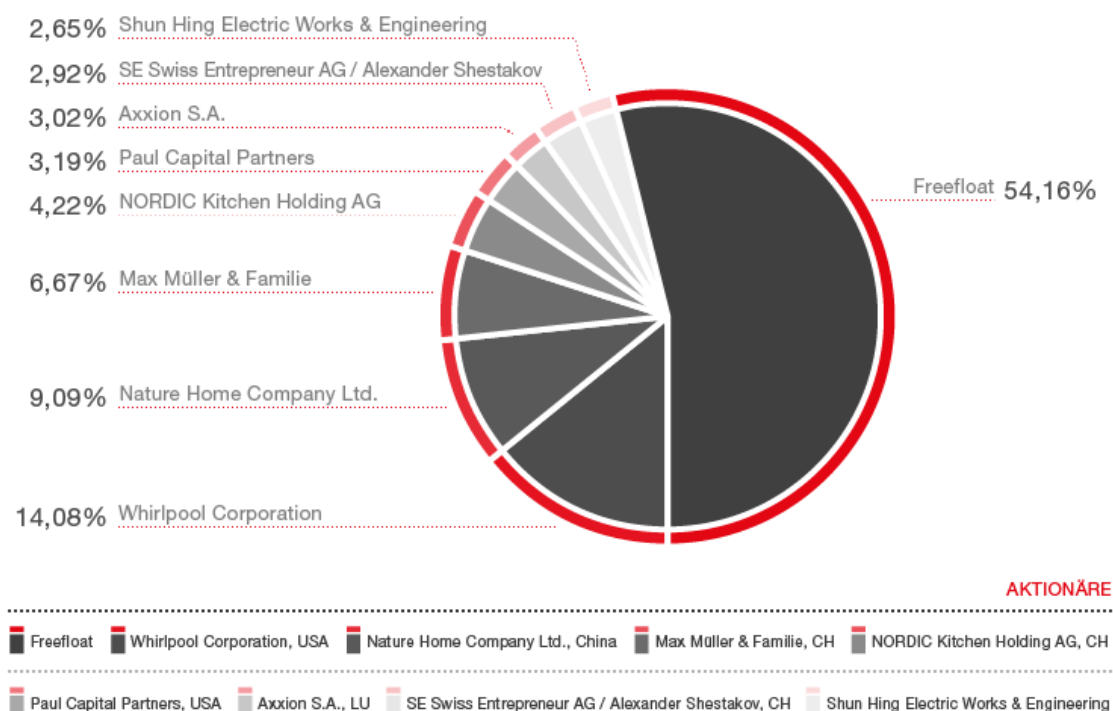
At the end of the first half year, the ALNO share was listed at € 0.50. Compared with the beginning of 2016, which the ALNO share started with a closing price of € 0.66 on 4 January, the price fell by € 0.16, which equates to a decline of 24.2%. Recommendations by analysts are "hold" or "neutral". In reports from the first half year by Warburg Research and Oddy Seydler, € 1.05 and € 0.62 respectively were set as target prices.

Important key data (status: 30 June 2016):

Securities identification number	778 840
ISIN	DE 0007788408
Stock market abbreviation	ANO
Transparency level (Market segment)	General Standard (Regulated Market)
Stock markets	Regulated Market: Frankfurt (General Standard), Stuttgart OTC market: Berlin, Munich, Düsseldorf
Type of shares	Ordinary bearer shares without nominal amount (individual share certificates)
First quotation	27 July 1995
Capital stock	75,594,979
Number of shares	75,594,979
Closing price 04.01.2016*	€ 0.66
Closing price 30.06.2016*	€ 0.50
Percentage change	-24.2%
Highest price during reporting period	€ 0.68 (05.01.2016)
Lowest price during reporting period	€ 0.47 (11.02.2016)

* Based on Xetra

The shareholder structure of ALNO AG is composed as follows as at 30 June 2016:



ALNO AG's largest single shareholder in the first half of the year, at 14.08%, was the Whirlpool Corporation, which, in addition to its equity investment has had a longstanding association with ALNO AG as a strategic partner and largest supplier. 54.16% of the shares in ALNO AG were held in free float at the end of the first half year.

In the first half of 2016, ALNO AG reported the following voting rights notifications:

NORDIC Kitchen AG, Zug, Switzerland, notified ALNO AG in accordance with Section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting share in ALNO AG, Pfullendorf had fallen below the threshold of 5% on 24 May 2016 and on this date amounted to 4.22% (corresponding to 3,191,964 voting rights). The aforementioned notification was published through Deutsche Gesellschaft für Ad-hoc-Publizität (DGAP) on 30 May 2016.

Axxion S.A., Grevenmacher, Luxembourg, notified ALNO AG in accordance with Section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting share in ALNO AG, Pfullendorf had exceeded the threshold of 3% on 28 June 2016 and on this date amounted to 3.02%. The aforementioned notification was published through Deutsche Gesellschaft für Ad-hoc-Publizität (DGAP) on 4 July 2016.

Important events in the first half year

Changes in the Board of Management

At its meeting on 22 March 2016, the Supervisory Board of ALNO AG decided to extend the contract with the Chairman of the Board of Management Max Müller prematurely until 31 December 2018.

At its meeting on 11 May 2016, the Supervisory Board of ALNO AG appointed Mr Andreas Sandmann as Chief Sales Officer (CSO) on a three-year contract with immediate effect. Frank Wiedenmaier had previously been appointed as Chief Operating Officer (COO) on a three-year contract with effect from 1 May 2016. At the same time, the Supervisory Board extended the contract with Ipek Demirtas as Chief Financial Officer (CFO) prematurely by three years up to 31 March 2020.

Agreements with shareholders

On 31 July 2015, ALNO AG entered into a long-term moratorium agreement with Bauknecht Hausgeräte GmbH, Stuttgart, which lasts until 30 December 2016. The agreement replaced the moratorium agreement dated 10 December 2014 which was limited to 31 March 2016. On 15 March 2016, a new moratorium agreement covering total receivables in the amount of € 41.0 million was concluded to formalise the verbal agreement reached in December 2015, under which a partial amount of € 25.0 million will be repaid in stages from 29 September 2017 to 30 June 2018. The remaining € 16.0 million is due to be repaid in various tranches up to 31 December 2016.

With regard to the loan, which the ALNO Group was granted by Bauknecht Hausgeräte GmbH, Stuttgart, in the amount of € 30.0 million in total on 11 April 2013, it is agreed by means of a supplement to the loan agreement of 26 February 2015 that a partial amount of € 10.0 million, which was due in September 2015, will not be due for repayment until July 2016. By means of a verbal agreement in December 2015, which was formalised in writing on 15 March 2016, repayment of this partial amount of € 8.5 million is extended by a further year until 31 July 2017. The remaining partial amount of € 1.5 million is due for repayment on 30 September 2016. The term of the remaining € 20 million remains unchanged.

On 16 January 2015, Bauknecht Hausgeräte GmbH, Stuttgart, granted ALNO AG a loan amounting to € 5.0 million until 10 March 2015. Repayment of the loan was extended by various supplementary agreements; the last time being the formalisation on 15 March 2016 of the verbal agreement reached in December 2015 to extend the loan until 31 July 2017.

With regard to the loans, which the ALNO Group was granted by Comco Holding AG, Nidau, Switzerland, in the amount of € 8.1 million in total, it is agreed by means of a supplement to the loan agreement of 26 February 2015, that the originally intended repayment in April 2015 will be extended until July 2016. The term of the loans is extended until 31 July 2017 by means of a verbal agreement in December 2015, which was formalised in writing on 15 March 2016.

Other financing activities

By means of a notarised property purchase agreement dated 3 February 2016, ALNO AG and an affiliated company have sold part of their factory premises subject to the condition precedent of agreeing the final purchase price as part of a sale & lease back transaction. The final purchase price plus the final rental terms will be definitively agreed in the current year or an alternative financing measure will be considered. An advance payment of € 15.0 million secured by mortgages was made in February 2016.

Extraordinary dismissal legally binding

ALNO AG concluded the legal dispute with the former Chairman of the Board of Management Jörg Deisel after proceedings lasting just under five years. The Second Civil Chamber of the Federal Court of Justice (FCJ) in Karlsruhe has rejected his two appeals against the refusal of leave to appeal. Consequently the extraordinary dismissal of Jörg Deisel in April 2011 is legally binding. The Düsseldorf Higher Regional Court (HRC) had already allowed the appeals by ALNO AG in their entirety in November 2014 and rejected the claims by the former CEO against his extraordinary dismissal in April 2011. The amount in dispute in the two proceedings came to approx. € 6.5 million.

The Board of Management

The Board of Management of ALNO AG is composed as follows as at 30 June 2016:

Max Müller

Chief Executive Officer (CEO), appointed on 6 April 2011

Max Müller was formerly sales and marketing manager of a company in the clock-making industry, as well as managing director of a medium-sized company group specialising in business with Eastern Europe and the USSR. As founder of various enterprises and member of corporations in a whole variety of sectors, Max Müller can draw on wide-ranging business experience. In addition to his position as Chief Executive Officer of ALNO AG, he has been President of the Administrative Council of two Swiss investment companies, Comco Holding AG and Starlet Investment AG, since 1993. Before then, Max Müller was CEO of the Comco Group and Chairman of the Board of Adler Bekleidungswerke AG & Co. Both companies belonged to ASKO/Metro AG. Within the space of two years, he restored the ailing Adler Bekleidungswerke AG & Co. KG to the black and made it one of the most profitable mainstays of the ASKO Group. At ALNO AG, Max Müller is responsible for the areas of auditing, legal, international activities and corporate communication.

Ipek Demirtas

Chief Financial Officer (CFO), appointed on 13 July 2011

After graduating in business administration, Ipek Demirtas first worked for the STINNES Group, then spent over ten years at PriceWaterhouseCoopers and seven years as managing director of Petroplus Mineralölprodukte Deutschland GmbH and Marimpex Mineralöl-Handelsgesellschaft mbH. She subsequently became Chief Financial Officer of Environmental Solutions Europe Holding B.V. (OTTO Group), Maastricht, and managing director of several subsidiaries of the OTTO Group, where she was able to restructure strategic fields of business with great success. Ipek Demirtas joined ALNO AG in January 2010 as manager of Group finance. Since July 2011, Ipek Demirtas has been Chief Financial Officer responsible for finance/accounting, controlling, human resources/organisation, IT, capital markets/special projects and investor relations.

Andreas Sandmann

Chief Sales Officer (CSO), appointed on 11 May 2016

After studying at Bonn University, Andreas Sandmann started his professional career as an area manager at the Aldi Süd group of companies in Germany and the UK. After spells as a manager within the Metro Group involving national and international responsibilities and within Kaufland Handelshof GmbH, Mr Sandmann became the regional CEO of the Obi Group for the Czech Republic and Slovakia and coordinated the international expansion of the Group. Following that, he was appointed spokesperson of the German Obi national organisation. Later, he took responsibility for the operational business of Praktiker International as its CEO. Finally, Mr Sandman was responsible within the Tessner Group, initially as a trade advisor, subsequently as managing director, for sales at Roller GmbH amongst other things. Since August 2015, Mr Sandmann has been Chief Sales Officer at ALNO AG (albeit not appointed to the Board of Management between August 2015 and 10 May 2016) and consequently responsible for sales, marketing, product development and customer service.

