

# Orell Füssli Annual Report 2015

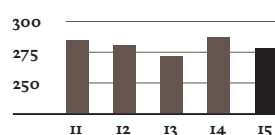
## CONTENTS

ORELL FÜSSLI GROUP	1
EDITORIAL	2
BUSINESS	4
FINANCIAL REPORT 2015	8
COMPENSATION REPORT 2015	41
CORPORATE GOVERNANCE	46
IMPRINT, CONTACT	55

# Key figures 2015

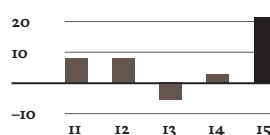
## NET REVENUE

in CHF million



## EBIT<sup>1</sup>

in CHF million



## CONSOLIDATED INCOME STATEMENT

in CHF million

	2015	2014	2013	2012	2011
Net revenue from sales to customers	279.4	288.1	272.2	281.1	285.5
Total operating income	289.2	289.1	282.1	284.9	287.8
EBITDA before special items	39.9	18.2	8.7	23.0	24.5
Operating earnings before special items	21.5	3.0	-5.8	8.3	8.3
Special items	-3.9	1.0	-14.9	-4.7	-5.9
Operating earnings (EBIT)	17.6	4.0	-20.7	3.6	2.4
Net income for the period	12.8	1.7	-17.0	0.8	-0.2
Total equity	159.1	145.8	144.3	167.6	171.9
Net income for the period before minority interests	11.0	-0.5	-18.2	-1.0	0.2
Equity before minority interests	143.9	131.7	131.7	151.2	156.5

## WEIGHTED AVERAGE WORKFORCE

	2015	2014	2013	2012	2011
Full time equivalents	893	982	1,041	971	1,048

## SHARE STATISTICS

in CHF

	2015	2014	2013	2012	2011
High	129.00	110.00	100.50	108.80	143.00
Low	81.00	85.20	83.55	91.50	97.00
Earnings per share <sup>2</sup>	5.63	-0.27	-9.30	-0.52	0.10
Dividend per share <sup>3</sup>	4.00	0.00	0.00	0.00	2.00

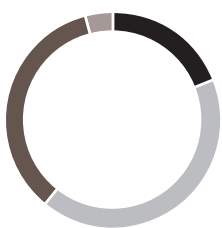
<sup>1</sup> before special items

<sup>2</sup> At 31 December 2015 the share capital comprised 1,960,000 registered shares with a par value of CHF 1.00 each.

<sup>3</sup> Dividend proposed to the Annual General Meeting on 28 April 2016

NET REVENUE BY DIVISIONS

in percent

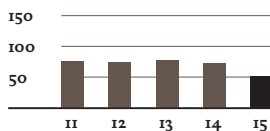


19% Division Atlantic Zeiser  
 42% Division Security Printing  
 35% Division Book Retailing  
 4% Other

Total net revenue CHF 279.4 millions

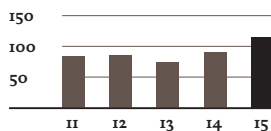
ATLANTIC ZEISER

in CHF million



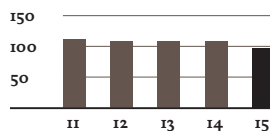
SECURITY PRINTING

in CHF million



BOOK RETAILING

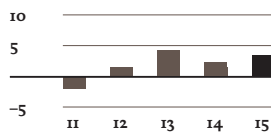
in CHF million



EBIT BY DIVISIONS BEFORE SPECIAL ITEMS

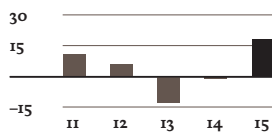
ATLANTIC ZEISER

in CHF million



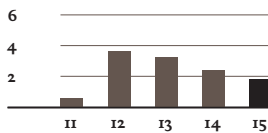
SECURITY PRINTING

in CHF million



BOOK RETAILING

in CHF million



Orell Füssli is a diversified industrial and trading group engaged in the core businesses of banknote & security printing, industrial systems used in the individualisation of security documents and branded products, and book retailing.

In its banknote and security printing operations Orell Füssli produces banknotes, identity documents and securities, and is noted for innovative applications of printing processes and technologies. The industrial systems business unit manufactures industrial systems for the digital printing and encoding of banknotes, passports and security documents, plastic cards, labels and packaging. In book retailing Orell Füssli holds a 50% interest in Orell Füssli Thalia Ltd, the leading group of large and specialist bookstores in prime locations in Switzerland. Orell Füssli Thalia Ltd combines a bricks-and-mortar presence with attractive online stores. It provides customised logistics and service facilities for libraries and companies.

Orell Füssli generates sales of some CHF 300 million with about 900 employees at locations in eight countries and is listed on the SIX Swiss Exchange.

# Editorial

## Dear shareholder,

In the past year the Orell Füssli Group benefited from the positive impact of many measures taken in the preceding years. In the Security Printing Division the production of the new series of banknotes is well underway, and many initiatives for improving and stabilising operating processes came fully into effect. Net revenue at Security Printing reached a new peak, and there was a striking increase in net income. Atlantic Zeiser marked its presence in the market for serialising pharmaceutical packaging and demonstrated the competitiveness of its product offering. Orell Füssli Thalia was confronted with a very challenging market dynamic as a result of the appreciation of the Swiss franc resulting from the abandonment of the Swiss franc/Euro exchange rate floor and responded to this with a systematic programme of adjustment.

The Orell Füssli Group posted net revenue of CHF 279.4 million in the 2015 financial year. Operating earnings (EBIT) amounted to CHF 17.6 million, including a non-operating special item of CHF -3.0 million arising from an adjustment to the recognition of sales (no longer by Percentage of Completion) at Atlantic Zeiser. The equity ratio was a solid 66%.

In 2015 Atlantic Zeiser posted a significant increase in operating earnings before special items compared to the previous year. The downtrend at the card personalisation systems business unit in its main US market had an adverse impact on net revenue at the operating level. The track & trace and pharmaceutical packaging serialisation segment was expanded as planned; further international reference customers were acquired for product track & trace and in the OEM business, and initial follow-up orders were secured. The European directive to enhance the anti-counterfeiting security of drugs will come into effect in February 2019.

At the Security Printing Division the product mix shifted towards the new series of banknotes for two key customers in the past year. High productivity was ensured on the basis of experience gained in the past and more stable processes resulting from this. Continuous improvement has become established as a cultural element at Security Printing and will continue to be vigorously pursued. In the machinery portfolio a further bottleneck remaining from the past was eliminated and additional potential for technological differentiation in competition with other security printers was created with the acquisition of an additional state-of-the-art screen printing press. Production of the latest generation of complex banknotes continues to be a technological challenge for the years to come. Nevertheless, Security Printing has come closer to its goal of being the world's leading supplier of counterfeit-proof banknotes of highest quality.

#### **BOARD OF DIRECTORS ORELL FÜSSLI HOLDING LTD**

Heinrich Fischer	Chairman
Gonpo Tsering <sup>1</sup>	Deputy Chairman
Dr. Anton Bleikolm	
Dr. Thomas Moser <sup>1</sup>	
Peter Stiefenhofer <sup>2</sup>	
Dieter Widmer <sup>2</sup>	

<sup>1</sup> Member of the Compensation Committee

<sup>2</sup> Member of the Audit Committee

The abandonment of the Swiss franc/Euro exchange rate floor was the dominant event for the Orell Füssli Thalia joint venture in the past year following two years in which synergies were successfully exploited. The negative effects were lessened in the short term by action on prices and costs. In addition, a detailed transformation programme was evolved for book retailing as the basis for maintaining market position and managing the earnings situation. Membership of the Tolino Alliance, the focused internet platform, the strongest market presence in Swiss book retailing and the systematic exploitation of synergies in combination with our joint venture partners are the main cornerstones of this realignment. However, the ongoing changes in consumer behaviour continue to create a challenging environment.

For the 2016 financial year we expect a consolidation of the earnings situation at a high level. Security Printing still has a large order backlog and we expect capacity to be fully utilised throughout the year. The focus at Atlantic Zeiser is on the further expansion of its market position in the growing segment of pharmaceutical packaging serialisation in conjunction with substantial growth in the sales and marketing organisation. Orell Füssli Thalia will concentrate on implementing its transformation programme.

The Board of Directors intends to propose, dependent on investments in growth areas, the distribution of 50% of the annual profit after minority interests in the coming years. For the 2015 financial year this corresponds to a dividend of CHF 2.80 per share. In addition, the Board of Directors will propose to the Annual General Meeting to be held on 28 April 2016 that a special dividend of a further CHF 1.20 per share be paid to compensate recent years of lean returns.

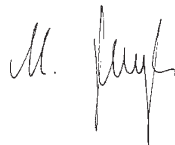
Dear shareholder, we can look back on a year in which the improvements we initiated have borne fruit and which can serve as a good basis for our work in the future. We are convinced that the company has further potential for improvement and is well positioned to master the challenges to come. We shall do everything in our power to fulfil our own aspirations and your high expectations in Orell Füssli.

Many thanks to our customers in Switzerland and elsewhere for their continued confidence in Orell Füssli and to our employees for their committed contribution to the further development of our company.

Zurich, March 2016



**Heinrich Fischer**  
Chairman of the Board of Directors



**Martin Buyle**  
CEO

# Business in 2015

In 2015 Orell Füssli reported slightly lower net revenue than in the previous year, while operating earnings were significantly higher in the year under review. The main reason for the positive earnings trend was the continued improvement in productivity at Security Printing.

Orell Füssli reported net revenue of CHF 279.4 million in the 2015 financial year, equivalent to a decline of some 3% compared to the previous year. Without special items and exchange rate effects net revenue would have increased by 4% compared to the previous years. Operating earnings (EBIT) amounted to CHF 17.6 million (CHF 4.0 million in 2014), including special items of CHF –3.9 million (CHF 1.0 million in 2014). These consisted of the impact on earnings of the adjustment to sales recognition (no longer by Percentage of Completion (PoC)) at Atlantic Zeiser (CHF –3.0 million) and a valuation adjustment to fixed assets at the Security Printing Division (CHF –0.9 million). Net income of the Orell Füssli Group amounted to CHF 12.8 million (CHF 1.7 million in 2014).

Shareholders' equity including minority interests increased from CHF 145.8 million to CHF 159.1 million. The equity ratio was 66% (57% in 2014). In addition, there are valuation reserves on property substantially in excess of CHF 20 million.

## SEGMENTAL RESULTS

<i>in CHF '000</i>	2015	2014	2013	2012	2011
<b>Division Atlantic Zeiser</b>					
Net revenue from sales to customers	52,670	73,929	78,578	75,565	75,752
Operating earnings before special items	3,369	2,234	4,196	1,438	–1,901
Operating earnings (EBIT)	369	2,598	4,196	1,872	–4,935
<b>Division Security Printing</b>					
Net revenue from sales to customers	117,446	92,689	75,095	85,910	85,402
Operating earnings before special items	18,427	–992	–12,866	6,229	11,347
Operating earnings (EBIT)	17,514	–643	–24,980	2,630	12,272
<b>Division Book Retailing</b>					
Net revenue from sales to customers	98,832	110,366	109,465	109,506	113,768
Operating earnings before special items	1,820	2,384	3,294	3,660	304
Operating earnings (EBIT)	1,820	3,080	508	2,469	–3,456

### Atlantic Zeiser Division

Atlantic Zeiser reported net revenue of EUR 49.3 million in 2015, equivalent to a decline of some 19% compared to the previous year (EUR 60.9 million). The two main reasons for this outcome were the loss of revenue from SOFHA GmbH, the group's holding in which was sold in the first half of 2015 (EUR –4.2 million), and the adjustment to sales recognition (no longer by PoC) (EUR –6.9 million). Excluding these effects, net revenue was at the previous year's level. Operating earnings before special items amounted to EUR 3.9 million (EUR 1.8 million in 2014), and operating earnings (EBIT) to EUR 1.1 million (EUR 2.1 million in 2014). The special item of EUR –2.8 million is attributable to the adjustment to sales recognition (no longer by PoC) compared to the previous year.

Atlantic Zeiser concentrates on the three strategic business segments of banknote serialisation, card personalisation systems and packaging. In the banknote serialisation segment 2015 was characterised by the continued reluctance of our customers to invest. However, Atlantic Zeiser maintained sales at the previous year's level due to its strong market position, and order intake increased compared to 2014. In the card personalisation systems segment Atlantic Zeiser was faced with a market-related decline in investment in machinery and spare parts, especially in North and South America. Sales of the PERSOMASTER system launched in 2015 were already made in substantial numbers to an inter-



national key customer. The packaging segment focuses on the two fields of track & trace and marking solutions for serialising pharmaceutical products as well as printing systems for late-stage customisation of pharmaceuticals and cosmetics packaging. Growth in order intake and sales compared to the previous year was recorded in the packaging segment in 2015. A number of new international customers in the pharmaceutical industry were acquired with MEDTRACKER serialisation and track & trace software. In the late-stage customisation product segment the new DIGILINE Blister and DIGILINE Label digital printing systems were successfully presented at trade fairs in Europe, the USA and India, and initial sales of systems were booked. Order intake in the packaging segment increased significantly compared to the previous year. The delegated act relating to the EU directive on greater anti-counterfeiting security and serialisation of drugs was published in autumn 2015. After approval of the bill by the EU Parliament at the beginning of 2016, the directive will come into effect in 2019.