Frank Wiedenmaier

Chief Operating Officer (COO), appointed on 1 May 2016

After graduating in mechanical engineering from Konstanz University of Applied Sciences, Mr Wiedenmaier started his professional career at AEG Electrocom. Subsequently, he worked for EvoBus among other companies. Most recently he was a member of the executive management (COO) at the Novoferm Group from 2009, where he was responsible for production, product development, logistics, the supply chain as well as strategic central procurement. Since January 2016, Mr Wiedenmaier has been Chief Operating Officer (albeit not appointed to the Board of Management between January 2016 and the end of April 2016) at ALNO AG and consequently responsible for operations, which includes all plants, purchasing, logistics and quality.

Interim Group management report as of 30 June 2016

Fundamentals of the Group

1. BUSINESS MODEL OF THE GROUP

Organisational structure and sties

The ALNO Group develops, builds and sells kitchen furniture and accessories for the German market and for export worldwide. The parent company ALNO AG, Pfullendorf, acts as holding company with central administration functions and operates the production facility in Pfullendorf, as well as the Sales division. In addition to ALNO AG, the ALNO Group includes a total of 26 active companies (31 December 2015: 26). The Group's headquarters is located in Pfullendorf (Baden-Württemberg).

As at 30 June 2016, the ALNO Group combines five high-profile, independent brands under one roof: ALNO, WELLMANN, PINO, PIATTI and ALNOINOX / FORSTER SCHWEIZER STAHL-KÜCHEN. This makes it possible to service all price segments from the entry-level model through to premium products. The ALNO Group ranks as one of the world's largest kitchen furniture manufacturers.

Each of the total of three German production facilities currently has its own product portfolio. In Pfullendorf (Baden-Württemberg), ALNO AG manufactures kitchens under the ALNO, PIATTI and tielsa brands. The plant in Enger (North Rhine-Westphalia), Gustav Wellmann GmbH & Co. KG, produces the WELLMANN range. The PINO brand is manufactured in Coswig (Anhalt) at pino Küchen GmbH. At the Arbon production site (Switzerland), steel kitchens are manufactured for worldwide sale (ALNOINOX) and for the Swiss market (FORSTER SCHWEIZER STAHLKÜCHEN).

Products and awards

Since 1927, kitchens from ALNO have embodied quality and "Made in Germany" design. For example, through its visionary ALNOATTRACT design study, which had its global première at the EuroCucina international kitchen fair in Milan in spring 2016. Particular features here include deliberate asymmetry and characteristics inspired by architecture with which ALNO has demonstrated new directions in kitchen design.

The ALNO Group regularly wins accolades for its innovative products. In the first half of 2016, these included the "Plus X Award" for the "Most Innovative Brand of 2016" in the "Furniture" product group. At the same awards ceremony, ALNO also received the "Best Product of the Year 2016/2017" and "Innovation, High Quality, Design and Functionality" seals of quality for its ALNOCERA kitchen. The Plus X Award is the world's leading innovation prize for products from the technology, sport and lifestyle sectors and involves an international jury from 25 industries assessing more than 600 international brands.

Prior to this, ALNO was the 2016 winner of the “Industry Excellence in Branding” prize, part of the “German Brand Award” being presented for the first time by the German Brand Institute together with the German Design Council. This body, a leading international centre of expertise for design, also crowned the ALNOCERA Concreto ceramic kitchen its “German Design Award 2016 Winner” and gave a “German Design Award 2016 Special Mention” to the ALNOSTAR PLAN kitchen in oxide grey.

ALNO won a further accolade for its ALNOSTAR SIGN and ALNOSUND kitchens in the form of an “Excellent Product” award in the “Kitchen Furniture and Fittings” category, part of the “Kitchen Innovations of 2016” competition voted on by consumers.

Sales markets

In the first quarter of 2016, the ALNO Group increased its market share in its domestic market in Germany by 1.5 percentage points compared with the same period last year. According to GfK POS Measurement Kitchen Germany, the Group's share of its home market of Germany rose from 13.4% in volume terms at the end of the first quarter of 2015 to 14.9% twelve months later. Impuls, which was sold in mid-2015, has been excluded from the calculations to enable the figures to be compared meaningfully.

The ALNO Group sells its products throughout the world. In addition to Germany, Switzerland, the UK, Austria, France and the Benelux countries rank among the most important European sales markets. As a result of the globalisation strategy, Eastern Europe, Russia in particular, China and the United States of America are also to become more important as sales markets in future.

Sales

Domestic sales

In Germany, the kitchens produced by the ALNO Group are marketed through kitchen and furniture studios, self-service and RTA stores, furniture stores, as well as through architects and building companies especially in the case of real estate projects. Most of the German trading partners are members of purchasing associations.

Kitchen and furniture stores are served by a trained team of field service staff in Germany. The associations are specifically handled by our key account managers. Building companies are looked after separately by project management staff.

The company tielsa GmbH, Pfullendorf, was established as a joint venture in November 2012 by ALNO AG (ALNO's shareholding: 49%); it sells kitchens based on the "moving kitchen" concept through special retailers. The "moving kitchen" concept is characterised by unique functionality based on ergonomics and technology, as well as networking the appliances it contains to produce a "smart kitchen".

Foreign sales

The ALNO Group has commercial partners in 64 countries. Separate sales companies are responsible for sales of ALNO kitchens in Switzerland, the UK and the USA as well as Sweden.

Since November 2012, the ALNO Group has also been represented by a joint venture in China, which gives it direct and more effective access to the Chinese market. Since the takeover of AFP in the first quarter of 2014, ALNO AG has been the market leader in the profitable Swiss kitchen market. In addition, the ALNO Group also co-operates abroad through specialist local field staff and independent importers managed by the Export department at Group headquarters. Our foreign sales activities focus above all on acquiring new international partners. The objective is to further build up the export proportion of sales.

Through the takeover of AFP, ALNO AG has already increased its export quota significantly. Additional growth is expected through the 1mfa joint venture concluded in 2015 with the "Pervaya Mebel'naya Fabrika" ("1st furniture factory"), one of the largest furniture manufacturers in Russia with its base in St. Petersburg. The 1mf business belongs to the Alexander Shestakov group of companies, which owns a furniture production plant as well as a sales organisation and its own kitchen studios, amongst other assets.

2. OBJECTIVES AND STRATEGY

The ALNO Group is pursuing the vision for designing living spaces in which people would feel at home, made possible by a globally leading kitchen manufacturer offering innovative products and intelligent solutions. The paramount strategic objective is the development of valuable market shares in national and international business. Through this ALNO aims to generate above-average, sustained value added for customers, suppliers, shareholders and employees.

In Germany, the focus is to achieve a significant, sustainable increase in market share. The aim is to achieve additional growth with kitchen specialists, in particular, through the ALNO core brand. In the area of OEM products, which are manufactured at the Enger production site, the success of the ALTANO and CULINEO own brands is to be expanded. PINO products will maintain their price leadership and will also be developed as an entry-level price standard for kitchen specialists.

Production

Production of the PIATTI brand was moved from Switzerland to the Pfullendorf production site in 2015 to achieve synergy effects. In addition, processes were further optimised at all the ALNO Group's production sites, while further progress was made in consolidating and optimising production, which produced sustainable improvements in performance. This course is to be pursued consistently with the help of the ALNO production system. We achieved continuous improvements in our high quality standards, which form the basis of our value proposition.

Centralisation

The internal organisation within the ALNO Group is to be further centralised to reduce costs and simplify procedures. To avoid redundancies, support units such as accounting, controlling, human resources and IT will be combined in Pfullendorf and will be responsible for all other sites. The respective sales units, consisting of the sales force, back office staff and marketing staff, will also be combined at the Pfullendorf site. Group-wide sales are now to be combined in ALNO AG not just in organisational terms but, in a further step, legally in accordance with the principle "one face to the customer".

Product innovations

The ALNO Group has regularly won distinctions for its product developments and designs in the past and intends to do so in the future, too. To this end, product innovations and new applications are to be systematically developed across all product lines for specific target groups. The aim of product development is to position ALNO as the company's core brand with product and design innovations and thus consolidate and expand its superior market position.

Optimising the value-added chain

The ALNO Group will also analyse the entire value-added chain on an ongoing basis in future and extend it by cooperating with selected business partners. In individual cases this may also involve investments or acquisitions. The aim is to control and permanently optimise the entire value-added chain up to and including installation of the kitchen at the end customer.

3. GROUP MANAGEMENT

The Group's business activities are measured on the basis of sales and value metrics. Within the year, the individual Group entities are managed on a monthly basis, but also on a weekly and daily basis, through continual variance analyses to determine any divergence from budgeted figures and previous year's values in all key operational areas.

Sales revenues and EBITDA are used as the most important single indicators at segment level. In individual cases, further indicators for controlling the efficiency of sales, production, quality and specific functions are contribution accounting, unit performance accounting and sales figures expressed in numbers of cabinet units. Cost centres and cost categories are monitored and analysed separately.

The quality of the product range and business processes is monitored and assured by quality management based on DIN EN ISO 9001. All production companies in the ALNO Group are certified companies subject to continuous external auditing by various institutes.

4. RESEARCH AND DEVELOPMENT

The ALNO Group's product development is carried out at the Pfullendorf, Arbon and Dietlikon sites. The main objective of research and development is to develop competence particularly in the material groups of paint, glass and ceramics with new surface options and functional elements. Handleless kitchens, new basic front ranges and new unit systems, opening systems and functional systems are also to be developed for the ALNO, WELLMANN and PINO brands.

The continuous revision of the range of products and services means that new products can be regularly launched on the market. To achieve the objective of positioning the ALNO brand more clearly in the upper market segment in future, product innovations and new applications are to be systematically developed in response to market requirements and the consumers' needs in future. In 2015, for example, the company presented the innovative ALNO PURE kitchen range, which does not show fingerprints thanks to a special touch super matt laminate.

tielsa GmbH focuses on the integration of SmartHome technologies in the moving kitchen. tielsa is the first manufacturer worldwide to market SmartKitchens and is setting a new standard in terms of how we live. The tielsa kitchen can be ergonomically adapted to the size of each family member, and offers adaptable usage convenience in each stage of life. A large number of practical applications, such as light, music, domestic appliances and security systems can be easily controlled via an app and by voice. All common SmartHome systems can also be easily connected. This unique platform in conjunction with patents developed over many years gives the brand a unique selling point on the kitchen or SmartHome market.

Economic report

1. ECONOMIC ENVIRONMENT

The German economy continued growing in the first half of the year. According to information provided by the German Federal Statistical Office, gross domestic product (GDP) - adjusted for price, season and calendar - was 0.4% higher in the second quarter of 2016 than in the previous quarter. In the first quarter of 2016, GDP had already risen by 0.7% in comparison with the previous quarter. In comparison with 2015, the rise - adjusted for calendar effects - stood at 1.8% for the second and 1.9% for the first quarter of 2016.

The growth was sustained by exports but also supported by consumer expenditure. Wages and pensions rose; the employment market is in good shape with low numbers of unemployed and inflation is close to zero percent. The fact that low interest rates are making saving less attractive may also have contributed to this development.

In its economic barometer, the German Institute for Economic Research (DIW Berlin) therefore also assumes that the German economy is likely to continue its modest upward trend. Extrapolated for the year as a whole, the forecasts for this year indicate growth of 1.7% and of 1.4% for 2017.

According to the DIW, global growth is likely to be lower than expected, at 3.2%. While strong growth in consumer spending is expected in the USA especially but also in the Eurozone, economic activity will remain subdued in emerging countries.

2. KITCHEN MARKET

The kitchen market is heavily dependent on the economic situation. The German Kitchen Furniture Industry Association (VdDK) therefore reported positive growth in the sales market for kitchens during the first half of 2016 as well. The German kitchen industry grew by 6.2% compared to the previous year as of June 2016. Domestically, the market grew by 3.6% and by 10.4% abroad.

3. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Sales and earnings

The consolidated income statement for the ALNO Group (according to International Financial Reporting Standards) is based on the nature of expense method.

The gross profit margin identifier is calculated in the ALNO Group by dividing gross yield by sales revenues.

The table below shows the main key figures for the first six months:

in € 000	1st half year 2016	1st half year 2015
Sales revenue	243,407	272,994
Changes in inventories and capitalised goods and services for own account	8,508	-1,252
Cost of materials	142,960	153,089
Gross yield	108,955	118,653
Gross profit margin (in % of sales revenue)	44.8 %	43.5 %
Other operating income	4,168	35,826
Personnel expenses	66,485	74,988
Other operating expenses	57,339	54,481
Restructuring result (+ = expense / - = revenue)	2,755	4,180
EBITDA	-13,456	20,830
Depreciation on intangible assets and property, plant and equipment	7,559	9,329
Earnings before interest and taxes (EBIT)	-21,015	11,501
Financial result	-7,505	-6,530
Earnings before taxes (EBT)	-28,520	4,971

ALNO AG sold its shares in Impuls on 30 June 2015. Impuls is thus still included in the consolidated income statement for the first half of 2015. To ensure more comparability, some of the figures in the notes below are stated as "adjusted for Impuls". To this end, income and expenses attributable to Impuls in the first half of the previous year have been eliminated ("adjusted").

The table below shows the main key figures, adjusted for Impuls, for the first six months:

in € 000	1st half year 2016	1st half year 2015 adjusted for Impuls
Sales revenue	243,407	228,261
Changes in inventories and capitalised goods and services for own account	8,508	-1,444
Cost of materials	142,960	127,207
Gross yield	108,955	99,610
Gross profit margin (in % of sales revenue)	44.8 %	43.6 %
Other operating income	4,168	8,502
Personnel expenses	66,485	68,895
Other operating expenses	57,339	47,427
Restructuring result (+ = expense / - = revenue)	2,755	69
EBITDA	-13,456	-8,279
Depreciation on intangible assets and property, plant and equipment	7,559	7,997
Earnings before interest and taxes (EBIT)	-21,015	-16,276
Financial result	-7,505	-6,294
Earnings before taxes (EBT)	-28,520	-22,570

Adjusting for Impuls gives a marked increase of 6.6%, with domestic and export revenues up by 10.8% and 3.5% respectively. The sales companies ALNO UK, ALNO USA, ALNO Switzerland and Küchen Nordic, which have achieved above-average growth of 23.5% compared with the previous year, must be highlighted here. The fact that increases in sales were achieved in all segments – Retail, Project business and End customer – after adjustment for Impuls is also gratifying.

Income from changes in inventories and capitalised goods and services for own account increased by € 9.8 million, due mainly to increases in inventories prompted by completions in the project business.

The cost of materials decreased by € 10.1 million or 6.6% compared to the previous year's period. Although the cost of materials, adjusted for Impuls, increased by 12.4%, the gross yield ratio improved when the increases in inventories are taken into account. Adjusted for Impuls, this ratio increased year-on-year from 43.6% in 2015 to 44.8% in the first half of 2016.

The reduction in other operating income of € 31.7 million compared with the first half of 2015 is mainly attributable to the income from the sale of the investment in and fixed assets owned by Impuls included in the previous year's figure. Adjusted for Impuls, other operating income fell by € 4.3 million or 51.0%. This is essentially attributable to far lower currency gains, primarily due to the Swiss National Bank's decision to scrap the franc's exchange rate floor against the euro in January 2015.

Compared with the previous first half year, personnel expenses adjusted for Impuls were 3.5% lower, which is primarily attributable to the centralisation of the administra-

tive units and the increase in production efficiency. In return, approximately 60 new jobs were created across the Group in order to maintain the substantial momentum in its growth strategy for Germany and abroad. Taking the reduction in the number of employees caused by the sale of Impuls into account, personnel expenses fell by € 8.5 million or 11.3%.

Other operating expenses increased compared to the same period in the previous year by € 2.9 million or 5.2%. Adjusting for Impuls results in an increase of 20.9%, which is chiefly attributable to higher advertising costs. These were due mainly to participation at EuroCucina in Milan, which only takes place every two years, as well as to higher turnover-related assembly costs and sales commissions.

The restructuring expenses in the first half of 2016 in the amount of € 2.8 million mainly include additional costs from the relocation of the production of PIATTI kitchens from Dietlikon to Pfullendorf, extraordinary expenses in connection with setting up the joint venture in Russia and costs incurred in downsizing the workforce at AFP. The result from reorganisation during the first half of 2015 was chiefly due to the disposal of assets and liabilities in the Group from the sale of Impuls.

Depreciation fell by 19.0% overall compared with the first half of 2015 due mainly to the disposal of Impuls's fixed assets with effect from 30 June 2015.

The financial result increased by € 1.0 million or 14.9% compared with the comparable period of the previous year. Financial expenses increased by € 0.7 million, above all due to increased net financial liabilities. Furthermore, as part of the at-equity valuation of the associated companies tielsa and 1mfa, the participation book values were reduced by a total of € 0.6 million (1st half of 2015: € 0.2 million).

As a consequence, this produced a decline in EBT from € 5.0 million in the same period of the previous year to the current € -28.5 million.

Segment results

The ALNO Group's internal management reporting has focussed on control according to sales channels since 2014. The segmentation is therefore undertaken according to the Retail, Project business, End customer and Others sales channels.

The results of operations for the individual segments of the ALNO Group (before consolidation) are explained below.

For further explanations about the segment reporting, see also "F. Notes to the segment report" in the notes to the 2015 annual report.

2016	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Net sales		156,984	81,442	24,187	-35	-19,170	243,407
EBITDA		-4,807	-5,785	-967	-1,788	-109	-13,456
<i>in %</i>		-3.1%	-7.1%	-4.0%	<i>n/a</i>	<i>n/a</i>	-5.5%

2015	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Net sales		192,727	84,095	14,057	4,913	-22,799	272,994
EBITDA		-4,086	-47	369	24,914	-320	20,830
<i>in %</i>		-2.1%	-0.1%	2.6%	<i>n/a</i>	<i>n/a</i>	7.6%

To ensure more comparability, some of the figures in the notes below are again stated as "adjusted for Impuls". To this end, income and expenses attributable to Impuls in the first half of the previous year have been eliminated. This then produces the following adjusted for Impuls figures for the first half of 2015:

2015	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Net sales		149,206	79,129	14,057	4,913	-19,044	228,261
EBITDA		-4,961	-1,651	369	-1,717	-320	-8,279
<i>in %</i>		-3.3%	-2.1%	2.6%	<i>n/a</i>	<i>n/a</i>	-3.6%

The results of operations for the individual segments of the ALNO Group (before consolidation) are explained below.

Retail segment

The Retail segment combines business with trading partners in Germany and internationally. Above all, this segment is characterised by a strong market power held by the trading associations in the German market.

Sales in this segment (before consolidation of internal sales) fell by € 35.7 million to € 157.0 million. This was mainly due to the sale of Impuls. Adjusted for Impuls, sales revenues increased by 4.3%. EBITDA in the Retail segment decreased by € 0.7 million; adjusted for Impuls, it increased by € 0.2 million. Far higher currency gains in the same period in the previous year, particularly in the case of the Swiss franc, and far higher advertising costs, most notably due to participation in EuroCucina in Milan, which only takes place every two years, played a key role in this development. By focusing more closely on international markets, the ALNO Group will reduce its dependence on the highly competitive German market.

Project business segment

The Project business segment groups together the domestic and international business with building companies, property developers, architects, etc. The main characteristics in this segment are the high number of kitchens per order and the long duration of the individual orders.

Sales (before consolidation of internal sales) fell by € 2.7 million in comparison with the previous year to € 81.4 million. This fall was chiefly attributable to the sale of Impuls. Adjusted for Impuls, sales revenues increased by 2.9%. EBITDA in the Property business segment decreased by € 5.7 million, adjusted for Impuls by € 4.1 million. Apart from far higher currency gains in the previous year, most notably in the case of the Swiss franc, lower margins caused by an increase in the number of completions not yet invoiced played a key role in this development.

End customer segment

The End customer segment chiefly includes the business with private end customers.

Sales in this segment (before consolidation of internal sales) increased significantly by € 10.1 million or 72.1%. This segment has become increasingly important as a result of the takeover of AFP and the expansion of the Group's own shops abroad. EBITDA in the End customer segment decreased by € 1.3 million, which is attributable to a rise in the cost of sales in addition to higher currency gains in the same period in the previous year.

Others segment

The Others segment groups together all effects that cannot be directly allocated to the aforementioned segments. These are mainly restructuring costs, intra-Group licence income and effects resulting from the sale of Impuls in 2015. In 2016, there are no longer any sales in the Others segment as AFP's refrigeration business was phased out in 2015. The company only issued credit notes for claims which accrued in previous periods. Adjusted for Impuls, EBITDA has fallen slightly by € 0.1 million compared with the same period in the previous year.

Consolidation

Intra-Group issues, which are included in the segments, are also eliminated as part of the consolidation. Internal sales within the ALNO Group have been eliminated in the consolidated sales revenue. The consolidation postings in the EBITDA line chiefly relate to expenditure from debt consolidation and the elimination of interim results from inventories and from business transactions with joint ventures.

Net assets

As at 30 June 2016, the total assets of the ALNO Group increased by 7.6% from € 290.1 million on 31 December 2015 to € 312.2 million. The explanations for this can be seen below.

On the assets side, non-current assets remained virtually unchanged on the previous year's level at € 179.9 million. Intangible assets decreased slightly compared to 31 December 2015 by € 0.6 million or 1.3%, chiefly due to the scheduled depreciation of intangible assets arising from the purchase of AFP in 2014. Property, plant and equipment fell by € 1.9 million or 2.0% as against 31 December 2015 with depreciation outstripping investment in the first half of 2016. In contrast, investments measured at equity rose by € 1.3 million because of 1mfa. Deferred tax assets also rose by € 2.1 million or 11.2% due mainly to an increase in deferred tax assets for pension provisions. Non-current financial receivables, trade receivables and other assets fell by € 1.0 million in total.

Current assets increased by € 22.3 million to € 132.3 million. The main reasons for this are: On the reporting date 30 June 2016, inventories increased by € 6.5 million or 22.4% overall, which is chiefly due to the seasonal rise in inventories as part of the project business. Current trade receivables have increased by € 16.2 million or 26.9% compared with 31 December 2015, primarily due to far higher sales revenues in June 2016 than in December 2015. Compared with the previous year, current other assets have increased by € 5.2 million or 44.0%, due mainly to a seasonal spike in prepaid expenses.

Cash and cash equivalents decreased by € 2.1 million, chiefly due to the receipt of funds from a loan in the amount of € 1.7 million on the final day of the 2015 financial year. As at 31 December 2015, available-for-sale assets comprised technical systems and machines at the Dietlikon site, which are intended to be used for production of kitchens at 1mfa's St. Petersburg plant. These have now been virtually entirely delivered to and installed at 1mfa, which has reduced this balance sheet item by € 3.6 million.

On the liabilities side, Group equity is € -63.7 million compared to € -30.6 million as at 31 December 2015. The change is chiefly attributable to the Group result for the period and to the changes in provisions for pensions not affecting net income.