The efficiency enhancement and continuous improvement programme launched some years ago was continued in the year under review and cost levels were further reduced in all areas. Together with the realignment of the organisation according to customer segments which was introduced in mid-year, the basis was laid for further growth in operating earnings.

Research and development activities in the year under review were dominated by the further development of the products for the packaging segment which were launched on the market in 2014. The competitiveness of the product range was demonstrated in direct competition with established suppliers. In the year under review the PERSOMASTER was developed to serve the mid-market segment in the field of financial card personalisation and was successfully introduced to the market. A further priority was work on developing a completely new modular family of digital printers for single- and multi-colour printing which will be used in all Atlantic Zeiser systems in future.

### Security Printing Division

The Security Printing Division posted net revenue of CHF 117.4 million, an increase of some 27% compared to the previous year (CHF 92.7 million). This was achieved by further improvements in productivity and higher capacity utilisation. Operating earnings before special items amounted to CHF 18.4 Mio. (CHF -1.0 million in 2014), and operating earnings (EBIT) to CHF 17.5 million (CHF -0.6 million in 2014). The special items consisted mainly of valuation adjustments to fixed assets.

The net revenue figure for 2015 set a new record. This was due to full utilisation of capacity throughout the year, the completion of additional orders for customers in association with selected security printers, and largely uninterrupted operation while exploiting the effects of a number of steps initiated in previous years to enhance productivity and efficiency. Large volumes of banknotes of the latest generation were produced for the first time in 2015. Further denominations of the new series for two key customers are being processed or have already been delivered on schedule and in some cases brought into circulation. A multi-year delivery agreement was concluded with one key customer. The acquisition of new customers with a need for secure banknotes of advanced quality is very important to ensure capacity utilisation over the long term and is the focus of sales activities.

In order to further improve productivity, process technologies for the smooth integration of technologically highly sophisticated security features were further developed and this segment was reinforced by additional specialist personnel. The focus is on fulfilling high quality standards in reproducible production on an industrial scale.

Further investments were made in new equipment in 2015 as well as adapting existing production facilities to the requirements of the new series of banknotes. The offset printing press brought into operation at the start of the year met our expectations in terms of increased quality and performance, and this machine also enables set-up times to be reduced significantly. The bottleneck in screen printing operations was eliminated in June with the commissioning of a new press. With this investment Orell Füssli added further security features to the technology portfolio and enhanced its competitiveness.

We continued to implement the “Lean” programme as a complement to our ongoing investments. Various projects focusing on the reduction of processing and lead times for customers’ orders were implemented and changes made to logistics operations. The systematic further development, refinement and standardisation of processes and the intensive training of personnel have become established as integral components of working methods at Security Printing and form an essential element of the continuous improvement process. This is being continued with undiminished vigour and the deployment of the requisite financial resources.

Additional specialist personnel were recruited and successfully integrated in the course of the year. Training and further education of personnel continue to be given high priority. These steps ensured the stabilisation of the workforce and the ongoing establishment of the know-how critical for success. Intensified apprenticeship training contributes to the long-term retention of key expertise in the company.

#### **Book Retailing Division**

In 2015 the Orell Füssli Thalia joint venture posted net revenue on a pro rata consolidated basis of CHF 98.8 million, some 11% lower than the previous year’s figure (CHF 110.4 million). Operating earnings (EBIT) amounted to CHF 1.8 million (CHF 3.1 million in 2014).

In market terms the year was dominated by the abandonment of the Swiss franc/Euro exchange rate floor in January 2015 and its consequences. The shift in many consumers’ purchasing habits towards greater price sensitivity accelerated, and shopping in the Eurozone gained in importance to the detriment of the Swiss trade. Another consequence was a general reduction in recommended book selling prices in Switzerland by publishers, which resulted in lower net revenue on unchanged sales volumes. The book market in German-speaking Switzerland contracted overall compared to the previous year, with book retailing through bricks-and-mortar outlets generally under greater pressure. Orell Füssli Thalia was partially able to offset the decline in business at its branches through growth in the digital segment. Net revenue from complementary product lines in the non-book segment increased slightly in 2015.

A response was already made in spring to the changes in external conditions and a number of steps were initiated to secure profits. More merchandise was sourced from abroad and purchasing terms and conditions were renegotiated. A programme was launched to reduce operating costs in the near term and was implemented as planned in the following months. More vigorous sales and advisory activity in the branch outlets enabled more customers to be gained than in the previous year. A comprehensive transformation programme was elaborated by autumn 2015 with the goal of securing the market success and profitability of Orell Füssli Thalia over the long term amid the changes in market conditions. Its core elements are the improvement of the product and service offering for customers across all sales channels as well as the achievement of operational excellence in all processes. Implementation of the transformation programme commenced in 2015 and will be continued with high priority in the coming months.

No new sales outlets were opened in the year under review. The closure of the branch at Marktgasse 3 in Winterthur was completed in the first quarter of 2015, and the remaining branch is developing positively. Some selling space at the branches in Basel and Berne Loeb was returned to the landlord.

In view of the very challenging market trend, Orell Füssli Thalia will utilise its bricks-and-mortar outlets more vigorously to offer a carefully assembled product range and first-class advisory services as a competitive advantage. The close interlinking of the branch network with a focused e-commerce presence and the utilisation of the Tolino platform for e-books will be pursued even more vigorously than before.

### Publishing

Net revenue at Orell Füssli Publishing in 2015 was some 5% lower than a year earlier. Higher revenue in the children's books and legal media programme segments contrasted with declines in educational media and non-fiction. The abandonment of the Swiss franc/Euro exchange rate floor was also a decisive event for publishing activities, since it resulted in increased purchasing from German sources by Swiss book retailers. Non-fiction works and children's books were primarily affected by these re-imports. Various steps were initiated and implemented to boost sales volumes in response to this development. In the children's book segment attention was focused on expanding the programme. In addition to the sales record achieved by "Schellen-Ursli" there were a number of bestsellers such as "Globi im alten China", "Rösslein Hü" and Kathrin Schärer's multi-prizewinning book "Der Tod auf dem Apfelbaum" in the atlantis programme. In the non-fiction segment, Martin Rupp's "Der Lotse", a book about Helmut Schmidt, made it onto the SPIEGEL bestseller list. "Was fehlt, wenn alles da ist" (Häni/Kovce), a book on the subject of the unconditional basic income, was also successful. The titles issued by the Fuchs publishing house, which was acquired in 2013, developed steadily, and this series will be a model for future new developments. Legal media held their own once again through superior quality, topicality and specialisation in their market niche. The reorganisation of sales and marketing activities which has been in effect since the fourth quarter of 2015 is intended to bring continuous improvements in customer relationships and market proximity.

### Changes in the Board of Directors

Gonpo Tsering, Director since 2011 and currently Chairman of the Compensation Committee, will not be standing for re-election at the Annual General Meeting to be held on 28 April 2016. The Board of Directors wishes to express its sincere thanks to Gonpo Tsering for his great commitment and his contribution to the development of the company.

### Personnel

After almost four years as Head of Corporate Development at Orell Füssli Holding Ltd and a member of the Executive Board, Dr. Martin Söderberg decided to leave the company at the end of December 2015. Dr. Michele Bomio resigned as CEO of Orell Füssli Thalia AG at the end of the year. The search for a successor has been initiated.

#### ORELL FÜSSLI HOLDING LTD, GROUP MANAGEMENT (AT 31 DECEMBER 2015)

---

Martin Buyle	CEO
Beat Müller	CFO
Peter Crottogini	Head Human Resources
Dr. Martin Söderberg	Head Corporate Development (until 31 December 2015)

---

# Financial Report 2015

## CONTENTS

<b>1</b>	<b>FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP</b>	<b>10</b>
1.1	CONSOLIDATED INCOME STATEMENT	
1.2	CONSOLIDATED BALANCE SHEET	
1.3	CONSOLIDATED CASH FLOW STATEMENT	
1.4	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	
	<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	
2	ACCOUNTING POLICIES	14
3	RISK MANAGEMENT	19
4	EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS	21
<b>5</b>	<b>REPORT OF THE GROUP AUDITORS</b>	<b>33</b>
<b>6</b>	<b>FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD</b>	<b>34</b>
6.1	INCOME STATEMENT	
6.2	BALANCE SHEET	
<b>7</b>	<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>36</b>
<b>8</b>	<b>ORELL FÜSSLI GROUP</b>	
	OVERVIEW OF SIGNIFICANT PARTICIPATIONS	39
<b>9</b>	<b>REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS</b>	<b>40</b>

## 1 FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

## 1.1 CONSOLIDATED INCOME STATEMENT

<i>in CHF '000</i>	NOTES	2015	2014
Net revenue from sales to customers	4.1 / 4.2 / 4.3	279,391	288,127
Other operating income	4.3	5,268	6,268
Changes in inventories of semi-finished and finished products, capitalised costs	4.3	4,522	-5,282
<b>Total operating income</b>	4.3	289,181	289,113
Cost of materials		-104,635	-124,517
External production costs		-18,125	-11,882
Personnel expenditure	4.4 / 4.5	-80,874	-88,374
Other operating expenses	4.6	-48,165	-43,113
Depreciation and impairment on tangible assets	4.15	-17,967	-15,166
Depreciation and impairment on intangible assets	4.16	-1,826	-2,021
<b>Earnings before interest and taxes (EBIT)</b>	4.1	17,589	4,040
Financial income		1,374	826
Financial expenses		-1,483	-1,319
<b>Financial result</b>	4.7	-109	-493
<b>Earnings before income taxes (EBT)</b>		17,480	3,547
Income tax expenses	4.8	-4,654	-1,890
<b>Net income for the period</b>		12,826	1,657
Attributable to the shareholders of Orell Füssli Holding Ltd		11,025	-527
Attributable to minority interests		1,801	2,184
<i>in CHF</i>	NOTES	2015	2014
Earnings per share	4.9	5.63	-0.27

The disclosures on pages 14 to 32 form an integral part of the financial report.

**FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP**

**1.2 CONSOLIDATED BALANCE SHEET AT 31 DECEMBER**

<i>in CHF '000</i>	NOTES	2015	2014
<b>Assets</b>			
Cash and cash equivalents	4.10	73,119	60,377
Marketable securities	4.11	330	365
Trade accounts receivable	4.12	20,199	30,766
Other receivables	4.13	18,003	21,024
Inventories	4.14	37,215	40,282
Current income tax receivables		1,057	1,185
Accrued income and deferred expenses		3,244	1,732
<b>Total current assets</b>		<b>153,167</b>	<b>155,731</b>
<b>Non-current assets</b>			
Tangible assets	4.15 / 4.17	73,589	81,629
Intangible assets	4.16	1,374	2,579
Participations	4.18	1,098	1,457
Deferred tax assets	4.23	5,269	9,211
Other non-current financial assets	4.19	5,577	5,624
<b>Total non-current assets</b>		<b>86,907</b>	<b>100,500</b>
<b>Total assets</b>		<b>240,074</b>	<b>256,231</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables		10,242	15,609
Other current liabilities	4.20	45,889	60,391
Current income tax liabilities		1,022	1,400
Accrued expenses and deferred income		15,917	13,239
Current financial liabilities	4.21	1,107	8,720
Current provisions	4.22	2,181	5,573
<b>Total current liabilities</b>		<b>76,358</b>	<b>104,932</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	4.21	2,537	2,561
Pension fund liabilities		306	425
Non-current provisions	4.22	256	959
Deferred tax liabilities	4.23	1,476	1,508
<b>Total non-current liabilities</b>		<b>4,575</b>	<b>5,453</b>
<b>Equity</b>			
Share capital		1,960	1,960
Capital reserves		4,160	4,160
Retained earnings		155,325	139,190
Translation differences		-17,512	-13,587
<b>Total equity before minority interests</b>		<b>143,933</b>	<b>131,723</b>
<b>Minority interests</b>		<b>15,208</b>	<b>14,123</b>
<b>Total equity</b>		<b>159,141</b>	<b>145,846</b>
<b>Total liabilities and equity</b>		<b>240,074</b>	<b>256,231</b>

The disclosures on pages 14 to 32 form an integral part of the financial report.

**FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP**

**1.3 CONSOLIDATED CASH FLOW STATEMENT**

<i>in CHF '000</i>	NOTES	<b>2015</b>	<b>2014</b>
Net income for the period		12,826	1,657
Depreciation		15,881	15,081
Impairment and amortisation		3,912	2,107
Other non-cash related income and expenses		773	-152
Change in trade accounts receivable		8,268	1,599
Change in inventories		1,519	10,775
Change in other receivables		2,468	20,232
Change in trade payables		-4,588	-5,651
Change in other liabilities		-14,563	8,509
Change in accruals net		1,510	3,902
Change in provisions and deferred income tax		-341	-7,836
<b>Cash flow from operating activities</b>		<b>27,665</b>	<b>50,223</b>
Purchase of tangible assets		-11,288	-16,062
Proceeds from disposals of tangible assets		334	300
Purchase of intangible assets		-609	-549
Proceeds from disposal of SOFHA GmbH	4.28	3,493	-
Proceeds from disposals of associated participations	4.28	520	-
Purchase of other participations		-	-100
Proceeds from disposals of other participations	4.18	-	2,569
Purchase of other non-current assets		-72	-126
Proceeds from disposals of other non-current assets		33	30
Proceeds from other investmentst		-	301
<b>Cash flow from investing activities</b>		<b>-7,589</b>	<b>-13,637</b>
Increase of financial liabilities		43	138
Repayment of financial liabilities		-6,652	-2,976
Dividends paid to minorities (Orell Füssli Buchhandlungs Ltd, SOFHA GmbH, Tritron GmbH)		-	-666
<b>Cash flow from financing activities</b>		<b>-6,609</b>	<b>-3,504</b>
Translation effects		-725	93
<b>Increase in cash and cash equivalents</b>		<b>12,742</b>	<b>33,175</b>
<b>Cash and cash equivalents at 1 January</b>		<b>60,377</b>	<b>27,202</b>
<b>Cash and cash equivalents at 31 December</b>		<b>73,119</b>	<b>60,377</b>

The disclosures on pages 14 to 32 form an integral part of the financial report.



## FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

### 1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*in CHF '000*

	Share capital	Capital reserves	Retained earnings and net income	Translation differences	Equity before minority interests	Minority interests	Total equity
<b>Equity at 1 January 2014</b>	1,960	4,160	139,717	-14,166	131,671	12,649	144,320
Dividends paid	-	-	-	-	-	-666	-666
Currency translation effects	-	-	-	579	579	-44	535
Net income for the period	-	-	-527	-	-527	2,184	1,657
<b>Total equity at 31 December 2014</b>	1,960	4,160	139,190	-13,587	131,723	14,123	145,846
<b>Equity at 1 January 2015</b>	1,960	4,160	139,190	-13,587	131,723	14,123	145,846
Disposal of SOFHA GmbH	-	-	-	11	11	-303	-292
Consideration of goodwill offset at an earlier date	-	-	5,110	-	5,110	-	5,110
Currency translation effects	-	-	-	-3,936	-3,936	-413	-4,349
Net income for the period	-	-	11,025	-	11,025	1,801	12,826
<b>Total equity at 31 December 2015</b>	1,960	4,160	155,325	-17,512	143,933	15,208	159,141

The share capital as at 31 December 2015 and 31 December 2014 consisted of 1,960,000 registered shares with a par value of CHF 1.- each.

Following the disposal of SOFHA GmbH the remaining goodwill offset in the retained earnings is reduced by CHF 5,110,000 to CHF 1,544,000 (2014: CHF 6,654,000).

The amount of accumulated non-distributable reserves stands at CHF 12,174,000 (2014: CHF 8,674,000).

The disclosures on pages 14 to 32 form an integral part of the financial report.

## 2 ACCOUNTING POLICIES

### 2.1 BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in conformity with the existing Swiss GAAP FER standards in their entirety, as well as the provisions of the Listing Rules of SIX Swiss Exchange and the Swiss law on companies limited by shares (“company law”).

The first-time application of Swiss GAAP FER 31 did not lead to any adjustments in the balance sheet or in the income statement. The adjustments that were required are described in the notes to the financial statements.

The consolidated financial statements are based on the principle of historical costs and are prepared assuming that the company is a going concern.

### 2.2 CONSOLIDATION

#### Subsidiaries

Subsidiaries comprise all domestic and foreign entities directly or indirectly controlled by Orell Füssli Holding Ltd, either by holding at least 50% of the voting rights or by otherwise exercising a significant influence on the business management and business policy.

Subsidiaries are consolidated as of the date on which direct or indirect control passes to Orell Füssli Holding Ltd. They are deconsolidated as of the date that such control ceases. In cases of business combinations control is assumed by a subsidiary. All identifiable assets and liabilities of a subsidiary are measured at fair value as of the acquisition date. The excess of a cost of acquisition over the fair value of the Group’s share of the net assets of an acquired subsidiary is recognised in the equity as goodwill. Minor subsidiaries are not included in the full consolidation.

The impact of inter-company transactions, is eliminated in the consolidated financial statements.

#### Participations in joint ventures

Joint ventures under joint management, but not controlled by one of the parties, are consolidated on a pro rata basis.

As of 1 October 2013 Orell Füssli Thalia Ltd was created by the merger of the book retailing activities of Thalia Bücher Ltd and Orell Füssli Buchhandlungs Ltd. Each parent company holds a 50% interest and the Board of Directors consists of two representatives of each parent company. For the purposes of reporting consistency, this joint venture is consolidated on a pro rata basis. Thus, 50% of each of the income statement and balance sheet item is included in the consolidated financial statements of the Orell Füssli Group. Orell Füssli Holding Ltd continues to hold 51% of the capital of Orell Füssli Buchhandlungs Ltd, as before, while the Hugendubel family holds 49%.

#### Participations in associated companies

Participations in associated companies in which Orell Füssli Holding Ltd is able to exercise a significant influence are accounted for using the equity method. Influence is considered as significant if Orell Füssli Holding Ltd directly or indirectly holds between 20% and 50% of the voting rights or if it can otherwise exercise a significant influence on the business management and business policy.

Participations in associated companies are recognised initially at cost. Cost may include goodwill. The carrying amount of the participation is adjusted subsequently depending on the development of Orell Füssli Holding Ltd’s share in the associated company’s equity.

#### Other participations

Holdings of less than 20% of voting rights are recognised at the lower of cost or market value.

### 2.3 CURRENCY TRANSLATION

The items included in the financial statements of each group entity are valued using the currency of the primary economic environment in which the group operates (the “functional currency”). Transactions in a foreign currency are translated into the functional currency using the exchange rate prevailing on the date of the transaction.

The consolidated financial statements are presented in Swiss francs. To prepare the consolidated financial statements, the assets and liabilities of foreign subsidiaries are converted into Swiss francs at the market rate as of the corresponding balance sheet date. Revenues and expenses are converted at the average currency exchange rate for the financial year. Translation differences and foreign currency gains on equity-like long-term loans are booked neutrally for profit purposes under currency differences in the shareholders’ equity. The Orell Füssli Group used the following currency exchange rates for the 2015 and 2014 financial years:

#### CURRENCY EXCHANGE RATES

	Market rate		Annual average rate	
	2015	2014	2015	2014
EUR at a rate of CHF	1.0828	1.2029	1.0685	1.2148
USD at a rate of CHF	0.9928	0.9896	0.9628	0.9154
GBP at a rate of CHF	1.4697	1.5372	1.4716	1.5071

#### 2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the annual financial statements requires management to estimate values and make assumptions affecting the disclosures of income, expenses, assets, liabilities and contingent liabilities as of the balance sheet date. If such estimates and assumptions made by management as of the balance sheet date and to the best of its knowledge, differ from the actual conditions at a later date, the original estimates and assumptions are amended in the reporting period in which the conditions have changed.

#### 2.5 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that differ from those of other business segments.

The Group's business activities are categorised in three segments: Industrial Systems, Security Printing and Book Retailing. Other business activities include publishing as well as infrastructure services, which are not material in terms of their size. Information about the products and services of each business segment is provided in section 4.1 Notes to the consolidated financial statements.

#### 2.6 REVENUE RECOGNITION

Net revenue from sales to customers of tradable, manufactured and printed products is recorded as income after their delivery to and acceptance by the client. Revenue is recorded net of value-added tax and any rebates.

Revenue from construction contracts (see note 2.12) is recognised using the percentage of completion method (PoC) in order to record the portion of total sales for the reporting period.

Revenue from services rendered and objects leased over a certain period and which are invoiced to clients periodically is recorded in the period in which the service is rendered or the right of use is exercised. Revenue from the processing of transaction-related services is recorded at the time the service is rendered in full.

Dividend income is recorded in the reporting period in which a right to payment arises.

#### 2.7 IMPAIRMENT

Tangible and intangible assets are tested for impairment if events or changes of circumstances indicate that the value of an asset may be impaired. If such indications exist, the recoverable amount is determined. An impairment loss results if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher value of either the fair value less selling costs or the present value of expected future cash flows. The impairment is recorded in the income statement. For the purpose of impairment testing, assets are grouped at the lowest level for which separate cash flows can be identified.

#### 2.8 INCOME TAXES

Income taxes are recorded based on the applicable tax rate of the individual countries and expensed in the period in which they occur. Tax effects resulting from tax losses carried forward are recognised as deferred tax assets if future taxable profits are likely against which the tax losses could be offset.

Deferred tax assets and liabilities are recognised for temporary differences between the values of assets and liabilities disclosed in the balance sheet and their corresponding tax accounting value provided they result in future taxable expenditures or profits, respectively. Further, deferred tax assets are recognised only if future taxable profits are likely against which they may be offset.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the asset will be realised or the liability will be settled.

Current tax assets and liabilities can be offset against each other provided they concern the same taxable unit, the same tax authority and there is a legally enforceable right to offset them. Deferred tax assets and liabilities can be offset against each other in the same circumstances.

**2.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include petty cash, cash in bank and postal giro accounts and short-term fixed deposits with a contractual maturity period of three months or less.

**2.10 MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

Marketable securities are initially valued at cost plus transaction costs. All purchases and sales are recognised at the daily market price. Subsequently, marketable securities are included in current assets and marked to market in the income statement.

Derivative financial instruments to hedge transactions with future cash flows are recognised at fair value in the same item where the underlying transaction is recorded in the balance sheet. Otherwise, they are disclosed in the notes to the financial statements. The Orell Füssli Group does not buy or sell any derivative financial instruments without underlying transactions.

**2.11 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE**

Trade accounts receivable and other current accounts receivable are valued at the amortised acquisition cost less any impairments. The valuation of doubtful accounts receivable is done by means of individual impairment charges and in light of the expected losses based on empirical values.

Any loss due to a change in the provision for doubtful accounts receivable is recognised in the income statement as other operating expense, while the reversal of any such provision accordingly results in a decrease of the operational expense.

**2.12 CONSTRUCTION CONTRACTS POC (INCLUDED IN OTHER RECEIVABLES)**

Manufacturing contracts are long-term orders with a timeframe of at least three months and representing a significant volume, which are usually governed by a contract for work and services. The estimates used to determine the application of the PoC method were revised in the current financial year. Manufacturing contracts are recognised using the percentage of completion method (PoC). The PoC method measures the stage of completion of the contractual activity in percentage terms in order to determine the share of the overall revenue for the reporting period and to recognise this share as other receivable. The degree of completion is determined based on the completed quantity of a production lot and/or on the portion of the production stages carried out. Expected losses on construction contracts are recognised immediately in the income statement as an expense.

Advance payments for manufacturing contracts are recognised without any impact on income. If there is no repayment claim, advance payments are offset against the accrued costs of the production contract to which these payments relate.

**2.13 INVENTORIES**

Inventories include raw materials, auxiliary material and supplies, semi-finished products, finished products, work-in-progress and trading goods. Inventories are stated at the lower of cost or net realisable value. The acquisition or production costs are determined based on the weighted average acquisition costs. The production costs of semi-finished and finished products comprise the directly attributable production costs, including materials and manufacturing costs, as well as overhead costs. The net realisable value is the estimated selling price in the ordinary course of business less the production and distribution costs. To this end, coverage analyses are consulted for the products, while the date of acquisition is consulted for the book trade. Discounts are treated as reductions in the acquisition cost.

**2.14 OTHER NON-CURRENT FINANCIAL ASSETS**

This item includes long-term loans, amounts due from pension funds, fixed-term deposits with a residual term to maturity of over one year as well as security deposits. They are valued at face value less any impairment.

### 2.15 TANGIBLE ASSETS

Tangible assets comprise machinery, technical installations, moveable property, leasehold improvements, vehicles, IT systems and hardware, property, buildings, investment property and fixed equipment.

Tangible assets are valued initially at their acquisition or production cost. This includes the purchase price of the tangible asset plus costs directly related to getting the asset ready to operate for its intended purpose.

Tangible assets are subsequently depreciated using the straight-line method over the period of their useful lives. This also applies to tangible assets generated internally. Land is not depreciated. The period of depreciation may be adjusted if there is a business necessity. Depreciation begins once the tangible asset is ready for use. The estimated useful lives of each tangible asset category are as follows:

#### ESTIMATED USEFUL LIVE OF EACH FIXED ASSET CATEGORY

<i>in years</i>	Estimated useful lives
Machinery and technical installations	5 – 10
Buildings	30 – 40
Fixed facilities in production premises and own properties	30 – 40
Fixed facilities in commercial premises	12 – 15
Movable properties, leasehold improvements, vehicles	4 – 10
IT systems and hardware	3 – 5

Buildings under construction are fixed assets that are not yet finished or not yet operational. They are valued at accumulated acquisition or production costs and are not depreciated.

Investments in the replacement and improvement of tangible assets are recognised in the balance sheet when an additional economic benefit is likely.

Expenditures for the repair and maintenance of buildings and equipment are recorded as expenses in the income statement when they occur.

### 2.16 INTANGIBLE ASSETS

Intangible assets comprise rights, licences and software. They are valued at acquisition or production cost less accumulated depreciation and impairment. The acquisition cost of rights, licences and software comprises the purchase price plus directly attributable costs. Rights, licences and software are amortised using the straight-line method over the contractually agreed duration. Software developed in-house is amortised using the straight-line method over a maximum period of three years.

### 2.17 GOODWILL

Goodwill represents the excess of the purchase price over the fair value on the date of acquisition of the identifiable net assets of a company acquired by the Orell Füssli Group. Goodwill arising from acquisitions is offset against consolidated shareholders' equity on the date of acquisition. The impact of theoretical capitalisation and amortisation of goodwill is disclosed in the notes to the consolidated financial statements. Negative goodwill is recognised directly in shareholders' equity as a capital reserve.

### 2.18 TRADE ACCOUNTS PAYABLE

Trade accounts payable are recognised at face value.