Non-current liabilities amounted to € 181.8 million (following € 176.6 million as at 31 December 2015). This increase resulted primarily from the increase in pension provisions of € 5.5 million due to lower discount rates.

Current liabilities increased by € 49.9 million or 34.6% to € 194.0 million. This increase was the result of the following circumstances: As at 30 June 2016, current other financial liabilities rose by € 19.0 million or 104.6% compared with 31 December 2015. By means of a notarised property purchase agreement dated 3 February 2016, ALNO AG and an affiliated company have sold part of their factory premises subject to the condition precedent of agreeing the final purchase price as part of a sale & lease back transaction. The final purchase price plus the final rental terms will be definitively agreed in the current year or an alternative financing measure will be

considered. In this connection, ALNO AG received an advance payment of € 15.0 million secured by mortgages in February 2016.

A new current account line with a book value of € 1.9 million as at 30 June 2016 was also set up at ALNO Switzerland in 2016. In addition, current trade payables and other financial liabilities rose by € 28.6 million or 28.9% mainly because of the sharp rise in the cost of materials in June 2016 compared with December 2015 and the extension of the time allowed for payment by key suppliers and because of higher deferred liabilities for customer discounts and outstanding invoices.

The increase in current remaining other liabilities of € 5.7 million compared to 31 December 2015 is primarily attributable to higher liabilities towards the workforce for seasonal reasons. In return, other current provisions decreased by € 3.5 million compared to 31 December 2015, which is chiefly attributable to restructuring provisions being used and released and to guarantee provisions being used.

Liquidity and financial position

The net cash flow for operating activities shows a cash outflow of € 17.4 million in the first half of 2016 (previous year: € 20.8 million). This reduction was chiefly the result of changes in working capital. The increase in the change in inventories due to the seasonal rise in inventories as part of the project business was virtually offset by the reduction in the change in trade receivables and other assets. The change in trade payables and other liabilities increased by € 3.5 million because of the substantial spike in the cost of materials in June 2016 compared with June 2015.

In investment activities, a cash outflow of € 5.5 million is offset by a cash inflow of € 9.6 million in the first half of 2016. In the previous year, both additions to fixed assets owned by Impuls and inpayments for sales of property, plant and equipment owned by Impuls as part of the sale on 30 June 2015 were still included.

The € 9.9 million increase in net cash and cash equivalents received from financing activities predominantly resulted from an advance payment of € 15.0 million under a sale and lease-back transaction for company land. Inpayments from the capital increase for cash in the amount of € 5.8 million were also included in the previous year.

The net indebtedness of the ALNO Group increased to € 155.6 million as at the reporting date following € 134.2 million as of 31 December 2015. This was principally due to the advance payment for the sale and lease-back transaction for company land in the amount of € 15.0 million, the new current account line at ALNO Switzerland with a book value of € 1.9 million as at 30 June 2016 and the reduction of € 2.1 million in cash and cash equivalents.

4. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

4.1 Financial performance indicators

Sales revenues and EBITDA are used as the most important single indicators at segment level. In individual cases, further indicators for controlling the efficiency of sales, production, quality and specific functions are contribution accounting, unit performance accounting and sales figures expressed in numbers of cabinet units. Cost centres and cost categories are monitored and analysed separately.

4.2 Non-financial performance indicators

Human resources

The ALNO Group needs highly qualified and motivated employees in order to realise its strategy and growth targets. The organisation of work is based on a spirit of openness and mutual respect and fairness. Performance is rewarded through profit-oriented remuneration systems and opportunities for personal development.

As of the 30 June 2016 reporting date, the ALNO Group employed 2,069 staff members, as well as 86 trainees. In the previous year, there were 2,322 staff members, as well as 86 trainees on the 30 June 2015 reporting date.

Distributed over the individual sites, the following employees were employed as at 30 June: Pfullendorf 704 (previous year: 767), Enger 453 (previous year: 465), Coswig 233 (previous year: 216), AFP in Arbon 369 (previous year: 416), at the foreign subsidiaries 233 (previous year: 187) and in Brilon 0 (previous year: 229). Furthermore, 77 employees were employed at ALNO Logistik & Service (previous year: 42).

1,177 (previous year: 1,305) employees were working in production and 153 (previous year: 184) in administration on the 30 June reporting date. There were 549 employees working in marketing and sales (previous year: 606) and 190 employed in other areas (previous year: 227). On the 30 June reporting date, 1,467 people in total (previous year: 1,719) were employed in Germany, while 602 (previous year: 603) were employed abroad.

Report on events subsequent to the reporting date

As part of the financial and capital measures announced in the "Report on events subsequent to the reporting date" section of the 2015 annual report, ALNO AG signed a loan agreement for € 20 million on 28 July 2016. ALNO AG received the funds in two tranches up to 12 August 2016. ALNO AG has also signed an additional loan agreement for € 15 million, which is, however, still subject to conditions precedent. The lender is the investment company Tahoe Investors GmbH, Wolfsburg.

Tahoe Investors GmbH, Wolfsburg, announced in a voting rights notification on 3 August 2016 that it had secured the option of acquiring a 14.08% share of the share capital of ALNO AG with a call option until 31 October 2016. On execution of the call option, Tahoe Investors GmbH would acquire all the shares held by Whirlpool Germany GmbH, Stuttgart, replacing it as the largest single shareholder. Whirlpool will continue its longstanding association with ALNO AG as a strategic partner and largest supplier.

Forecast, risk and opportunity report

1. FORECAST REPORT

The majority of signs point to economic activity remaining positive in 2016. In its economic barometer, the German Institute for Economic Research (DIW Berlin) assumes that the German economy is likely to continue its modest upward trend. Extrapolated for the year as a whole, the forecasts for this year indicate growth of 1.7% and of 1.4% for 2017. According to the DIW, global growth is likely to be lower than expected, at 3.2%. While strong growth in consumer spending is expected in the USA especially but also in the Eurozone, economic activity will remain subdued in emerging countries.

According to information provided by the German Kitchen Furniture Industry Association (VdDK), the general conditions and prospects for the kitchen market are positive in 2016. The German kitchen industry grew by 6.2% compared to the previous year as of June 2016. Domestically, the market grew by 3.6% and by 10.4% abroad. In 2015, growth in the German kitchen industry was driven above all by exports. From our perspective this trend will continue.

Consequently, at € 243.4 million, the net sales of the ALNO Group in the first half of 2016 were well up on the previous year's figure (adjusted for Impuls) of € 228.3 million. The current orders received in the ALNO Group are continuing their steep upward trend.

Thanks, in particular, to the intensification of the globalisation strategy and the centralisation projects in Germany, the Board of Management is assuming that, with no changes to the Group structure and after adjustment for the special effects from the sale of Impuls in 2015, sales and EBITDA will increase significantly in 2016.

A marked growth in sales is expected in 2016 for each of the segments Retail, Projects and End customer, hand-in-hand with a significant growth in the respective EBITDA.

The introduction of the 72 cm carcass at ALNO and the clear positioning of the brands following the sale of Impuls in 2015 are having a marked impact on business development in 2016. New customer groups are also being targeted and demand is being much better matched through a more attractive range of services.

Forward-looking statements are based on current estimates and forecasts and are fraught with uncertainty. A series of macroeconomic and sector-specific influencing factors may influence the development of individual Group areas and the Group as a whole either negatively or positively.

2. RISK REPORT

The risks of ALNO AG and the ALNO Group are presented in detail in the Group management report for the 2015 financial year. Notable changes only occurred for the risks mentioned below in the course of the first half of 2016.

Financial risks

The development in the operational business of the ALNO Group during the first half of 2016 led to a negative cash flow from operating activities, as a result of which – and as already explained in the 2015 annual report – the main focus of the Board of Management of ALNO AG in 2016 will remain directed towards safeguarding the short and medium-term liquidity situation in the Group. To this end, the following measures to safeguard the liquidity situation amounting to over € 50 million have been implemented successfully or agreed so far in 2016:

Financial and capital measures

- Receipt of an advance payment of € 15 million in February 2016 from the sale of properties subject to conditions precedent.
- Loan agreement with Tahoe Investors GmbH in the amount of € 20 million with a cash inflow effected up to 12 August 2016.
- An additional loan agreement with Tahoe Investors GmbH in the amount of € 15 million with a planned cash inflow up to 15 December 2016 subject to conditions precedent.

Agreements with Whirlpool and Comco

- Extension of the existing loan agreements with Whirlpool Germany GmbH and Comco Holding AG.
- Obligation to provide a bridging loan of € 11 million by Comco Holding AG.

The ongoing liquidity requirement is also controlled by controlling investment timings and by managing current assets (reducing inventories and receivables) as well as using leases to finance investments. Agreements on extending payment terms with selected suppliers were also concluded.

Against this backdrop, the Board of Management of ALNO AG regards continuation of the company activities of ALNO AG and the ALNO Group as secured.

Market risks

The Brexit vote may generate market risks for the ALNO Group's core UK sales market. It is still impossible to forecast the impact this may have on the kitchen market in the UK with any certainty.

3. OPPORTUNITY REPORT

The opportunities of ALNO AG and the ALNO Group are presented in detail in the Group management report for the 2015 financial year. Notable changes only occurred for the opportunities mentioned below in the course of the first half of 2016.

Market development

According to the German Kitchen Furniture Industry Association (VdDK), the German kitchen market grew by 3.6% in the first half of 2016 compared to the previous year.

The ALNO Group was able to benefit additionally from this market growth by acquiring market share. Accordingly, the ALNO Group achieved an increase in its quantitative market share of 1.5 percentage points in total in the first quarter of 2016 compared with the same period last year. According to GfK POS (point of sales consumer research association) Measurement Kitchen Germany, the Group's share of its home market in Germany rose from 13.4% in volume terms at the end of the first quarter of 2015 to 14.9% twelve months later (excluding Impuls for reasons of comparability).

On this basis, the ALNO Group increased its overall sales, adjusted for Impuls, in the first half of 2016 by € 15.1 million or 6.6% from € 228.3 million to € 243.4 million.

Condensed interim consolidated financial statements (IFRS)

Consolidated income statement

for the period from 1 January to 30 June 2016

Consolidated income statement			
of ALNO Aktiengesellschaft, Pfullendorf, for the period from 1 January to 30 June 2016			
	Selected explanatory notes	1st half year in € 000	1st half year 2015 in € 000
Sales revenue	F. 1	243.407	272.994
Changes in inventories and capitalised goods and services for own account	F. 2	8.508	-1.252
Other operating income	F. 3	4.168	35.826
Total operating performance		256.083	307.568
Cost of materials	F. 4	142.960	153.089
Personnel expenses	F. 5	66.485	74.988
Other operating expenses	F. 6	57.339	54.481
Restructuring result (+ = expense / - = revenue)	F. 7	2.755	4.180
EBITDA		-13.456	20.830
Depreciation on intangible assets and property, plant and equipment	F. 8	7.559	9.329
Operating profit		-21.015	11.501
Income from investments measured at equity		-554	-230
Financial income		191	180
Financial expenses		7.142	6.480
Financial result	F. 9	-7.505	-6.530
Result before income taxes		-28.520	4.971
Income taxes (+ = expense / - = revenue)	F. 10	-825	-59.303
Group profit for the period		-27.695	64.274
of which non-controlling interests		8	0
of which attributable to shareholders of ALNO AG		-27.703	64.274
Profit in € / share (diluted and undiluted)	N.	-0,37	0,89

Group statement of income and accumulated earnings

for the period from 1 January to 30 June 2016

	1st half year 2016 in € 000	1st half year 2015 in € 000
Group profit for the period	-27.695	64.274
Items transferred to the income statement in subsequent periods:		
Change in the difference resulting from currency conversion	-881	-1.192
Changes in the value of securities recognised outside profit or loss	16	0
Deferred taxes on the change in value of securities recognised outside profit or loss	0	0
Total of items transferred to the income statement in subsequent periods:	-865	-1.192
Items not transferred to the income statement in subsequent periods:		
Actuarial gains and losses from pension provisions	-5.633	1.276
Deferred taxes on actuarial gains and losses from pension provisions	1.244	-286
Total of items not transferred to the income statement in subsequent periods:	-4.389	990
Other Group profit for the period	-5.254	-202
Group overall result	-32.949	64.072
of which non-controlling interests	8	0
of which attributable to shareholders of ALNO AG	-32.957	64.072

Consolidated statement of financial position

as of 30 June 2016

	Selected explanatory notes	As of 30/06/2016 in € 000	As of 31/12/2015 in € 000
Intangible assets	G. 1	47.419	48.050
Property, plant and equipment	G. 2	96.658	98.587
Financial investments		376	381
At-equity investments	G. 3	2.002	721
Financial accounts receivable	G. 4	12.156	12.661
Deferred tax assets	G. 5	20.402	18.347
Trade accounts receivable		707	978
Other assets		205	431
A. Non-current assets		179.925	180.156
Inventories	G. 6	35.286	28.823
Financial accounts receivable	G. 7	500	400
Trade accounts receivable	G. 8	76.614	60.383
Other assets	G. 9	17.107	11.876
Income tax refund entitlements		32	29
Liquid assets	H.	2.736	4.844
Available-for-sale assets	G. 10	5	3.620
B. Current assets		132.280	109.975
Total ASSETS		312.205	290.131
LIABILITIES			
Subscribed capital		75.595	75.595
Capital reserve		3.533	3.533
Legal reserve		462	462
Accumulated net income		-143.246	-110.217
Shareholders' equity attributable to ALNO AG		-63.656	-30.627
Non-controlling interest portion of equity		4	6
A. Equity	G. 11	-63.652	-30.621
Provisions for pensions	G. 12	35.593	30.122
Deferred tax liabilities	G. 13	359	725
Other provisions		385	432
Shareholder loans	G. 14	41.625	41.625
Other financial liabilities	G. 15	77.974	77.789
Deferred grants and subsidies from public authorities		640	653
Trade accounts payable and other financial liabilities	G. 17	25.258	25.263
B. Non-current debts		181.834	176.609
Other provisions	G. 16	4.634	8.098
Shareholder loans	G. 14	1.500	1.500
Other financial liabilities	G. 15	37.192	18.179
Trade accounts payable and other financial liabilities	G. 17	127.501	98.897
Remaining other liabilities	G. 18	22.766	17.021
Liabilities from income taxes		430	448
C. Current debts		194.023	144.143
Total LIABILITIES		312.205	290.131

Consolidated cash flow statement
for the period from 1 January to 30 June 2016
Consolidated cash flow statement
of ALNO Aktiengesellschaft, Pfullendorf,
for the period from 1 January to 30 June 2016

	Selected explanatory notes	1st half year 2016 in € 000	1st half year 2015 in € 000
Cash flow from operating activities			
Group profit for the period		-27.695	64.274
Income taxes		-825	-59.303
Financial result		7.505	6.530
Depreciation on intangible assets and property, plant and equipment		7.559	9.329
Retained income taxes		0	36
Paid income taxes		0	-70
Loss (previous year: profit) from disposal of property, plant and equipment and intangible assets		-9	-8.133
Interest received		43	12
Interest paid		-7.245	-7.648
Elimination of non-cash items			
Change in other provisions, the provisions for Pensions and deferred investment grants from public funds		818	235
other non-cash earnings/expenditure		663	-22.596
Cash-effective change in provisions		-4.763	-6.272
Cash flow from operating activities before working capital changes		-23.949	-23.606
Change in working capitals			
Change in inventories		-6.800	730
Change in accounts receivable trade and other assets		-19.127	-26.872
Change in trade accounts payable and other debts		32.503	28.979
Net cash and cash equivalents applied for operating activities		-17.373	-20.769
Cash flow from investment activities			
Outpayments for investments in			
Intangible assets		-809	-517
Property, plant and equipment		-4.696	-8.608
Inpayments from disposals			
Property, plant and equipment		47	18.532
Financial investments		5	154
Net cash and cash equivalents applied (previous year: received) for investment activities		-5.453	9.561
Cash flow from financing activities			
New borrowings		15.000	5.484
Repayment of loans		-400	-4.379
Change in current account and factoring liabilities		6.378	4.277
Inpayments from capital increases			5.775
Outpayments for financing costs			-53
Net cash and cash equivalents received for financing activities		20.978	11.104
Cash change in cash and cash equivalents		-1.848	-104
Cash and cash equivalents at the start of the financial year		4.633	1.774
Changes in cash and cash equivalents due to exchange rate		-49	148
Cash and cash equivalents at the end of the financial year	H.	2.736	1.818

Consolidated statement of changes in equity

for the period from 1 January to 30 June 2016

Group statement of changes in equity of ALNO Aktiengesellschaft, Pfullendorf, for the period from 1 January to 30 June 2016

Figures in € 000	Subscribed capital	Capital reserve	Legal reserve	Accumulated net income				Shareholders' equity attributable to ALNO AG Equity	Non-controlling interest portion of equity	Group equity capital
				Generated Group equity	reserve from Currency translation	Other transactions not affecting net income	Change provision for pensions	value change Securities		
Selected explanatory notes	G. 11	G. 11		G. 11						
1 January 2015	70.095	3.258	462	-91.759	-462	-9.546	-55	-28.007	0	-28.007
Group profit for the period				64.274				64.274	0	64.274
Other Group profit for the period					-1.192	990	0	-202		-202
Group overall result				64.274	-1.192	990	0	64.072	0	64.072
Capital increase	5.500	275						5.775		5.775
Change in scope of consolidation, unless contained in Group overall result				-1.344		198	-2	-1.148		-1.148
30 June 2015	75.595	3.533	462	-28.829	-1.654	-8.358	-57	40.692	0	40.692
01 January 2016	75.595	3.533	462	-97.509	-1.369	-11.276	-63	-30.627	6	-30.621
Group profit for the period				-27.703				-27.703	8	-27.695
Other Group profit for the period					-881	-4.389	16	-5.254		-5.254
Group overall result				-27.703	-881	-4.389	16	-32.957	8	-32.949
Other changes				-72				-72	-10	-82
30 June 2016	75.595	3.533	462	-125.284	-2.250	-15.665	-47	-63.656	4	-63.652

Selected explanatory notes as at 30 June 2016

A. Company purpose

ALNO Aktiengesellschaft, Pfullendorf (hereinafter referred to in brief as "ALNO AG"), a listed company under German law, and its subsidiaries (hereinafter referred to in brief as the "ALNO Group") produce and sell fitted kitchens for the global market, mostly under the ALNO, PINO and WELLMANN brands, as well as PIATTI and FORSTER SCHWEIZER STAHLKÜCHEN or ALNOINOX. With regard to the Group structure and the main activities of the ALNO Group, we refer to the information we provide in the Group management report. The Group's ultimate parent company is ALNO AG, which has its registered offices in Heiligenberger Strasse 47, 88630 Pfullendorf, Germany.

B. Principles for the preparation of the condensed interim consolidated financial statements

1. General information

The condensed interim consolidated financial statements ("interim financial statements") of ALNO AG as of 30 June 2016 were prepared in line with International Financial Reporting Standards (IFRS) for interim financial reporting (IAS 34) and the related interpretations of the International Accounting Standards Board (IASB) that are to be used in the EU. The interim financial statements do not contain all of the information and disclosures required for consolidated financial statements, and should therefore be read in combination with the consolidated financial statements as of 31 December 2015.

The Group currency is the euro. All amounts are stated in thousands of euros (€ 000) unless there is a note to the contrary. As a result of rounding, it is possible that individual figures will not add up to exactly the total stated.

In the opinion of the Board of Management, these interim financial statements of the ALNO Group have been prepared in accordance with all necessary accounting and valuation principles that are required for providing a true and fair view of the net assets, financial position and results of operations. In the interim financial statements, the Board of Management must make assessments and estimates as well as assumptions that influence the statement of assets and liabilities as well as profit and expenses.

These interim financial statements are prepared under the assumption that the company will continue to operate on the basis of the ongoing historical procurement and manufacturing costs, with the exception of the financial assets that are to be valued at the fair value. With regard to the structure of the balance sheet, a classification has been made according to current and non-current assets and liabilities. Items not due

within one year are recorded as non-current assets or non-current liabilities. Furthermore, deferred taxes are recorded as non-current assets and liabilities in each case.

The agreement of the prolongation until 31 July 2017 of the existing loans from Comco Holding AG, Nidau, Switzerland, and Bauknecht Hausgeräte GmbH, Stuttgart, was fixed in written on 15 March 2016. A part of the total loan amount of the loan from Bauknecht Hausgeräte GmbH of € 1.5 million will remain due for repayment on 30 September 2016.

ALNO AG also received financing through an advance payment of € 15 million based on a property purchase agreement in February 2016 as well as € 20 million up to 12 August 2016 from a loan agreement with Tahoe Investors GmbH, Wolfsburg.

Furthermore, an additional loan agreement was signed with Tahoe Investors GmbH in the amount of € 15 million with a planned cash inflow up to 15 December 2016, which is, however, subject to conditions precedent.

In addition to ongoing business operations, the funds that will be released or received will be used, in particular, for further organic and inorganic growth abroad and for the implementation of measures to centralise sales and administrative units at the Pfullendorf site, which were started in 2015. As such, the Board of Management is pushing ahead with its globalisation strategy with the aim of expanding its profitable foreign business further. All the measures mentioned will contribute to improving the Group's operating earnings potential long-term.

At € 243.4 million, the net sales of the ALNO Group in the first half of 2016 were well up on the previous year's figure (adjusted for Impuls) of € 228.3 million. The current orders received in the ALNO Group are continuing their steep upward trend.

In view of the measures initiated, in particular, the acceleration of the globalisation strategy and the centralisation projects in Germany, the Board of Management is assuming that, with no changes to the Group structure and after adjustment for the special effects from the sale of Impuls in 2015, sales and EBITDA will increase significantly in 2016.

The ALNO Group as a going concern is dependent on the planned financial and capital measures being made available in full and on schedule, as well as continuation of a stringent liquidity management policy. If necessary, investments will have to be postponed or reduced. Furthermore, the assumptions in the corporate planning, especially with regard to profit/loss and liquidity targets, will have to be accurate as planned.

New standards to be applied

As part of its higher-level project, the "Disclosure Initiative" to appraise and improve presentation and disclosure requirements, the IASB has published the initial amendments to IAS 1 Presentation of financial statements. These comprise limited changes, which are to encourage companies to exercise more discretion in the disclosure

and presentation of information. This applies, for example, to the clarification that materiality relates to the entire financial statements and the disclosure of immaterial information can limit the usefulness of financial disclosures. More discretion should also be exercised in relation to the position in the financial statements and the order in which information is presented. Application of the amendments was mandatory for financial years beginning on or after 1 January 2016. However, they have not yet led to any appreciable changes in the structure of the notes, the presentation or the areas and degrees in which discretion can be exercised.