### 2.19 DIVIDEND DISTRIBUTION

Shareholders' claims to dividend payments are recorded as a liability in the period in which the dividends are approved by the company's shareholders.

#### 2.20 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, finance lease liabilities and other financial liabilities. Financial liabilities are valued at their face value, which is usually determined by the payment amount minus any transaction costs incurred.

Financial liabilities are classified as current if they will mature in whole or in part within the following 12 months. If a contractual agreement to prolong the maturity of a loan exists as of the balance sheet date, the new duration will be taken into account for its classification.

#### 2.21 LEASES

The leasing of assets involving the transfer of essentially all the risk and rewards incidental to ownership to the lessee is designated as a finance lease. Finance leases are recognised initially in the balance sheet at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The leased asset is depreciated over its useful life or the lease term, whichever is shorter. The corresponding financial obligations are recorded as liabilities.

Leases of assets in which essentially all the risks and rewards incidental to ownership are effectively held and used by the lessor are classified as operating leases. The costs under an operating lease are recorded in the income statement.

#### 2.22 EMPLOYEE RETIREMENT BENEFIT SCHEMES

Group companies' retirement benefit schemes are included in the consolidated financial statements according to the legal provisions in effect in the corresponding country. The actual financial impact of pension plans on the Group is calculated as of the balance sheet date. Any financial benefit is carried as an asset if it is used for the company's future pension expenses. A financial commitment is carried as a liability if the requirements for the creation of a provision are met. Any freely available employer's contribution reserves are recognised as an asset.

The Group's Swiss subsidiaries have legally independent retirement benefit schemes funded by the employer's and the employees' contributions. The financial consequences for the Group of pension fund surpluses and deficits as well as changes in any employer's contribution reserves are recorded in the income statement as personnel expenditure alongside deferred contributions for the period. Any surpluses or deficits are calculated based on the pension fund's provisional annual financial statements prepared according to Swiss GAAP FER 26.

Foreign pension plans are of secondary importance. Certain foreign subsidiaries have pension plans without independent assets and include the corresponding pension provision directly in the balance sheet. Pension provisions are calculated according to nationally recognised methods and changes are recorded in the income statement as personnel expenditure.

#### 2.23 PROVISIONS

Provisions are recognised if the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that a cash outflow will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions are recorded for future operational losses.

If the effect of the time value of money is significant, provisions are determined by discounting future cash flows.

#### 2.24 SHARE CAPITAL

Ordinary shares are classified as part of the shareholders' equity. Transactions with minority interests are treated as transactions with own shares. Therefore, payments for purchases of minority interests as well as any consideration received from the sales of minority interests are recorded in equity. Any differences between the consideration received/paid and the minority interests as presented in the balance sheet are recorded in equity.

### 3 RISK MANAGEMENT

#### 3.1 RISK ASSESSMENT

As part of its supervisory duties of the Orell Füssli Group, the Board of Directors of Orell Füssli Holding Ltd conducts a systematic risk assessment at least once a year. At its meeting on 20 March 2015, the Board of Directors took note of management's report on group-wide risk management and approved the steps proposed.

#### 3.2 FINANCIAL RISK MANAGEMENT

The Orell Füssli Group is active worldwide and therefore exposed to various financial risks, such as currency, interest rate and credit risks.

In addition to risk management in general, financial risk management at the Orell Füssli Group focuses on the unpredictability of financial market trends and seeks to minimise potential adverse effects on the group's financial performance. This can also include the occasional use of derivative financial instruments for economic hedging of financial risks.

##### Currency risk

The Orell Füssli Group engages in business transactions in currencies that demonstrate a certain degree of volatility. In the case of large orders with a lead time of more than three months, the risk of currency fluctuations is assessed by the Finance Department and, if necessary, hedged by means of financial instruments.

##### Interest rate risk

As the Orell Füssli Group has no significant interest-bearing assets, both income and operating cash flow are largely unaffected by changes in market interest rates.

Correspondingly, there is no interest-rate hedging.

##### Credit risk

Credit risks can arise from cash and cash equivalents, credit balances with financial institutions and receivables from customers. Risks are minimised by utilising various financial service providers rather than a single banking institution.

In light of the different customer structure of the divisions, no general credit limits are applied throughout the group. Instead, customers' credit-worthiness is systematically assessed by each division, taking into account the financial situation, past experience and/or other factors. Significant international business activities are usually secured by bank guarantees or letters of credit.

Management does not expect any material losses on its portfolio of receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3.3 LIQUIDITY RISK

The Orell Füssli Group monitors its liquidity risk through prudent liquidity management by pursuing the principle of its maintaining a liquidity reserve in excess of daily and monthly needs for operating funds. This includes holding sufficient reserves of cash and cash equivalents, funding possibilities by maintaining an adequate amount of credit facilities and the ability to issue shares or bonds on the market. Rolling liquidity planning is therefore conducted based on expected cash flows and is regularly updated. It has to be borne in mind that different divisions customarily hold higher liquidity reserves at year-end due to the seasonal nature of their businesses and these are reduced again in the following quarter. Average liquidity reserves are usually much lower than those held at year-end are.

Available liquidity as of the balance sheet date was as follows:

#### LIQUIDITY RESERVES AND CREDIT FACILITIES

<i>in CHF '000 at 31 December</i>	2015	2014
Cash and cash equivalents	73,119	60,377
Prepayments from customers	-39,451	-55,367
Other financial assets / liabilities	-3,552	-9,687
<b>Cash and cash equivalents net</b>	<b>30,116</b>	<b>-4,677</b>
Thereof assigned to other shareholders	18,563	13,717
<b>Disposable cash and cash equivalents</b>	<b>11,553</b>	<b>-18,394</b>
Available lines of credit	81,032	83,830
./. Secured guarantees by banks (without prepayment guarantees)	-2,361	-2,262
./. Lines of credit used	-1,107	-9,496
<b>Total disposable cash and cash equivalents and unused lines of credit</b>	<b>89,117</b>	<b>53,678</b>

As well as the committed credit facilities in local currencies, sufficient funds should also be available to conduct ordinary business activities in the future. In 2015, the credit facilities in the local currencies are unchanged compared with the prior year; however, they decreased by CHF 2,798,000 in the reporting currency due to the changes in the EUR/CHF exchange rate.

If additional liquidity is required for significant investments in non-current assets and expenditure on future acquisitions, an adjustment of the credit facilities may be considered. However, a mortgage could also be taken out on the unencumbered property at Dietzingerstrasse in Zurich.



## 4 EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.1 SEGMENT REPORTING BY BUSINESS UNITS

The business activities of the Orell Füssli Group are organised in three main segments, which provide the basis for regular internal segment reporting. Segment reporting provides information on sales revenues and the operating result (EBIT).

#### Industrial Systems

Production and marketing of machinery and systems for encoding and personalising printable products.

#### Security Printing

Production and marketing of banknotes, security documents, identity cards and other documents with high security requirements.

#### Book Retailing

Sale of books and similar products in numerous bookstores in German-speaking Switzerland and on the internet. In particular, this segment includes the 50% of the income statement and the balance sheet of the Orell Füssli Thalia Ltd joint venture company.

#### Other business activities

In 2015 and 2014, this segment consisted primarily of the publishing business.

Infrastructure services as well as the costs and revenues of the holding are not allocated as these are managed at group level and not attributed to individual segments. Further, consolidation effects arising from inter-segment revenue in this category are eliminated.

#### SEGMENT RESULTS 2015

<i>in CHF '000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Net revenue from segment sales	52,624	117,446	98,826	10,245	279,141	250	279,391
Inter-segment sales	46	–	6	15	67	–67	–
<b>Net revenue from sales to customers</b>	<b>52,670</b>	<b>117,446</b>	<b>98,832</b>	<b>10,260</b>	<b>279,208</b>	<b>183</b>	<b>279,391</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>369</b>	<b>17,514</b>	<b>1,820</b>	<b>–409</b>	<b>19,294</b>	<b>–1,705</b>	<b>17,589</b>

#### SEGMENT RESULTS 2014

<i>in CHF '000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Net revenue from segment sales	73,779	92,689	110,366	10,793	287,627	500	288,127
Inter-segment sales	150	–	–	29	179	–179	–
<b>Net revenue from sales to customers</b>	<b>73,929</b>	<b>92,689</b>	<b>110,366</b>	<b>10,822</b>	<b>287,806</b>	<b>321</b>	<b>288,127</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>2,598</b>	<b>–643</b>	<b>3,080</b>	<b>–445</b>	<b>4,590</b>	<b>–550</b>	<b>4,040</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.2 NET REVENUE FROM SALES AND SERVICES BY COUNTRY AND REGION

The Industrial Systems and Security Printing segments serve customers worldwide without focussing on a specific geographical market. The Book Retailing and Other business activities segments focus mainly on the domestic market in Switzerland and the neighbouring countries.

Net revenue from sales and services are generated in the following regions:

#### NET REVENUE FROM SALES AND SERVICES BY REGION

<i>in CHF '000</i>	2015	2014
Switzerland	193,140	194,483
Germany	10,620	13,135
The rest of Europe and Africa	24,226	31,115
North and South America	9,448	21,274
Asia and Oceania	41,957	28,120
<b>Total net revenue from sales to customers by region</b>	<b>279,391</b>	<b>288,127</b>

Total sales are allocated based on the country in which the customer is located. This usually corresponds to the delivery location.

### 4.3 OPERATING INCOME

<i>in CHF '000</i>	2015	2014
<b>Net revenue from sales to customers</b>		
Sales of goods and products	278,537	283,586
Revenue from license fees	854	4,541
<b>Total net revenue from sales to customers</b>	<b>279,391</b>	<b>288,127</b>
<b>Other operating income</b>		
Rental income from operating leases	371	412
Gain from sales of non-current assets	204	23
Gain from sales of other investments	652	459
Other income	4,041	5,374
<b>Total operating income</b>	<b>5,268</b>	<b>6,268</b>
<b>Changes in inventories of semi-finished and finished products, capitalised costs</b>		
Changes in inventories of semi-finished and finished products	4,410	-5,414
Capitalised costs	112	132
<b>Total changes in inventories of semi-finished and finished products, capitalised costs</b>	<b>4,522</b>	<b>-5,282</b>
<b>Total operating income</b>	<b>289,181</b>	<b>289,113</b>

In the 2015 financial year, the net proceeds from tradable goods and products includes income from production orders calculated using the PoC method in the amount of CHF 26,929,000 (2014: CHF 38,558,000). Based on the review of the announced revenue recognition rules according to Swiss GAAP FER, it was noted that the use of the PoC method by Atlantic Zeiser Group is no longer adequate in terms of frequency, order duration and materiality. Therefore, as of the 2015 financial statements, the presentation of Percentage of Completion figures by Atlantic Zeiser Group is no longer considered adequate and the method will no longer be applied.

### 4.4 PERSONNEL EXPENDITURE

<i>in CHF '000</i>	2015	2014
Wages and salaries	68,338	73,981
Social security costs	5,942	6,603
Pension costs	4,356	4,795
Other personnel expenditure	2,238	2,995
<b>Total personnel expenditure</b>	<b>80,874</b>	<b>88,374</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**4.5 PENSION FUNDS**

The Orell Füssli Foundation has used the 2010 BVG (OPA) mortality table since 2011. The actuarial interest rate is 2.00% (2014: 2.50%).

**EMPLOYER'S CONTRIBUTION RESERVES**

*in CHF '000*

	Nominal value ECR	Waiver of usage	Adjustments	Additions/ Reversals	Balance sheet	Balance sheet	Result from ECR in personnel expenditure	Result from ECR in personnel expenditure
	31.12.2015	31.12.2015	31.12.2015	2015	31.12.2015	31.12.2014	2015	2014
Pension schemes without funding surplus / deficit (Switzerland)	3,623	–	–	–	3,623	3,623	–	–

**FINANCIAL BENEFIT/LIABILITY AND PENSION COSTS**

*in CHF '000*

	Funding surplus/deficit according to Swiss GAAP FER 26	Economic benefit/ liability Group	Economic benefit/ liability Group	Translation differences with no impact on the income statement	Change to prior year or charged to income statement	Contributions limited to the period	Pension costs in personnel expenditure	Pension costs in personnel expenditure
	31.12.2015	31.12.2015	31.12.2014	2015	31.12.2015	31.12.2015	2015	2014
Pension schemes without funding surplus / deficit (Switzerland)	–	–	–	–	–	–	3,048	3,165
Unfunded pension schemes (abroad)	–	–	–	–	–	–	1,308	1,630
<b>Total</b>	–	–	–	–	–	–	<b>4,356</b>	<b>4,795</b>

**4.6 OTHER OPERATING EXPENSES**

*in CHF '000*

	NOTES	2015	2014
Marketing and distribution expenses		12,301	12,824
Operating lease expenses		11,951	13,411
Repairs and maintenance		6,396	5,488
Administration expenses		6,700	7,283
Losses on bad debts		391	1,033
Provisions made for PoC	4.22	–	–9,250
Losses from sales of fixed assets		4	3
Energy		2,646	2,718
IT		3,598	4,494
Other operating expenses		4,178	5,109
<b>Total other operating expenses</b>		<b>48,165</b>	<b>43,113</b>

In the prior year, the provision for extraordinary expenses in the Security Printing segment was released through the other operating expenses. See also note 4.22 Provisions.