There are also no major new or modified IASB standards in 2016 which have to be applied by the ALNO Group, to the extent that they have been adopted by the European Union. For a detailed presentation of these accounting standards, refer to the notes to the annual report as of 31 December 2015.

2. Consolidation principles

In accordance with the principles of full consolidation, the interim financial statements of ALNO AG include not only ALNO AG, but also ten (30 June 2015: eight) German and ten (30 June 2015: eleven) foreign companies in which ALNO AG directly or indirectly holds a majority of the share capital.

In addition to the fully consolidated companies, tielsa (with an investment quota of 49%), ALNO China (with an investment quota of 45%) and 1mfa (with an investment quota of 49%) were included in the consolidated financial statements according to the equity method.

The consolidation methods and the methods of currency conversion were unchanged compared to the consolidated financial statements as of 31 December 2015.

The consolidated financial statements are prepared in euros, the functional currency of ALNO AG. The annual financial statements of foreign subsidiaries are translated into euros according to the functional currency concept pursuant to IAS 21.

The following exchange rates to the euro were used:

	30/06/2016	31/12/2015	Average rate 01/01/2015 to 30/06/2015	Average rate 01/01/2015 to 30/06/2015
	per €	per €	per €	per €
GBP	0.82732	0.73703	0.78715	0.73350
CHF	1.08649	1.08275	1.08655	1.05880
USD	1.10833	1.09262	1.12677	1.11740
SEK	9.41878	9.16739	9.32566	n/a
RUB	70.9459	79.96765	n/a	n/a

3. Deconsolidation in the previous year

ALNO sold its shares in Impuls Küchen GmbH, Brilon on 30 June 2015. The change of owner and the associated loss of control resulted in the deconsolidation of Impuls from the ALNO Group effective 30 June 2015. The income and expenses of this company are included in the consolidated income statement up to 30 June 2015. A profit of € 22,746 thousand was generated in connection with this deconsolidation in the first half of 2015.

C. Use of assumptions and estimates

As was the case at 31 December 2015, the preparation of the interim financial statements required making estimates and assumptions that impact the disclosure and amount of the assets and liabilities, and income and expenses carried in these statements.

Estimates and assumptions were particularly made for conducting impairment tests for goodwill (please refer to G.1 "Intangible assets") and the fixed assets, for capitalisation of deferred tax assets on tax loss carryforwards (please refer to G.5 "Deferred tax assets") as well as the accounts receivable trade (please refer to G.8 "Current accounts receivable trade"). Furthermore, estimates and assumptions have an impact on the measurement of provisions (please refer to G.16 "Other current provisions").

These estimates and assumptions are based on premises that reflect the knowledge available on the date when the interim financial statements are prepared. Although these assumptions and estimates are to the best of the management's knowledge, the actual results may deviate from these.

Please also refer to the comments made in the 2015 annual report.

D. Seasonal effects on business activities

Seasonal effects occur at the ALNO Group due to weaker production and sales months at the start of the first and third quarters, although experience indicates that these will be offset by stronger sales months in the autumn.

E. Key accounting and valuation principles

The accounting and valuation methods applied in the interim financial statements correspond to those of the consolidated financial statements as of 31 December 2015.

The financial statements were based on the assumption that the company will continue as a going concern.

Income during the financial year that is affected either seasonally or cyclically, or which is generated only from time to time, is not accrued or deferred in the interim financial statements. Expenses that are incurred irregularly during the financial year were deferred in those instances where deferment would be performed also at the end of the financial year.

Provisions for current and pending litigation and other contingent liabilities are formed appropriately in the interim financial statements according to the status of knowledge at the time when they are prepared.

F. Notes to the consolidated income statement

The consolidated income statement has been prepared using the nature of expense method. ALNO AG sold its shares in Impuls on 30 June 2015. Impuls is thus still included in the consolidated income statement for the first half of 2015. To ensure more comparability, some of the figures in the notes below are stated as "adjusted for Impuls". To this end, income and expenses attributable to Impuls in the first half of the previous year have been eliminated ("adjusted").

1. Sales revenue

Group sales in the first half of 2016 are € 29,587 thousand or 10.8% below those in the previous year's period. Adjusting for Impuls, however, gives a marked increase of 6.6%, with domestic and export revenues up by 10.8% and 3.5% respectively. Only the sales companies ALNO UK, ALNO USA, ALNO Switzerland and Küchen Nordic improved their sales, adjusted for Impuls, by 23.5% in total year on year. The fact that increases in sales occurred in all segments – Retail, Project business and End customer – after adjustment for Impuls is also gratifying.

2. Changes in inventories and capitalised goods and services for own account

Income from changes in inventories and capitalised goods and services for own account increased by € 9,760 thousand, due mainly to increases in inventories prompted by completions in the project business.

3. Other operating income

The reduction of € 31,658 thousand compared with the first half of 2015 is mainly attributable to the income from the sale of the investment in and fixed assets owned by Impuls included in the previous year's figure. Adjusted for Impuls, other operating income fell by € 4,334 thousand or 51.0%. This is essentially attributable to far lower currency gains, primarily due to the Swiss National Bank's decision to scrap the franc's exchange rate floor against the euro in January 2015.

4. Cost of materials

The cost of materials decreased by € 10,129 thousand or 6.6% compared to the previous year's period. Although the cost of materials, adjusted for Impuls, increased by 12.4%, the gross yield ratio improved when the increases in inventories are taken into account. Adjusted for Impuls, this ratio increased year-on-year from 43.6% in 2015 to 44.8% in the first half of 2016.

5. Personnel expenses

Compared with the previous first half year, personnel expenses adjusted for Impuls were 3.5% lower, which is primarily attributable to the centralisation of the administrative units and the increase in production efficiency. In return, approximately 60 new jobs were created across the Group in order to maintain the substantial momentum in its growth strategy for Germany and abroad. Taking the reduction in the number of employees caused by the sale of Impuls into account, personnel expenses fell by € 8,503 thousand or 11.3%.

6. Other operating expenses

Other operating expenses increased compared to the same period in the previous year by € 2,858 thousand or 5.2%. Adjusting for Impuls results in an increase of 20.9%, which is chiefly attributable to higher advertising costs. These were due mainly to participation at EuroCucina in Milan, which only takes place every two years, as well as to higher turnover-related assembly costs and sales commissions.

7. Restructuring result

The restructuring expenses in the first half of 2016 in the amount of € 2,755 thousand mainly include additional costs from the relocation of the production of PIATTI kitchens from Dietlikon to Pfullendorf, extraordinary expenses in connection with setting up the joint venture in Russia and costs incurred in downsizing the workforce at AFP. This breaks down across the items in the IS as follows:

Figures in € 000	1st half year 2016	Restructuring	1st half year 2016 according to IS
Cost of materials	143,253	-293	142,960
Personnel expenses	67,684	-1,199	66,485
Other operating expenses	58,602	-1,263	57,339

In the first half of 2015, only other operating expenses were affected by the sale of Impuls, primarily through the disposal of assets and liabilities in the Group.

8. Depreciation on intangible assets and property, plant and equipment

Figures in € 000	1st half year 2016	1st half year 2015
Intangible assets	1,112	1,386
Property, plant and equipment	6,447	7,943
Scheduled write-downs	7,559	9,329
Unscheduled write-downs	0	0
Total	7,559	9,329

Depreciation fell by 19.0% overall compared with the first half of 2015 due mainly to the disposal of Impuls's fixed assets with effect from 30 June 2015.

9. Financial result

The financial result increased by € 975 thousand or 14.9% compared with the comparable period of the previous year. Financial expenses increased by € 662 thousand, above all due to increased net financial liabilities. Furthermore, as part of the at-equity valuation of the associated companies tielsa and 1mfa, the participation book values were reduced by a total of € 554 thousand (1st half of 2015: € 230 thousand).

10. Income taxes

Figures in € 000	1st half year 2016	1st half year 2015
Deferred taxes arising from tax loss carry forwards and temporary differences	-1,200	-59,679
Actual income tax expense	375	376
Total	-825	-59,303

Last year, for the first time, deferred tax assets were formed on loss carryforwards in the amount of € 59.0 million for the ALNO AG tax group. In this case, it was assumed that deferred tax assets on loss carryforwards are recoverable if they can be realised through future positive taxable results. Positive taxable results for the tax group of ALNO AG are expected in the next few years on the basis of a sharp increase in EBITDA (adjusted for special effects) compared with the first half of 2014 and on the basis of the measures taken in 2015.

G. Notes to the consolidated balance sheet

1. Intangible assets

Intangible assets decreased slightly compared to 31 December 2015 by 1.3%, chiefly due to the scheduled depreciation of intangible assets arising from the purchase of AFP in 2014.

2. Property, plant and equipment

Property, plant and equipment fell slightly by € 1,929 thousand or 2.0% as against 31 December 2015 with depreciation outstripping investment in the first half of 2016.

3. At-equity investments

The following companies are included in the consolidated financial statements according to the equity method:

- tielsa GmbH, Pfullendorf
- ALNO China Holding Limited, Hong Kong, China
- OOO Pervaya mebelnaya fabrika - ALNO, St. Petersburg, Russia ("1mfa" for short).

The book value in the amount of € 2,002 thousand (31 December 2015: € 721 thousand) relates to 1mfa.

4. Non-current financial receivables

The non-current financial receivables fell 4.0% in comparison to 31 December 2015.

5. Deferred tax assets

Deferred tax assets rose by € 2,055 thousand or 11.2% due mainly to an increase in deferred tax assets for pension provisions. There were no changes to the deferred taxes on loss carryforwards capitalised in the ALNO AG tax group compared with 31 December 2015. See the information provided in the notes to the 2015 annual report for a more detailed explanation.

6. Inventories

Inventories increased by € 6,463 thousand or 22.4% overall, which is chiefly due to the seasonal rise in inventories as part of the project business.

7. Current financial receivables

Current financial receivables increased by € 100 thousand or 25.0% as a result of a loan granted to a joint venture in the first half of 2016.

8. Current accounts receivable trade

Current trade receivables increased by € 16,231 thousand or 26.9% compared with 31 December 2015, primarily due to far higher sales revenues in June 2016 than in December 2015.

9. Current other assets

Current other assets rose by € 5,231 thousand or 44.0% in comparison to 31 December 2015 due mainly to a seasonal spike in prepaid expenses.

10. Available-for-sale assets

The machines released though the closure of the plant in Dietlikon are intended to be used for production of kitchens at 1mfa's St. Petersburg plant. These have now been virtually entirely delivered to and installed at 1mfa.

11. Equity

The subscribed capital amounts to € 75,595 thousand as at 30 June 2016 and is divided into 75,594,979 (31 December 2015: 75,594,979) no-par-value shares. The shares are issued as bearer shares and fully paid up. Each no-par-value share accounts for € 1.00 of the subscribed capital.

Group equity decreased by € 33,031 thousand to € -63,652 thousand compared to 31 December 2015. As well as the Group result for the period, this fall was mainly attributable to the changes in pension provisions recognised outside profit or loss. The precise changes are shown in the statement of changes in Group equity.

Authorised capital

By resolution of the ordinary general meeting of ALNO AG on 2 June 2015, the Board of Management was authorised with the consent of the Supervisory Board to increase the company's share capital once or several times until 1 June 2020 by up to € 37,797,489.00 through issuing up to 37,797,489 new no-par-value bearer shares in return for cash and/or non-cash contributions (authorised capital 2015). The Board of Management was authorised, with the consent of the Supervisory Board, to specify further details of the share rights, the conditions for issuing shares and for the realisation of this capital increase. The shareholders can exercise their statutory subscription right. The new shares can also be acquired by a single credit institute or several credit institutes or companies within the meaning of Section 186(5) Sentence

1 of the German Stock Corporations Act (AktG) with the obligation to offer them to shareholders for purchase (indirect stock options).

However, the Board of Management was authorised, with the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders under the following circumstances:

- for fractional amounts;
- in capital increases in return for cash contributions up to an amount not exceeding 10% of the share capital at the time when this authority comes into effect or, if the share capital is lower at that time, when this authority is exercised, if the issue price of the new shares is not significantly below the market price of the correspondingly endowed shares already listed on the stock market within the meaning of Article 203 subsection 1, sentence 1 and subsection 2 in conjunction with Article 186, subsection 3, sentence 4 of the Stock Corporation Act (AktG). The aforementioned 10 percent limit shall apply to shares that are purchased on the basis of an authority from the ordinary general meeting and are sold in accordance with Section 71 subsection 1, no.8, sentence 5 of the Stock Corporation Act (AktG) in conjunction with Section 186, subsection 3, sentence 4 AktG during the term of this authority. Furthermore, this limit applies to those shares that are to be issued in order to service bonds with option or conversion rights or obligations, if the bonds are issued with corresponding use of Article 186(3), Sentence 4 AktG with shareholders' subscription rights excluded;
- in capital increases in return for non-cash contributions, to guarantee new shares for the purpose of direct or indirect acquisition of companies, parts thereof or investing in companies and other assets, including loans and other liabilities;
- to the extent that it is necessary, to grant the owners or creditors of bonds with option or conversion rights or obligations issued by the company or its subordinate Group companies a subscription right to new shares commensurate with that accruing after exercising their option or conversion rights or following the discharge of the option or conversion obligations.

The authorised capital 2015 was entered in the Register of Companies on 2 July 2015.

Conditional capital

The ordinary annual general meeting of ALNO AG on 2 June 2016 decided to rescind the authorisation to issue share options of 28 May 2014 (share option programme 2014) and to rescind the conditional capital 2014.

It also authorised the Board of Management to issue, once or several times until 1 June 2021, cum-warrant and/or convertible bonds, participatory rights and/or participating bonds (or combinations of these instruments) (referred to jointly as "bonds") in the total amount of up to € 90,000,000.00 with or without limitation of maturities, and to grant the owners or creditors of the bonds option or conversion rights (also with conversion or option obligation) to a total of 25,397,489 no-par-value ordinary shares

of the company with a pro rata amount of the capital stock of up to € 25,397,489.00 in accordance with the more detailed provisions of the bond terms and in accordance with the more detailed provisions of item 6 of the agenda published in the Federal Gazette on 22 April 2016.

To this end, the conditional capital 2013 was amended in Section 5 subsections 3.1 and 3.2 of the articles of association to the effect that the share capital of the company is now conditionally increased by up to € 37,797,489.00 by issuing up to 37,797,489 no-par-value ordinary shares (conditional capital 2013). Of this figure, an amount of € 5,400,000.00 (corresponding to 5,400,000 no-par-value ordinary shares of the company with a pro rata amount of the capital stock of € 1.00 per share) serves to secure the holders of the convertible bond 2015 issue and the authorisation of 2 June 2015. An amount of € 7,000,000.00 (corresponding to 7,000,000 no-par-value ordinary shares of the company with a pro rata amount of the capital stock of € 1.00 per share) of this figure serves to secure the holders of the convertible bond 2014 issue and the authorisation of 26 June 2013.

In principle, the shareholders can exercise their subscription right, i.e. the bonds are, in principle, to be offered to the company's shareholders for subscription. The bonds can also be taken over by one or more banking institutions or companies nominated by the Board of Management within the meaning of Article 186 subsection 5, sentence 1 of the Stock Corporation Act (AktG), subject to the proviso that they be offered to the company's shareholders (indirect subscription right). If Group companies of the company issue bonds, the company shall ensure that the company's shareholders are offered a corresponding subscription right.

The Board of Management is, however, authorised with the consent of the Supervisory Board to exclude the shareholders' subscription rights to bonds in line with the more detailed provisions of item 6 of the agenda published on 22 April 2016 in the Federal Gazette.

The full wording of the resolution is quoted in item 6 of the agenda for the annual general meeting published in the Federal Gazette on 22 April 2016.

The change to the conditional capital 2013 was entered in the company's commercial register on 14 June 2016.

Acquisition of own shares

The authorisation issued by the ordinary general meeting on 23 June 2010 to acquire own shares was cancelled.

According to a resolution on 2 June 2015, the Board of Management was authorised according to Article 71, subsection 1, no. 8 of the Stock Corporation Act (AktG) to purchase the company's shares for any permitted purpose within the limits of statutory restrictions and in line with the following provisions, in the amount up to 10% of the company's share capital at the time when the resolution was taken by the annual general meeting or – if this value is lower – of the company's share capital at the time when the aforementioned authorisation is exercised. The authorisation is issued subject to the proviso that the shares purchased on the basis of this authorisation, taken

together with other shares of the company that the company has already purchased and still owns or which are to be attributed to the company according to Sections 71d and 71e AktG, shall never exceed the calculated amount of 10% of the share capital in question. The authorisation may be exercised in whole or in part, on one or more occasions, individually or collectively by the company or by companies subordinate to it as defined by Article 17 AktG or by third parties authorised by the company or by companies subordinate to it as defined by Article 17 AktG. This authorisation remains valid until 1 June 2020.

12. Provisions for pensions

The rise in pension provisions of € 5,471 thousand or 18.2% compared to 31 December 2015 predominantly derives from lower discount rates.

13. Deferred tax liabilities

The deferred tax liabilities fell by € 366 thousand to € 359 thousand.

14. Shareholder loans

The repayment of the loan from Bauknecht Hausgeräte GmbH, Stuttgart, in the amount of € 30.0 million in total on 11 April 2013, was newly agreed on 15 March 2016. The repayment will be made in two steps: € 1.5 million on 30 September 2016 and € 28.5 million on 31 July 2017.

The loan granted on 16 January 2015 by Bauknecht Hausgeräte GmbH, Stuttgart, in the amount of € 5.0 million, was likewise extended on 15 March 2016 to 31 July 2017.

With regard to the loans, which the ALNO Group was granted by Comco Holding AG, Nidau, Switzerland, in the amount of € 8.1 million in total, it was formalised in writing on 15 March 2016 that the term of the loans was extended until 31 July 2017.

15. Other financial liabilities

Non-current financial liabilities totalling € 77,974 thousand (31 December 2015: € 77,789 thousand) remained virtually unchanged. Other current financial liabilities increased by € 19,013 thousand or 104.6% in comparison to 31 December 2015. By means of a notarised property purchase agreement dated 3 February 2016, ALNO AG and an affiliated company have sold part of their factory premises subject to the condition precedent of agreeing the final purchase price as part of a sale & lease back transaction.

The final purchase price plus the final rental terms will be definitively agreed in the current year or an alternative financing measure will be considered. In this connection, ALNO AG received an advance payment of € 15,000 thousand secured by

mortgages in February 2016. In addition, a new current account line with a book value of € 1,908 thousand as at 30 June 2016 was set up at ALNO Switzerland in 2016.

16. Other current provisions

The fall in other current provisions of € 3,464 thousand compared to 31 December 2015 chiefly relates to restructuring provisions being used and released and to guarantee provisions being used. The € 455 thousand released from restructuring provisions relates to provisions no longer required for downsizing the workforce as part of efforts to centralise administration departments at the Enger site.

17. Current accounts payable trade and other financial liabilities

in € 000	30/06/2016	Remaining term		
	Total	< 1 year	1 to 5 years	> 5 years
Trade accounts payable	124,684	99,675	25,009	0
Other financial liabilities	28,075	27,826	249	0
- thereof customer discounts	11,584	11,584	0	0
- thereof unpaid invoices	9,366	9,366	0	0
- thereof customer accounts with credit balances	3,242	3,242	0	0
Total	152,759	127,501	25,258	0

The trade accounts payable with a remaining term > 1 year relate, as in previous years, to the moratorium agreement with Bauknecht Hausgeräte GmbH, Stuttgart, with an amount of € 25 million.

in € 000	31/12/2015	Remaining term		
	Total	< 1 year	1 to 5 years	> 5 years
Trade accounts payable	100,166	75,205	25,011	0
Other financial liabilities	23,944	23,692	252	0
- thereof customer discounts	10,218	10,218	0	0
- thereof unpaid invoices	7,605	7,605	0	0
- thereof customer accounts with credit balances	2,463	2,463	0	0
Total	124,160	98,897	25,263	0

18. Current remaining other liabilities

in € 000	30/06/2016	Remaining term		
	Total	< 1 year	1 to 5 years	> 5 years
Personnel	13,978	13,978	0	0
Miscellaneous	1,255	1,255	0	0
Other taxes	3,744	3,744	0	0
Social security	3,789	3,789	0	0
Total	22,766	22,766	0	0

in € 000	31/12/2015	Remaining term		
	Total	< 1 year	1 to 5 years	> 5 years
Personnel	8,500	8,500	0	0
Miscellaneous	2,820	2,820	0	0
Other taxes	4,201	4,201	0	0
Social security	1,500	1,500	0	0
Total	17,021	17,021	0	0

H. Notes to the consolidated cash flow statement

In compliance with IAS 7 (Cash Flow Statements), the consolidated cash flow statement shows the change in cash and cash equivalents in the Group due to payment flows from operating activities, investment activities and financing activities, as well as through the change in exchange rates during the year under review.

The net cash flow for operating activities shows a cash outflow of € 17,373 thousand in the first half of 2016 (previous year: € 20,769 thousand). This reduction was chiefly the result of changes in working capital. The increase in the change in inventories due to the seasonal rise in inventories as part of the project business was virtually offset by the reduction in the change in trade receivables and other assets. The change in trade accounts payable and other liabilities increased by € 3,524 thousand because of the substantial spike in the cost of materials in June 2016 compared with June 2015.

Investment activities resulted in a cash outflow of € 5,453 thousand, as compared to a cash inflow of € 9,561 thousand in the first half of 2015. In the previous year, both additions to fixed assets owned by Impuls and inpayments for sales of property, plant and equipment owned by Impuls as part of the sale on 30 June 2015 were still included.

The € 9,874 thousand increase in net cash and cash equivalents received from financing activities predominantly resulted from an advance payment of € 15,000 thousand under a sale and lease-back transaction for company land. Inpayments from the capital increase for cash in the amount of € 5,775 thousand were also included in the previous year.

I. Notes on segment reporting

The Board of Management controls ALNO AG in accordance with a matrix organisation, firstly through sales channels and secondly according to the legal entities / brands. From 2014 onwards, internal management reporting has focussed on control according to sales channels, because with the takeover of AFP, a new End customer segment was added, including the expansion of ALNO Switzerland with its own shops. Production of PIATTI kitchens was moved to Pfullendorf. Furthermore, there are now exclusive customer projects with own brands, delivering not insignificant

sales revenues. As a result of this, Sales was organised according to responsibilities, sales channels and associations.

The following three business segments can be identified, which are subject to mandatory reporting:

- Retail
 - Large outlet (LGO)
 - Kitchen specialists (KSP)
 - Self-service/RTA (Self/RTA)
 - Trade export
- Project business
 - Projects in Germany
 - Projects outside Germany
- End customer

Furthermore, there is an "Other" segment which includes all business transactions that cannot be directly allocated to the other segments.