**4.7 FINANCIAL RESULT**

*in CHF '000*

	Expenses	Income	Balance 2015	Expenses	Income	Balance 2014
<b>Interest result</b>						
Interest expense and income	–172	23	–149	–370	182	–188
Effective interest in lease contracts	–	–	–	–35	–	–35
<b>Total interest result</b>	<b>–172</b>	<b>23</b>	<b>–149</b>	<b>–405</b>	<b>182</b>	<b>–223</b>
<b>Other financial income and expense</b>						
Dividend income	–	938	938	–	–	–
Foreign exchange result	–707	413	–294	–759	644	–115
Bank charges and other finance cost	–604	–	–604	–155	–	–155
<b>Total other financial income and expense</b>	<b>–1,311</b>	<b>1,351</b>	<b>40</b>	<b>–914</b>	<b>644</b>	<b>–270</b>
<b>Total financial result</b>	<b>–1,483</b>	<b>1,374</b>	<b>–109</b>	<b>–1,319</b>	<b>826</b>	<b>–493</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.8 INCOME TAX EXPENSES

<i>in CHF '000</i>	2015	2014
Current income tax	937	1,640
Deferred income tax	3,717	250
<b>Total income tax expenses</b>	<b>4,654</b>	<b>1,890</b>

The high amount of deferred income tax expense arises primarily from Orell Füssli Security Printing Ltd, which was able to use losses brought forward from previous years.

The income tax expense on the Group's earnings before tax according to the profit and loss statement differs from the theoretical amount calculated by applying the weighted average interest rate of the Group to the Group's earnings before tax as follows:

### CALCULATION OF INCOME TAX

<i>in CHF '000</i>	2015	2014
Earnings before income taxes	17,480	3,547
Weighted average group tax rate	20.6%	14.1%
<b>Expected income tax</b>	<b>3,601</b>	<b>500</b>
Effect of change in local income tax rates	245	19
Non tax-deductible expenses	151	111
Tax-exempt income	-235	-73
Effect of tax loss carry-forwards not capitalized	630	922
Capitalization of previously not recognized tax loss carry-forwards	-27	-
Impairment of capitalized tax loss carry-forwards	270	131
Tax effects relating to other periods	3	74
Other effects	16	206
<b>Effective income tax expense</b>	<b>4,654</b>	<b>1,890</b>

In the prior year, Orell Füssli Holding Ltd, which used a significantly lower tax rate than the other companies of the Group, contributed a higher share of the earnings before tax. Because of this, the weighted average interest rate of the Group in the 2014 financial year was lower than the long-term average.

### 4.9 EARNINGS PER SHARE

<i>at 31 December</i>	2015	2014
Net income for the period in CHF '000	11,025	-527
Weighted average numbers of shares in issue (in thousands)	1,960	1,960
<b>Earnings per share in CHF</b>	<b>5.63</b>	<b>-0.27</b>

There were no dilution effects either in 2015 or in 2014.

### 4.10 CASH AND CASH EQUIVALENTS

<i>in CHF '000 at 31 December</i>	2015	2014
Cash in bank accounts and in hand	71,894	58,950
Short-term bank deposits	1,225	1,427
<b>Total cash and cash equivalents</b>	<b>73,119</b>	<b>60,377</b>

### 4.11 MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2015, there are open foreign exchange forward contracts, which are used to hedge against currency fluctuations affecting future cash flows that have not yet been recorded in the balance sheet. Consequently, there is an unrecognised amount of CHF 291,000. Foreign currencies in the notional amount of total CHF 9,122,000 have been hedged. In the prior year, there were no open foreign exchange forward contracts or other forms of hedging as of the balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.12 TRADE ACCOUNTS RECEIVABLE

<i>in CHF '000 at 31 December</i>	2015	2014
<b>Trade accounts receivable gross</b>	21,642	31,980
./. provisions for doubtful trade accounts receivable	-1,443	-1,214
<b>Total trade accounts receivable net</b>	20,199	30,766

Provisions for doubtful trade accounts receivable are based on the different customer structure in each division according to an individual estimate as well as current empirical information. Adjustments are recorded in other operating expenses in the income statement.

### PROVISIONS FOR DOUBTFUL TRADE ACCOUNTS RECEIVABLE

<i>in CHF '000</i>	2015	2014
At 1 January	-1,214	-1,190
Increase in provisions for doubtful trade accounts receivable	-546	-1,081
Utilisation of provisions	114	951
Reversal of provisions	117	93
Exchange differences	86	13
<b>At 31 December</b>	-1,443	-1,214

There is no forfeiting on the receivables portfolio.

### 4.13 OTHER RECEIVABLES

<i>in CHF '000 at 31 December</i>	2015	2014
<b>Construction contracts gross</b>	28,787	60,208
./. deductible customer advances received	-24,105	-48,037
<b>Total construction contracts net</b>	4,682	12,171
Prepayments to suppliers	4,537	1,489
Current financial assets	92	1,594
Other receivables	8,692	5,770
<b>Total other receivables</b>	18,003	21,024

The increase in other receivables is primarily due to the remaining amounts due from the sale of SOFHA GmbH.

### 4.14 INVENTORIES

<i>in CHF '000 at 31 December</i>	2015	2014
Raw materials, auxiliary materials and supplies	11,662	18,809
Semi-finished and finished products	19,133	15,733
Trading goods	16,114	16,199
Work-in-progress	496	987
<b>Total inventories gross</b>	47,405	51,728
./. allowance on inventories	-10,190	-11,446
<b>Total inventories net</b>	37,215	40,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.15 TANGIBLE ASSETS

TANGIBLE ASSETS IN 2015

<i>in CHF '000</i>	Developed property and buildings	Undeveloped property	Investment property	Machinery and equipment	Other tangible assets	Assets under construction	Total
<b>Cost at 1 January</b>	83,391	361	324	117,232	29,924	14,318	245,550
Change in scope of consolidation	-27	-	-	-	-452	-	-479
Additions	1,915	-	-	8,489	781	215	11,400
Disposals	-552	-	-	-9,287	-835	-48	-10,722
Reclassification	1,606	-	-	12,588	-	-14,253	-59
Exchange differences	-1,313	-36	-14	-832	-1,416	-12	-3,623
<b>Cost at 31 December</b>	85,020	325	310	128,190	28,002	220	242,067
<b>Accumulated depreciation and impairment at 1 January</b>	-54,128	-	-324	-88,078	-21,391	-	-163,921
Change in scope of consolidation	22	-	-	-	407	-	429
Depreciation on disposals	552	-	-	9,285	751	-	10,588
Depreciation	-3,673	-	-	-8,516	-2,512	-	-14,701
Impairment	-1,070	-	-	-1,950	-246	-	-3,266
Exchange differences	679	-	14	516	1,184	-	2,393
<b>Accumulated depreciation and impairment at 31 December</b>	-57,618	-	-310	-88,743	-21,807	-	-168,478
<b>Net carrying amount at 1 January</b>	29,263	361	-	29,154	8,533	14,318	81,629
<b>Net carrying amount at 31 December</b>	27,402	325	-	39,447	6,195	220	73,589
<b>Net carrying amount of tangible assets under finance lease</b>	2,135	-	-	-	-	-	2,135

TANGIBLE ASSETS IN 2014

<i>in CHF '000</i>	Developed property and buildings	Undeveloped property	Investment property	Machinery and equipment	Other tangible assets	Assets under construction	Total
<b>Cost at 1 January</b>	88,513	367	310	115,201	29,366	5,746	239,503
Additions	485	-	-	4,029	2,034	9,645	16,193
Disposals	-5,737	-	-	-2,801	-1,214	-164	-9,916
Reclassification	-	-	-	907	-	-907	-
Exchange differences	130	-6	14	-104	-262	-2	-230
<b>Cost at 31 December</b>	83,391	361	324	117,232	29,924	14,318	245,550
<b>Accumulated depreciation and impairment at 1 January</b>	-54,966	-	-300	-83,922	-19,290	-	-158,478
Depreciation on disposals	5,731	-	-	2,733	1,170	-	9,634
Depreciation	-3,615	-	-10	-6,698	-3,246	-	-13,569
Impairment	-1,110	-	-	-243	-244	-	-1,597
Exchange differences	-168	-	-14	52	219	-	89
<b>Accumulated depreciation and impairment at 31 December</b>	-54,128	-	-324	-88,078	-21,391	-	-163,921
<b>Net carrying amount at 1 January</b>	33,547	367	10	31,279	10,076	5,746	81,025
<b>Net carrying amount at 31 December</b>	29,263	361	-	29,154	8,533	14,318	81,629
<b>Net carrying amount of tangible assets under finance lease</b>	2,472	-	-	-	-	-	2,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.16 INTANGIBLE ASSETS

INTANGIBLE ASSETS IN 2015

<i>in CHF '000</i>	Software and developments	Rights and licenses	Other intangible assets	Total
<b>Cost at 1 January</b>	10,556	1,335	919	12,810
Change in scope of consolidation	-100	-243	-	-343
Additions	531	11	67	609
Disposals	-55	-8	-	-63
Reclassification	353	-	-294	59
Exchange differences	-387	-1	-68	-456
<b>Cost at 31 December</b>	10,898	1,094	624	12,616
<b>Accumulated depreciation and impairment at 1 January</b>	-8,592	-961	-678	-10,231
Change in scope of consolidation	86	243	-	329
Depreciation on disposals	55	8	-	63
Depreciation	-1,000	-180	-	-1,180
Impairment	-646	-	-	-646
Reclassification	-5	-	5	-
Exchange differences	355	1	67	423
<b>Accumulated depreciation and impairment at 31 December</b>	-9,747	-889	-606	-11,242
<b>Net carrying amount at 1 January</b>	1,964	374	241	2,579
<b>Net carrying amount at 31 December</b>	1,151	205	18	1,374

INTANGIBLE ASSETS IN 2014

<i>in CHF '000</i>	Software and developments	Rights and licenses	Other intangible assets	Total
<b>Cost at 1 January</b>	9,980	1,340	1,252	12,572
Additions	352	-	198	550
Disposals	-220	-	-	-220
Reclassification	519	-	-519	-
Exchange differences	-75	-5	-12	-92
<b>Cost at 31 December</b>	10,556	1,335	919	12,810
<b>Accumulated depreciation and impairment at 1 January</b>	-7,387	-438	-689	-8,514
Depreciation on disposals	219	-	-	219
Depreciation	-1,491	-19	-2	-1,512
Impairment	-	-509	-	-509
Exchange differences	67	5	13	85
<b>Accumulated depreciation and impairment at 31 December</b>	-8,592	-961	-678	-10,231
<b>Net carrying amount at 1 January</b>	2,593	902	563	4,058
<b>Net carrying amount at 31 December</b>	1,964	374	241	2,579

The 'software and developments' item consists solely of bought-in products.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.17 FURTHER DETAILS OF TANGIBLE AND INTANGIBLE ASSETS

The following changes occurred in insurance values and commitments to purchase tangible assets:

#### FURTHER DETAILS OF TANGIBLE ASSETS

<i>in CHF '000 at 31 December</i>	2015	2014
Insurance value	284,022	293,154
Commitments for purchases of properties, plants and other equipments	1,310	8,100

The remaining tangible fixed assets stated at cost as of 31 December 2015 in note 4.15 consist mainly of furniture and fixtures in the amount of CHF 17,477,000 (2014: CHF 18,912,000) and IT systems and hardware in the amount of CHF 10,056,000 (2014: CHF 10,425,000).

In the 2014 and 2015 financial years, no bank borrowings were secured on land and buildings. Lease rentals amounted to CHF 11,124,000 (2014: CHF 12,502,000), while CHF 827,000 (2014: CHF 909,000) was related to other leased tangible assets.

The obligations assumed with the purchase of tangible assets concern investments in the Security Printing segment as well as minor renovations in the branches of Orell Füssli Thalia Ltd.

### 4.18 PARTICIPATIONS

The minority interest in Photoglob Ltd was disposed of in the first quarter of 2015.

As of the end of 2014, the certificates of participation in the Swiss Book Centre cooperative in Hägendorf, which had been held by Orell Füssli Buchhandlungs Ltd, were redeemed at their issue price. The resulting profit amounted to CHF 459,000.

### 4.19 OTHER NON-CURRENT FINANCIAL ASSETS

<i>in CHF '000 at 31 December</i>	NOTES	2015	2014
Loan assets		836	876
Pension fund assets	4.5	3,623	3,623
Other non-current financial assets		1,118	1,125
<b>Total other non-current financial assets</b>		<b>5,577</b>	<b>5,624</b>

### 4.20 OTHER CURRENT LIABILITIES

<i>in CHF '000 at 31 December</i>	2015	2014
<b>Prepayments from customers on construction contracts gross</b>	<b>24,105</b>	<b>48,037</b>
./. deductible customer advances received	-24,105	-48,037
<b>Prepayments from customers on construction contracts net</b>	<b>-</b>	<b>-</b>
Prepayments from customers	39,451	55,367
Liabilities to employees	469	415
VAT and similar taxes payable	3,728	833
Dividends payable	3	3
Other current payables	2,238	3,773
<b>Total other current liabilities</b>	<b>45,889</b>	<b>60,391</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.21 FINANCIAL LIABILITIES

The carrying amounts of financial liabilities have the following maturity profile:

#### MATURITIES OF FINANCIAL LIABILITIES

<i>in CHF '000 at 31 December</i>	From borrowings	Liabilities from finance lease	Total 2015	From borrowings	Liabilities from finance lease	Total 2014
Current financial liabilities	1,107	–	1,107	8,720	–	8,720
Non-current financial liabilities	1,875	662	2,537	1,875	686	2,561
<b>Total financial liabilities</b>	<b>2,982</b>	<b>662</b>	<b>3,644</b>	<b>10,595</b>	<b>686</b>	<b>11,281</b>

The interest-bearing liabilities do not include any collateralised financial liabilities. Leases are effectively collateralised as the rights to the leased assets revert to the lessor in the event of a breach of contract.