The aforementioned business segments each have segment managers responsible for the individual customer groups, who are responsible for reporting to the Board of Management in their areas.

With the exception of the end-customer business, all of the aforementioned business segments are subject to mandatory reporting because they meet the criteria of IFRS 8, and exceed the quantity thresholds (sales revenue 10% rule).

From the perspective of the Board of Management, the End customer business segment, which does not exceed the quantity thresholds, is nevertheless regarded as subject to mandatory reporting and is stated separately, because this information is useful for the audience of the financial statements.

The segment data is presented below according to business units:

2016	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Total sales		156,984	81,442	24,187	-35	-19,170	243,407
Foreign sales		149,863	73,333	20,246	-35	0	243,407
Domestic sales		7,121	8,109	3,941	0	-19,170	0
EBITDA		-4,807	-5,785	-967	-1,788	-109	-13,456
in %		-3.1%	-7.1%	-4.0%	n/a	n/a	-5.5%

2015	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Total sales		192,727	84,095	14,057	4,913	-22,799	272,994
Foreign sales		181,700	74,094	12,286	4,913	0	272,994
Domestic sales		11,026	10,001	1,771	0	-22,799	0
EBITDA		-4,086	-47	369	24,914	-320	20,830
<i>in %</i>		-2.1%	-0.1%	2.6%	<i>n/a</i>	<i>n/a</i>	7.6%

To ensure more comparability, income and expenses attributable to Impuls in the first half of the previous year have been eliminated. This then produces the following adjusted for Impuls figures for the first half of 2015:

2015	in € 000	Retail	Project business	End customer	Others	Consolidation	Group
Total sales		149,206	79,129	14,057	4,913	-19,044	228,261
Foreign sales		140,755	70,307	12,286	4,913	0	228,261
Domestic sales		8,452	8,821	1,771	0	-19,044	0
EBITDA		-4,961	-1,651	369	-1,717	-320	-8,279
<i>in %</i>		-3.3%	-2.1%	2.6%	<i>n/a</i>	<i>n/a</i>	-3.6%

Internal sales within the ALNO Group have been eliminated in the consolidated sales revenue. The consolidation postings in the EBITDA line chiefly relate to expenditure from debt consolidation and the elimination of interim results from inventories and from business transactions with joint ventures.

J. Management of financial risks

Full details of financial risks are provided in the notes to the 2015 annual report. There have been no significant changes in this regard.

in € 000		30/06/2016			31/12/2015	
Financial assets		Carrying amount	Fair value		Carrying amount	Fair value
Trade accounts receivable	LaR	707	707		978	978
Financial accounts receivable	LaR	12,156	12,156		12,661	12,661
Securities	AfS	253	253		258	258
Investments in associated companies	AfS	123	*		123	*
Financial liabilities						
Shareholder loans	FLaC	43,125	43,125		43,125	43,125
Other financial liabilities	FLaC	77,974	60,735		77,789	68,173

Derivatives	HfT	0	0		149	149
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*Fair value cannot be determined reliably.

K. Contingencies and other financial obligations

Obligations under guarantees and other financial obligations arising from rental and lease contracts, as well as long-term supply agreements, were largely unchanged compared with the last balance sheet date.

L. Related persons and companies

Related persons or companies are defined as persons or business entities which can be controlled by the reporting company, insofar as they are not already included in the consolidated financial statements as consolidated companies, or which can directly or indirectly exercise significant influence over the reporting company.

Shareholders with a share of the voting rights of more than 3% are directly Whirlpool Germany GmbH, Stuttgart, Nature Home Holding Company Limited, Hong Kong, China, Nordic Kitchen Holding AG, Zug, Switzerland, SE Swiss Entrepreneur AG, Zug, Switzerland, and Paul Capital PCTS Holdings LP, San Francisco, USA as well as indirectly Bauknecht Hausgeräte GmbH, Stuttgart, and Whirlpool Corporation, Wilmington, Delaware, USA. There are also the companies in which Max Müller and family hold shares – these chiefly include Comco Holding AG, Nidau, Switzerland, Comco Finanz AG, Nidau, Switzerland, Smaragd Holding AG, Nidau, Switzerland and East West Finance Ltd. Jersey, Channel Islands – which are assigned to the major shareholders.

The joint ventures are ALNO China Holding Limited, Hong Kong, China, tielsa GmbH, Pfullendorf and ООО Первая мебельная фабрика - ALNO, St. Petersburg, Russia.

The other related companies with which business relations exist comprise the pension fund foundation of AFP Küchen AG, Arbon, Switzerland.

The main related parties in the first half of 2016 are listed below:

There is a delivery contract between ALNO AG and Bauknecht Hausgeräte GmbH, Stuttgart. This contract governs the supply of electrical appliances from Bauknecht/Whirlpool to the ALNO Group and runs until 31 January 2021. It generated trade payables amounting to € 56,324 thousand as at 30 June 2016 (31 December 2015: € 52,455 thousand). The accounts payable towards Bauknecht Hausgeräte GmbH, Stuttgart, must be settled within 90 days of the invoice date. Overdue accounts payable are subjected to interest at 4.5% p.a. (1st half of 2015: 6.5% p.a.).

Bauknecht Hausgeräte GmbH, Stuttgart, granted the ALNO Group a loan amounting to € 30,000 thousand in 2013 in order to cover the latter's financing requirement, in

the form of restructuring current trade payables. An additional loan of € 5,000 thousand was also granted in January 2015. € 33,500 thousand of these loans had a term up to 31 July 2017 on the balance sheet date, while € 1,500 thousand are due in September 2016. In the first half of 2016, interest of 4.5% p.a. (1st half of 2015: 6.5% p.a.) amounting to € 1,706 thousand (1st half of 2015: € 2,234 thousand) was due on these loans.

As at 30 June 2016, loan liabilities continued to exist unchanged with regard to 31 December 2015 to Comco Holding AG, Nidau, Switzerland, in the amount of € 8,125 thousand. As at the balance sheet date, the loans have a term until 31 July 2017, with an interest rate of 6.5% p.a. (1st quarter of 2015: 6.5% p.a.). In the first half of 2016, this accrued interest amounting to € 264 thousand (1st half of 2015: € 264 thousand).

In addition, Comco Holding AG, Nidau, Switzerland, received an agency loan of € 91 thousand (1st half of 2015: € 94 thousand) for remunerating the Administrative Council of ALNO Switzerland and € 11 thousand (1st half of 2015: € 20 thousand) for motor vehicle expenses, travel and telecommunications charges. Comco Finanz AG, Nidau, Switzerland, received € 28 thousand for rents (1st half of 2015: € 29 thousand).

To facilitate bridge financing worth € 15 million, East West Finance Ltd., Jersey, Channel Islands, received a 3% risk premium amounting to € 450 thousand.

Loan receivables for ALNO AG from the associated company tielsa exist as at 30 June 2016 in the amount of € 500 thousand (31 December 2015: € 400 thousand). In the first half of 2016, the interest income from these amounted to € 15 thousand (1st half of 2015: € 11 thousand). The loan is due on 30 September 2016 and has an interest rate of 6.5% (1st half of 2015: 7.5%) p.a.

Loan receivables in the amount of € 2,700 thousand exist unchanged from the associated company ALNO China (31 December 2015: € 2,700 thousand). In the first half of 2016, this loan generated interest income amounting to € 88 thousand (1st half of 2015: € 88 thousand). The loans are due in December 2016 and have an interest rate of 6.5% p.a.

The pension fund foundation of AFP Küchen AG, Arbon, Switzerland, granted AFP a loan in the amount of € 1,565 thousand in 2015. This loan has a term until 31 December 2018, with an interest rate of 3.5% p.a. In the first half of 2016, the interest expenses incurred on this amounted to € 27 thousand (1st half of 2015: € 0 thousand).

Members of the Supervisory Board received the following fees for consulting services: GSW Capital Management GmbH, Zell (previously HBconbet GmbH, Zell), of which Mr Giesecke is a shareholder, concluded a commission agreement with ALNO AG regarding the arrangement of transactions. This generated remuneration of € 29 thousand in the first half of 2016 (1st half of 2015: € 11 thousand). For his activity as President of the Administrative Council of ALNO Switzerland and AFP, the Supervisory Board member Mr Rellstab received remuneration of € 61 thousand (1st half of 2015: € 63 thousand). For his activity as a member of the Administrative

Council of ALNO Switzerland and AFP, the Supervisory Board member Mr Orth received remuneration of € 12 thousand (1st half of 2015: € 0 thousand).

M. Events after the balance sheet date

As part of the financial and capital measures announced in the "Report on events subsequent to the reporting date" section of the 2015 annual report, ALNO AG signed a loan agreement for € 20 million on 28 July 2016. ALNO AG received the funds up to 12 August 2016. ALNO AG has also signed an additional loan agreement for € 15 million, which is, however, still subject to conditions precedent. The lender is the investment company Tahoe Investors GmbH, Wolfsburg.

Tahoe Investors GmbH, Wolfsburg, announced in a voting rights notification on 3 August 2016 that it had secured the option of acquiring a 14.08% share of the share capital of ALNO AG with a call option until 31 October 2016. On execution of the call option, Tahoe Investors GmbH would acquire all the shares held by Whirlpool Germany GmbH, Stuttgart, replacing it as the largest single shareholder. Whirlpool will continue its longstanding association with ALNO AG as a strategic partner and largest supplier.

N. Earnings per share

The earnings per share are obtained by dividing the Group profit for the period accruing to the shareholders by a weighted number of issued shares. There was no diluting effect due to so-called potential shares in either the year under review or the previous year.

Figures in € 000	1st half year 2016	1st half year 2015
Group profit for the period	-27,695	64,274
Attributable to shareholders of ALNO AG	-27,703	64,274
Minority interests	8	0
Number of shares in thd. (weighted average)	75,595	72,040
Group profit for the period in € per share (diluted and undiluted)	-0.37	0.89

Pfullendorf, 22 August 2016

ALNO AG

The Board of Management

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remainder of the financial year."

Pfullendorf, 22 August 2016

ALNO AG

The Board of Management

Auditor's review

(disclosure pursuant to Article 37w para. 5, sentence 6 of the Securities Trading Act [WpHG])

The interim consolidated financial statements and the interim Group management report have neither been subjected to an auditor's review, nor audited according to Article 317 of the German Commercial Code (HGB).

Financial calendar 2016

(Subject to amendments at short notice)

31 October 2016

Interim report as of 30 September 2016

Legal note

This half-year report contains forward-looking statements. Forward-looking statements are not based on historical events and facts. These statements are based on assumptions, forecasts and estimates of future developments by the Board of Management. The assumptions, forecasts and estimates concerned are based on all the information currently available. However, the actual results may deviate from those presently expected if the assumed future developments underlying the statements and estimates do not materialize. Neither the Board of Management nor the company can warrant that the forward-looking statements will actually materialize. Both the Board of Management and the company are under no obligation, above and beyond their statutory obligations, to update any statements or to bring them into line with future events and developments.

Neither in the Federal Republic of Germany nor in any other country does this half-year report and the information contained in it constitute either an offer to sell or a request to buy or subscribe to securities held or issued by ALNO AG. In the United States of America, shares in ALNO AG may only be sold or offered after prior registration or, without such prior registration, on the basis of an exception to the registration requirement pursuant to the provisions of the US Securities Act of 1933 as most recently amended. ALNO AG does not intend to realize a public offering of shares in the United States.

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