### 4.22 PROVISIONS

Provisions are included for restructurings, warranties, commissions, unfinished projects and for the loss-free valuation of orders.

The provisions for restructuring relate to the changes made to the floor spaces of the bookstores.

Warranty provisions are created in connection with services rendered and they are based on local legislation or contractual agreements. The provisions are calculated on the basis of empirical figures.

The other provisions concern primarily production orders and staff matters relating to Security Printing. In the prior year, Security Printing used the provision to compensate losses made on PoC production orders.

#### MOVEMENT IN PROVISIONS 2015

<i>in CHF '000</i>	Provisions for restructuring	Warranty provisions	Other provisions	Total
<b>At 1 January</b>	1,346	479	4,707	6,532
Change in scope of consolidation	–	–69	–	–69
Additions (charged to income statement)	–	335	1,454	1,789
Reversals (charged to income statement)	–43	–185	–1,946	–2,174
Utilisation during the year	–1,098	–178	–2,323	–3,599
Exchange differences	–	–42	–	–42
<b>At 31 December</b>	<b>205</b>	<b>340</b>	<b>1,892</b>	<b>2,437</b>
<b>Provisions maturing within 12 months</b>	<b>205</b>	<b>340</b>	<b>1,636</b>	<b>2,181</b>
<b>Provisions maturing over 1 year</b>	<b>–</b>	<b>–</b>	<b>256</b>	<b>256</b>

#### MOVEMENT IN PROVISIONS 2014

<i>in CHF '000</i>	Provisions for restructuring	Warranty provisions	Other provisions	Total
<b>At 1 January</b>	4,269	556	9,865	14,690
Additions (charged to income statement)	119	413	4,642	5,174
Reversals (charged to income statement)	–737	–103	–550	–1,390
Utilisation during the year	–2,305	–378	–9,250	–11,933
Exchange differences	–	–9	–	–9
<b>At 31 December</b>	<b>1,346</b>	<b>479</b>	<b>4,707</b>	<b>6,532</b>
<b>Provisions maturing within 12 months</b>	<b>1,344</b>	<b>479</b>	<b>3,750</b>	<b>5,573</b>
<b>Provisions maturing over 1 year</b>	<b>2</b>	<b>–</b>	<b>957</b>	<b>959</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities were as follows:

#### DEFERRED INCOME TAX ASSETS AND LIABILITIES

<i>in CHF '000</i>	Deferred tax assets	Deferred tax liabilities	Balance 2015	Deferred tax assets	Deferred tax liabilities	Balance 2014
<b>At 1 January</b>	9,211	-1,508	7,703	9,675	-1,694	7,981
Charges to income statement	-3,661	-56	-3,717	-433	183	-250
Exchange differences	-281	88	-193	-31	3	-28
<b>At 31 December</b>	5,269	-1,476	3,793	9,211	-1,508	7,703

Deferred taxes are calculated at the effective applicable rate for each company.

Deferred taxes include the following capitalised losses carried forward:

#### DEFERRED INCOME TAX ASSETS FROM LOSSES CARRIED FORWARD:

<i>in CHF '000 at 31 December</i>	2015	2014
<b>Deferred income tax assets on loss carry-forward gross</b>	7,467	11,518
./. Allowance	-2,021	-1,637
<b>Deferred income tax assets on loss carry-forward net</b>	5,446	9,881

Deferred income tax assets arising from tax loss carry forward are recognised in as far as the related tax benefits are likely to be realised through future taxable profits. The value adjustment corresponds to a loss carried forward in the amount of CHF 7,941,000 (2014: CHF 6,231,000), which largely stems from Atlantic Zeiser GmbH and Orell Füssli Verlag Ltd.

### 4.24 DIVIDEND PER SHARE

In the current year under review, no dividend was paid out for the 2014 financial year.

At the ordinary general meeting held on 28 April 2016, a dividend of CHF 7,840,000 (CHF 4.00 per share) will be proposed, which has not yet been recorded as a liability in the consolidated financial statements.

### 4.25 GOODWILL FROM ACQUISITIONS

The goodwill arising from acquisitions is offset against the group shareholders' equity as of the date of acquisition. A theoretical capitalisation of the goodwill would have the following impact on the annual financial statements:

#### THEORETICAL STATEMENT OF GOODWILL

<i>in CHF '000</i>	2015	2014
<b>Cost at 1 January</b>	6,654	6,654
Reduction due to changes in the consolidation scope (disposal of SOFHA GmbH)	-5,110	-
<b>Cost at 31 December</b>	1,544	6,654
<b>Accumulated amortisation at 1 January</b>	-5,768	-4,437
Depreciation and impairment	-309	-1,331
Reduction due to changes in the consolidation scope (disposal of SOFHA GmbH)	5,110	-
<b>Accumulated amortisation at 31 December</b>	-967	-5,768
<b>Theoretical net book value at 1 January</b>	886	2,217
<b>Theoretical net book value at 31 December</b>	577	886

A theoretical straight-line amortisation period of five years is applied. In the above theoretical statement of assets, goodwill items are converted to Swiss francs at the exchange rate on the date of acquisition. Such an approach requires no currency adjustments in the statement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### THEORETICAL IMPACT ON NET INCOME FOR THE PERIOD

<i>in CHF '000</i>	2015	2014
<b>Earnings before interest and taxes (EBIT) according to consolidated income statement</b>	17,589	4,040
Goodwill amortisation	-309	-1,331
<b>Theoretical earnings before interest and taxes (EBIT) including goodwill amortisation</b>	17,280	2,709
<b>Net income for the period after minority interests</b>	11,025	-527
Goodwill amortisation	-309	-1,331
<b>Net income for the period after minority interests including goodwill amortisation</b>	10,716	-1,858

### THEORETICAL IMPACT ON SHAREHOLDERS' EQUITY

<i>in CHF '000 at 31 December</i>	2015	2014
<b>Equity before minority interests according to the consolidated balance sheet</b>	143,933	131,723
Theoretical capitalisation of goodwill (net book value)	577	886
<b>Theoretical equity before minority interests including goodwill (net book value)</b>	144,510	132,609

#### 4.26 CONTINGENT LIABILITIES AND OTHER COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

In the 2014 financial year, there was an unrecognised liability for the purchase of a 25.1% minority interest in SOFHA GmbH, Berlin, in the amount of CHF 1,612,000.

#### 4.27 OBLIGATIONS FROM OPERATING LEASE CONTRACTS

The Orell Füssli Group rents property, machinery, plant and equipment by means of operational leases. Some lease contracts are non-cancellable; others have an option for cancellation of usually less than one year.

The future aggregate minimum lease payments under non-cancellable operating leases (mainly, minority interests) are as follows:

#### MATURITIES OF FUTURE AGGREGATE MINIMUM LEASE PAYMENTS

<i>in CHF '000 at 31 December</i>	2015	2014
No later than 1 year	10,350	12,019
Later than 1 year and no later than 5 years	27,910	33,399
Later than 5 years	8,078	11,346
<b>Total future aggregate minimum lease payments</b>	46,338	56,764

#### 4.28 CHANGES IN THE SCOPE OF CONSOLIDATION IN THE 2015 FINANCIAL YEAR

*SOFHA GmbH*: In April 2015, the 75% majority stake held by Atlantic Zeiser GmbH in SOFHA GmbH was sold.

#### IN THE 2014 FINANCIAL YEAR

*Triton USA Inc.*: This subsidiary of Tritron GmbH, Battenberg (Germany) began its first significant operations in 2014 and has been included for the first time in the 2014 financial year in the scope of consolidation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.29 RELATED PARTY TRANSACTIONS

All transactions with related parties are included in the consolidated annual financial statements for 2015 and 2014.

#### RELATED PARTY TRANSACTIONS

<i>in CHF '000</i>	with associated entities	with shareholders	with other related parties	Total 2015	with associated entities	with shareholders	with other related parties	Total 2014
Net revenue from sales	250	67,355	–	67,605	177	50,258	–	50,435
Other operating income	606	–	–	606	1,547	–	–	1,547
Financial income	938	–	3	941	62	–	1	63
Cost of materials	–	–	–	–	10	–	–	10
Other operating expenses	22	–	260	282	40	–	260	300

<i>in CHF '000 at 31 December</i>	with associated entities	with shareholders	with other related parties	Total 2015	with associated entities	with shareholders	with other related parties	Total 2014
Trade accounts receivable	51	771	–	822	166	295	–	461
Other receivables	–	1,056	–	1,056	–	7,913	–	7,913
Financial assets	–	–	–	–	1,300	–	200	1,500
Trade payables	26	–	–	26	5	–	–	5
Other liabilities	–	29,700	–	29,700	45	26,890	–	26,935
Financial liabilities	1,875	–	–	1,875	1,875	–	–	1,875

In 2014 as in prior years, the Orell Füssli Group continued to sell books and publishing products to related parties and to employees at favourable rates.

Except for the compensation disclosed in the compensation report (see pages 41 to 44 of this annual report), there were no other transactions with members of the Board of Directors or the Executive Board in 2015 and 2014.

A full list of all group and associated companies is shown in section 8: “Companies of the Orell Füssli Group”.

### 4.30 EVENTS AFTER THE BALANCE SHEET DATE

No further events that provide additional information on the items in the consolidated financial statements or cast doubt on the assumption that the company is a going concern or that would be otherwise material occurred between the balance sheet date and the date on which the annual report was approved by the Board of Directors (21 March 2016).

## 5 REPORT OF THE GROUP AUDITORS

### To the general meeting of Orell Füssli Holding Ltd

As statutory auditor, we have audited the consolidated financial statements of Orell Füssli Holding Ltd, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 10 to 32), for the year ended 31 December 2015.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditors Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd



**Thomas Wallmer**  
Audit expert  
Auditor in charge



**Gian Franco Bieler**  
Audit expert

Zurich, 21 March 2016

## 6 FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD

## 6.1 INCOME STATEMENT

<i>in CHF '000</i>	NOTES	2015	2014
Income from participations	7.3	11,000	–
Other operating income		2,439	2,362
<b>Total operating income</b>		<b>13,439</b>	<b>2,362</b>
Personnel expenditure	7.4	–2,318	–2,473
Operating lease expenses		–61	–63
Administration expenses	7.5	–2,100	–1,186
Other operating expenses		–96	–93
Depreciation and impairment		–87	–35
<b>Earnings before interest and taxes</b>		<b>8,777</b>	<b>–1,488</b>
Financial income		1,028	3,346
Financial expenses		–2,329	–521
<b>Financial result</b>	7.6	<b>–1,301</b>	<b>2,825</b>
<b>Net operating income before extraordinary income and expenses</b>		<b>7,476</b>	<b>1,337</b>
Extraordinary income	7.7	1,740	1
Extraordinary expenses	7.8	–3,042	–148
<b>Earnings before taxes (EBT)</b>		<b>6,174</b>	<b>1,190</b>
Income tax expenses		–	–82
<b>Net income for the period</b>		<b>6,174</b>	<b>1,108</b>

FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD

**6.2 BALANCE SHEET AT 31 DECEMBER**

<i>in CHF '000</i>	NOTES	2015	2014
<b>Assets</b>			
Cash and cash equivalents		23,889	25,439
Trade receivables from related companies		–	11
Trade receivables from consolidated companies		301	1,673
Other current receivables from third parties		188	5
Other current receivables from related companies		–	400
Other current receivables from consolidated companies	7.9	31,480	14,829
Accrued income and deferred expenses		25	26
<b>Total current assets</b>		<b>55,883</b>	<b>42,383</b>
Loans to consolidated companies	7.10	29,093	24,311
Participations in related companies	7.11	50	330
Participations in consolidated companies	7.12	68,350	70,744
Tangible assets		92	143
Intangible assets		122	185
<b>Total non-current assets</b>		<b>97,707</b>	<b>95,713</b>
<b>Total assets</b>		<b>153,590</b>	<b>138,096</b>
<b>Liabilities and equity</b>			
Trade payables to third parties		106	87
Trade payables to consolidated companies		127	17
Short term interest-bearing liabilities to consolidated companies	7.13	9,799	1,071
Other current liabilities		33	40
Accrued expenses and deferred income		1,610	1,137
Current provisions		–	3
<b>Total current liabilities</b>		<b>11,675</b>	<b>2,355</b>
Provisions for restructuring		130	130
<b>Total non-current liabilities</b>		<b>130</b>	<b>130</b>
Share capital		1,960	1,960
Legal provit reserve		11,140	11,140
Retained earnings		122,511	121,403
Net income for the period		6,174	1,108
<b>Total equity</b>		<b>141,785</b>	<b>135,611</b>
<b>Total liabilities and equity</b>		<b>153,590</b>	<b>138,096</b>

## 7 NOTES TO THE FINANCIAL STATEMENTS

### 7.1 GENERAL INFORMATION

The financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations. With the introduction of the new Swiss accounting law, the structure of the balance sheet and the income statement have been completely revised. In light of this, the prior-year presentation was also revised.

Orell Füssli Holding Ltd is a Swiss company with headquarters in Zurich. The number of full-time equivalents (FTEs) did not exceed 50 as an annual average.

### 7.2 KEY ACCOUNTING POLICIES

#### Receivables

Trade accounts receivable and other current receivables are valued at the amortised acquisition cost minus any value adjustments. Doubtful accounts receivable are valued by applying individual value adjustments

#### Participations in consolidated and related companies

Long-term holdings of equity in other companies that confer over 50% of the voting rights are classified as a participation in a group subsidiary. Initial recognition is at acquisition cost. If there are actual indicators that the value of a participation is impaired, a value adjustment is recorded. The participations are valued individually.

### 7.3 INCOME FROM PARTICIPATIONS

The income from equity participations comprises dividend payments from subsidiaries as of 31 December 2015. The general meeting of the subsidiary has already approved the corresponding dividend payments.

### 7.4 PERSONNEL EXPENDITURE

This item comprises primarily the personnel expenditure relating to the Board of Directors and the Executive Board and the Head of Internal Audit.

### 7.5 ADMINISTRATION EXPENSES

An increase of CHF 914,000 compared with the 2014 financial year largely comprises significant expenditure on external research in relation to strategic projects.

### 7.6 FINANCIAL RESULT

The conversion of loans into equity capital (CHF 30,000,000 at Orell Füssli Security Printing Ltd, CHF 3,000,000 at Orell Füssli Verlag Ltd and CHF 2,000,000 at Orell Füssli Dienstleistungen Ltd as of the end of 2014) and the lower interest rate reduced the financial income by CHF 2,318,000. The substantial decline in the exchange rate of the Swiss franc to the euro meant that Orell Füssli Holding Ltd needed higher-than-average corrections in the amount of CHF 2,111,000 in the 2015 financial year. The currency fluctuations are presented on a gross basis.

### 7.7 EXTRAORDINARY INCOME

The individual valuation of the participation in Orell Füssli Dienstleistungen Ltd led to a revaluation to the level of the original share value (CHF 500,000). In 2015, Orell Füssli Dienstleistungen Ltd was able to repay a depreciated loan in the amount of CHF 1,000,000. CHF 240,000 represents the profit from the disposal of the minority interest in Photoglob Ltd.

### 7.8 EXTRAORDINARY EXPENSES

In 2015, Orell Füssli Verlag Ltd was devalued by CHF 2,894,000 based on the impairment testing performed. In the 2015 and 2014 financial years, payments of over CHF 148,000 were made to retirees of the Orell Füssli Group.



## NOTES TO THE FINANCIAL STATEMENTS

### 7.9 OTHER SHORT-TERM RECEIVABLES WITH GROUP COMPANIES

Orell Füssli Holding Ltd provides its subsidiaries and other related parties with necessary financial resources in the form of loans or short-term current account credit facilities. Per 31 December 2015, this also includes the dividend receivable with Orell Füssli Security Printing Ltd of CHF 11,000,000.

### 7.10 LOANS TO GROUP COMPANIES

As part of cash management, a further loan was granted to Atlantic Zeiser GmbH. As a result, Atlantic Zeiser GmbH could redeem its short-term external bank loan.

### 7.11 PARTICIPATIONS IN RELATED COMPANIES

In 2015, the minority interest in Photoglob Ltd was sold.

### 7.12 PARTICIPATIONS IN GROUP COMPANIES

The value of the participations changed by the value adjustment of Orell Füssli Verlag Ltd (principle of individual evaluation) in the amount of CHF 2,894,000 and the revaluation of Orell Füssli Dienstleistungen Ltd in the amount of CHF 500,000.

### 7.13 SHORT-TERM INTEREST-BEARING LIABILITIES WITH GROUP COMPANIES

The excess liquidity of the subsidiaries is made available to Orell Füssli Holding Ltd for its use. As part of cash management (negative interest rate), cash was transferred from Orell Füssli Buchhandlungs Ltd to Orell Füssli Holding Ltd in the form of a short-term loan.

### 7.14 SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

As of the balance sheet date, the Board of Directors and the members of the Executive Board held the following shares in Orell Füssli Holding Ltd:

#### SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

*Number of shares at 31 December*

	2015		2014	
	Number of own shares	Total number of shares including shares of related parties	Number of own shares	Total number of shares including shares of related parties
Dr. Anton Bleikolm	1,000	1,000	1,000	1,000
Heinrich Fischer	2,017	2,017	2,017	2,017
Peter Stiefenhofer	1,000	1,000	730	730
Gonpo Tsering	300	300	300	300
Dieter Widmer	800	800	200	200

Dr. Thomas Moser, member of the Board of Directors, is an Alternate Member of the Governing Board of the Swiss National Bank (SNB), which owns 653,460 shares in Orell Füssli Holding Ltd.

#### SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD

*Number of shares at 31 December*

	2015		2014	
	Number of own shares	Total number of shares including shares of related parties	Number of own shares	Total number of shares including shares of related parties
Martin Buyle	250	250	250	250

In the current and in the prior financial year, Orell Füssli Holding Ltd did not grant any participation rights to members of the Board of Directors, the Executive Board or employees.

## NOTES TO THE FINANCIAL STATEMENTS

### 7.15 MAJOR SHAREHOLDERS

<i>at 31 December 2015</i>	Total registered shares	Participation in %
Swiss National Bank (SNB), Berne (CH)	653,460	33.34%
Dieter Meier, Hong Kong	304,221	15.52%
Fam. Siegert, Meerbusch (D)	187,252	9.55%
Veraison SICAV, Zurich (CH)	174,009	8.88%
Sarasin Investmentfonds Ltd, Basle (CH)	98,900	5.05%

### 7.16 FURTHER INFORMATION

<i>in CHF '000 at 31 December</i>	2015	2014
Contingent liabilities in favour of third parties	18,294	25,278

Orell Füssli held none of its own shares on 31 December 2015.

### 7.17 PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

The Board of Director's proposes to the Annual General Meeting on 28 April 2016 the payment of a dividend of CHF 4.00 per share.

### PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

<i>in CHF '000</i>	2015
Retained earnings at the beginning of the period	122,511
Profit for the year 2015	6,174
<b>Retained earnings available to the general meeting</b>	<b>128,685</b>
Dividend of CHF 4.00 per share	-7,840
<b>Carried forward</b>	<b>120,845</b>

## 8 OVERVIEW OF SIGNIFICANT PARTICIPATIONS

## SIGNIFICANT PARTICIPATIONS

	City, Country	Currency	Nominal capital	% of capital held <sup>1)</sup>	
			in 1000	direct	indirect <sup>2)</sup>
<b>Consolidated companies</b>					
Orell Füssli Security Printing Ltd	Zurich, CH	CHF	10,000	100	
Orell Füssli Technology Ltd	Zug, CH	CHF	50	100	
Orell Füssli Banknote Engineering Ltd	Zurich, CH	CHF	100	100	
Orell Füssli Buchhandlungs Ltd	Zurich, CH	CHF	5,000	51	
Orell Füssli Verlag Ltd	Zurich, CH	CHF	1,000	100	
Orell Füssli Dienstleistungs Ltd	Zurich, CH	CHF	500	100	
Atlantic Zeiser GmbH	Emmingen, D	EUR	869	100	
Atlantic Zeiser Inc. <sup>4)</sup>	West Caldwell, USA	USD	0		100
Atlantic Zeiser (M) SDN BHD <sup>4)</sup>	Kuala Lumpur, MAL	EUR	102		100
Atlantic Zeiser Ltd <sup>4)</sup>	Andover, UK	GBP	0		100
Atlantic Zeiser SAS <sup>4)</sup>	Créteil Cedex, F	EUR	38		100
Atlantic Zeiser SA <sup>4)</sup>	Madrid, E	EUR	60		100
Atlantic Zeiser SRL <sup>4)</sup>	Milano, I	EUR	100		100
Tritron GmbH <sup>4)</sup>	Battenberg, D	EUR	200		51
Tritron USA inc. <sup>5)</sup>	Chester VA, USA	USD	10		51
<b>Pro rata consolidated participation</b>					
Orell Füssli Thalia Ltd <sup>3)</sup>	Zurich, CH	CHF	14,000		50
<b>Equity accounted for participations</b>					
Orell Füssli Kartographie Ltd	Zurich, CH	CHF	210	24	

<sup>1)</sup> Capital held and voting rights in % are identical

<sup>2)</sup> Capital share of the respective parent company

<sup>3)</sup> Held through Orell Füssli Buchhandlungs Ltd

<sup>4)</sup> Held through Atlantic Zeiser GmbH

<sup>5)</sup> Held through Tritron GmbH

## 9 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

To the general meeting of Orell Füssli Holding Ltd, Zurich

As statutory auditor, we have audited the financial statements of Orell Füssli Holding Ltd, which comprise the income statement, balance sheet and notes (pages 34 to 39), for the year ended 31 December 2015.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instruction of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd



Thomas Wallmer  
Audit expert  
Auditor in charge



Gian Franco Bieler  
Audit expert

Zurich, 21 March 2016

# Compensation Report 2015

This report is issued in accordance with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO/VegüV) of 20 November 2013 and the Directive on Information relating to Corporate Governance dated 1 September 2014 of SIX Exchange Regulation. Unless indicated otherwise, all of the information provided is as of 31 December 2015.

## COMPENSATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

### Principles

The principles regulating the compensation of the members of the Board of Directors and the Executive Board are set out in article 18 ff of the articles of incorporation ([www.orellfuessli.com/articles\\_of\\_incorporation](http://www.orellfuessli.com/articles_of_incorporation)).

Based on the Board of Director's proposal, the Annual General Meeting approves the maximum compensation of the Board of Directors for the period until the next Annual General Meeting as well as the maximum compensation of the Executive Board for the next year.

The compensation of the Board of Directors is made up entirely of a fixed component, whereas the Executive Board's compensation comprises a fixed and a variable component. External specialists are consulted only in the case of a fundamental redesign of the compensation structure. At group level, compensation is determined for new hires or promotions based on function-specific benchmarks.

The Orell Füssli Group has no equity- or option-based compensation scheme for members of the Board of Directors and the Executive Board. Any shares in Orell Füssli Holding Ltd held by members of the Board of Directors and the Executive Board are unrelated therefore to the function exercised by these persons and have been acquired privately through free trade in the stock market.

Apart from the contributions to the pension fund, which are limited to a maximum of CHF 846,000 (maximum insured salary) by the Occupational Pensions Act (OPA/BVG), the Orell Füssli Group does not provide any special old-age benefit schemes.

The fixed compensation of the Executive Board and the Chairman of the Board of Directors includes individually agreed additional benefits, such as the provision of a company vehicle at no charge or the reimbursement of the cost of a rail season ticket (GA).

No severance payments ('golden parachutes') have been agreed with any of the members of the Board of Directors and the Executive Board. The members of the Executive Board do not have long-duration contracts (maximum period of notice of nine months).

## COMPENSATION REPORT

### Compensation of the Board of Directors

The Compensation Committee of the Board of Directors reviews annually the regulations applicable to the determination of the compensation of the Board of Directors. The Compensation Committee proposes to the Board of Directors any changes it deems necessary. The Board of Directors approves the compensation, which will take effect as of the subsequent term of office. Final approval of the compensation for the subsequent year is given only after the Annual General Meeting gives its approval. The Board members have received a fixed compensation amount since 2013.

### Compensation of the Executive Board

Final approval of the amount of the fixed and variable components of the compensation for the subsequent financial year is given by the Annual General Meeting. Within this range, the Compensation Committee of the Board of Directors reviews the fixed compensation as proposed by the CEO. The amount of the fixed compensation is defined according to the function, duties, qualifications, experience and the market environment. The CEO (when it concerns his own compensation) and the members of the Executive Board are not present during the discussions to determine the compensation. The Compensation Committee adjusts the compensation, where necessary, and passes on its recommendation to the attention of the Board of Directors. The Board makes the final decision and approves the fixed compensation component.

The variable component of the Executive Board's compensation is based on the bonus regulations as approved by the Board of Directors. The maximum value (for achieving all of the targets) of the variable component is determined individually and amounts to between 30 percent and 50 percent of the basic salary. It is calculated according to a predefined formula based on the EBIT as well as the achievement of agreed annual goals (weightings: EBIT 60 percent and individual goals 40 percent). The Executive Board members are assessed against the group's results in addition to the EBIT. The individually determined goals, which have a three- to five-year horizon, comprise quantitative and qualitative components; such goals must also be specific, measurable, challenging, relevant and time-certain. They may concern, for example, the implementation of a project, adherence to a project budget or the further development of expertise. With the involvement of the Executive Board members, the CEO elaborates the goals of the individuals, the measurement criteria and the range of values. Lastly, he agrees on the proposed goals with the Chairman of the Board of Directors. After their approval by the Chairman of the Board of Directors, the proposed goals are reviewed by the Compensation Committee of the Board of Directors. The Compensation Committee adjusts them, if necessary, and passes on its recommendation to the attention of the Board of Directors. The Board then makes the final decision and approves the goals.

## COMPENSATION REPORT

**COMPENSATION 2015** (audited from this point until the end of page 44 by the external auditor)

The disclosed compensation amounts are for the services rendered in the year under review. Thus, the following tables comprise all compensation claims relating to the 2015 financial year. Compensation that has not yet been disbursed is accrued in the financial year concerned, even when the disbursement is made in the subsequent year.

### COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2015

<i>in CHF</i>	Fixed compensation	Variable compensation	Other payments		Total 2015
	in cash	in cash	Special allowances	Social security expenses	
Heinrich Fischer, Chairman	150,000	–	–	8,521	158,521
Gonpo Tsering, Deputy Chairman Compensation Committee (Chairman)	45,000	–	–	3,302	48,302
Dieter Widmer Audit Committee (Chairman)	60,000	–	–	4,403	64,403
Dr. Thomas Moser Compensation Committee (Member)	45,000	–	–	3,302	48,302
Peter Stiefenhofer Audit Committee (Member)	45,000	–	–	3,302	48,302
Dr. Anton Bleikolm Member of the Board of Directors <sup>1)</sup>	45,000	–	–	–	45,000
<b>Total</b>	<b>390,000</b>	<b>–</b>	<b>–</b>	<b>22,830</b>	<b>412,830</b>

<sup>1)</sup> Compensation paid against invoice excl. VAT

### COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2014

<i>in CHF</i>	Fixed Compensation	Variable compensation	Other payments		Total 2014
	in cash	in cash	Special allowances	Social security expenses	
Heinrich Fischer Chairman	150,000	–	–	10,863	160,863
Gonpo Tsering, Deputy Chairman Compensation Committee (Chairman)	45,000	–	–	3,302	48,302
Dieter Widmer Audit Committee (Chairman)	60,000	–	–	4,403	64,403
Dr. Hans Kuhn, Deputy Chairman (until 7.5.2014) Compensation Committee (Chairman)	18,750	–	–	1,395	20,145
Andreas S. Wetter (until 7.5.2014) Compensation Committee (Member)	18,750	–	–	1,395	20,145
Dr. Thomas Moser (as of 8.5.2014) Compensation Committee (Member)	26,250	–	–	1,926	28,176
Peter Stiefenhofer (as of 8.5.2014) Audit Committee (Member)	26,250	–	–	1,926	28,176
Dr. Anton Bleikolm (as of 8.5.2014) Member of the Board of Directors	26,250	–	–	1,926	28,176
<b>Total</b>	<b>371,250</b>	<b>–</b>	<b>–</b>	<b>27,136</b>	<b>398,386</b>

Note: the social security expenses include the mandatory employer's contributions. No pension fund contributions were made.

## COMPENSATION REPORT

### COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2015

in CHF	Fixed compensation	Variable compensation	Other payments		Total 2015
	in cash	in cash	Special allowances	Social security and pension fund expenses	
Martin Buyle CEO Orell Füssli Group <sup>1)</sup>	340,004	170,000	30,155	84,784	624,943
Other members of the Executive Board <sup>1)</sup>	562,008	168,600	17,970	146,155	894,733
<b>Total</b>	<b>902,012</b>	<b>338,600</b>	<b>48,125</b>	<b>230,939</b>	<b>1,519,676</b>

<sup>1)</sup> The Executive Board consisted of four members as of 31 December 2015 (incl. CEO).

### COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2014

in CHF	Fixed compensation	Variable compensation	Other payments		Total 2014
	in cash	in cash	Special allowances	Social security and pension fund expenses	
Michel Kunz CEO Orell Füssli Group (Member of the Executive Board until 30.09.2014) <sup>1)</sup>	364,692	69,291	11,676	80,504	526,163
Martin Buyle CEO Orell Fuessli Group (Member of the Executive Board as of 01.10.2014) <sup>1)</sup>	113,334	34,000	1,190	21,437	169,961
Other members of the Executive Board	983,707	157,086	40,812	173,064	1,354,669
<b>Total</b>	<b>1,461,733</b>	<b>260,377</b>	<b>53,678</b>	<b>275,005</b>	<b>2,050,793</b>

<sup>1)</sup> The change in the CEO position was effective as of 1 October 2014. The total compensation for 2014 includes compensation for both CEOs (Michel Kunz from 1 January 2014 until 31 December 2014 and Martin Buyle from 1 September 2014 until 31 December 2014). The Executive Board consisted of six members as of 31 December 2014 (incl. CEO).

#### Loans and other payments

In the 2015 and 2014 financial years, no loans were granted to the current or past members of the Board of Directors and the Executive Board. Additionally, no guarantees were given on behalf of the members of these bodies for loans granted by third parties. As of 31 December 2015, no such loan receivables were disclosed on the balance sheet.

#### Further disclosure

The Orell Füssli Group did not make any other payments to current or previous members of the Board of Directors, the Executive Board or any related parties thereof and did not waive any claims that it had against such persons.

Note: the social security and pension fund expenses include the mandatory and voluntary employer's contributions. The pension fund contributions are made jointly by the employer and the employee. The special allowances comprise a share in the company vehicle, railway season ticket (SBB GA) and a share in a secondary residence.



## REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

To the attention of the Annual General Meeting of Orell Füssli Holding Ltd, Zurich

We have audited the accompanying compensation report of Orell Füssli Holding Ltd for the financial year ending 31 December 2015 (from page 43 to 44 as mentioned above).

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the compensation report in accordance with the law and the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO/VegüV). The Board of Directors is also responsible for designing the remuneration system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance (ERCO/VegüV).

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance (ERCO/VegüV). The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the adequacy of the methods used for the valuation of components of the compensation as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the compensation report for the year ended 31 December 2015 of Orell Füssli Holding Ltd complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Wallmer  
Audit expert  
Lead auditor



Gian-Franco Bieler  
Audit expert

Zurich, 21 March 2016

# Corporate Governance

This report complies with the requirements of the SIX Swiss Exchange's guidelines regarding information on corporate governance. Unless stated otherwise, the data refer to 31 December 2015.

All relevant corporate governance documents (articles of incorporation, organizational regulations, internal control system, regulations regarding the registration of shares and maintenance of the share register) can be assessed online ([www.orellfuessli.com/corporate\\_governance\\_e](http://www.orellfuessli.com/corporate_governance_e)).

## 1. GROUP STRUCTURE AND SHAREHOLDERS

### Operating structure of the group

In management terms, the Orell Füssli Group is structured into three divisions and the publishing companies.

Strategic and operating management is largely autonomous within the Atlantic Zeiser, Security Printing and Book Retailing divisions, as well as the publishing companies. Orell Füssli Holding Ltd operates as a financial holding company and exerts influence on the strategic direction of the individual divisions.

### Companies included in the scope of consolidation

The registered office of the parent company, Orell Füssli Holding Ltd, is in Zurich. The company is listed on the SIX Swiss Exchange under Security Number (Valorenummer) 342 080 and the ISIN CH0003420806. Its market capitalisation as of 31 December 2015 was CHF 220 million.

Orell Füssli Holding Ltd has no investments in listed companies. An overview of its main investment holdings is included in the financial report.

### Major shareholders

In the year under review, Veraison Capital Ltd, Zurich (CH), first acquired a stake in Orell Füssli through its Veraison SICAV Engagement Fund and thus holds 8.88% of the shares of Orell Füssli Holding Ltd as of 31 December 2015. The disclosure notifications can be consulted on [http://www.six-exchange-regulation.com/publications/published\\_notifications/major\\_shareholders\\_en.html](http://www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html). Please refer to the financial report for a list of major shareholders (Note 7.15).

### Cross-shareholdings

There are no cross-shareholdings with other public limited companies.

## 2. CAPITAL STRUCTURE

### Capital

The share capital of Orell Füssli Holding Ltd consists of 1,960,000 registered shares with a par value of CHF 1.00 each and is fully paid-in. Each share entitles the holder to one vote. Orell Füssli Holding Ltd has not issued any profit-sharing certificates or participation certificates.

As of 31 December 2015, Orell Füssli Holding Ltd had neither contingent nor authorised capital at its disposal, and no convertible bonds or options were outstanding.

### Changes in capital

The share capital of Orell Füssli Holding Ltd was unchanged in the year under review and the two preceding years.

### Transfer restrictions

The articles of incorporation of Orell Füssli Holding Ltd include no restrictions on the transfer of shares. Voting rights are registered only for shareholders who fulfil point no. 3 of the regulations regarding the registration of shares and maintenance of the shares.

### 3. BOARD OF DIRECTORS

<i>Members of the Board of Directors</i>	Year of birth	Nationality	Member since
Heinrich Fischer	1950	Switzerland	10.05.2012
Gonpo Tsering	1956	Switzerland	10.05.2011
Dr. Anton Bleikolm	1949	Switzerland, Austria	07.05.2014
Dr. Thomas Moser	1967	Switzerland	07.05.2014
Peter Stiefenhofer	1953	Switzerland	07.05.2014
Dieter Widmer	1963	Switzerland	10.05.2011

#### Biographical details of the members of the Board of Directors

No member of the Board of Directors performs executive activities and no member did so in the three financial years prior to the year under review. Dr. Thomas Moser represents the Swiss National Bank (SNB), the company's largest shareholder. The SNB has its bank notes produced by Orell Füssli. All other directors are independent and have no material business relationships with Orell Füssli Holding Ltd or any other company in the Orell Füssli Group besides their directorship.

#### Regulations in the articles of association regarding the number of permissible mandates

According to the articles of incorporation, the members of the Board of Directors are permitted to hold a maximum of five additional mandates for exchange-listed firms, a maximum of ten mandates for non-listed firms and a maximum of ten mandates for associations, family foundations and pension funds.

#### Heinrich Fischer



#### **CHAIRMAN** Member of the Board of Directors since 2012

Swiss, born 1950; Qualifications: Dipl. Ing. ETH Zurich, lic.oec.publ. University of Zurich, MBA University of Zurich

Significant professional activities and functions:

- 1980–1990 Oerlikon-Bührle Group, Head BU Coating Equipment, Director of Staff Technology, Balzers Ltd., Balzers/FL
- 1991–1996 Oerlikon-Bührle Holding, Zurich, Head Corporate Development and Member of the Group Executive Board
- 1994–2005 ISE Integrated System Engineering, Zurich/San José, USA, Co-Founder and Chairman (today a division of Synopsys, Inc.)
- 1996–2007 Saurer Ltd, Arbon, Delegate of the Board of Directors and CEO
- Since 2007 DiamondScull Ltd, Zug, Owner and Chairman of the Board of Directors (Investment company for start-ups)

Other board appointments:

- Member of the Board of Directors, Hilti Ltd, Schaan/FL
- Member of the Board of Directors, Sensirion Holding Ltd, Stäfa
- Member of the Board of Directors, Tecan Group Ltd, Stäfa
- Member of the Board of Directors, CAMOX Fund, London
- Member of the Board of Directors, SWM Inc., Atlanta/USA

#### Gonpo Tsering



#### **DEPUTY CHAIRMAN** Chairman of the Compensation Committee Member of the Board of Directors since 2011

Swiss, born 1956; Qualifications: Lic.oec. HSG University of St. Gallen, MBA IMD Lausanne

Significant professional activities and functions:

- 1983–1984 Ciba-Geigy Ltd, Basel, Controller
- 1985–1988 Ciba-Geigy Ltd, Nairobi/Kenya, Regional Planning & Controlling Manager
- 1990–1997 Diethelm Holdings Bhd, Kuala Lumpur/Malaysia, Group Finance Director
- 1998–1999 Rothmans of Pall Mall Ltd, Zug, Finance Director
- 2000–2001 Siber Hegner Holding Ltd, Zurich, Chief Financial Officer, Member of Group Management
- 2002–31.12.2015 DKSH Holding Ltd, Zurich, Head Operations Support, Member of Group Management (retired as of January 1, 2016)

Other board appointments (resignation as of January 1, 2016):

- Chairman of the Board of Directors, Maurice Lacroix SA, Saïgnelégier
- Member of the Board of Directors, Bovet Fleurier S.A., Val-de-Travers
- Member of the Board of Directors of several DKSH Holding subsidiaries

Dr. Anton Bleikolm



**MEMBER OF THE BOARD** Member of the Board of Directors since 2014

Swiss and Austrian, born 1949; Qualifications: Studies of Organic Chemistry at the Technical University in Graz, Master's Degree and PhD  
 Significant professional activities and functions:  
 — 1973–1976 Technical University Graz, Institute for Organic Chemistry, Assistant Professor  
 — 1976–1980 Hoechst Ltd, Graz, Research Chemist, synthetic polymers and automotive coatings  
 — 1980–1991 SICPA S.A., Research  
 — 1991–2000 SICPA S.A., Technical Director  
 — 2000–2010 SICPA S.A., Managing Director  
 — 2010–2012 SICPA Group, Chief Operating Officer and Head Security Ink Division  
 — 2012–30.9.2014 SICPA Group, Strategic Advisor to the CEO and Chairman  
 — Since 2014 Owner and Chairman AFB-Engineering & Services, Ecublens  
 Other board appointments:  
 — None

Dr. Thomas Moser



**MEMBER OF THE BOARD** Member of the Compensation Committee  
 Member of the Board of Directors since 2014

Swiss, born 1967; Qualifications: Dr.oec.publ., University of Zurich  
 Significant professional activities and functions:  
 — 1996–1999 KOF Swiss Economic Institute ETH Zurich, Economist  
 — 1999–2001 Swiss National Bank, Zurich, Economist  
 — 2001–2004 International Monetary Fund, Washington (IMF), USA, Advisor, from 2002 Senior Advisor to the Swiss Executive Director at the IMF  
 — 2004–2006 Swiss National Bank, Zurich, Assistant Director  
 — 2006–2009 International Monetary Fund, Washington, USA, Executive Director of the IMF constituency headed by Switzerland  
 — Since 2010 Swiss National Bank, Zurich, Alternate Member of the Governing Board  
 — Since 2015 Member of the KOF Executive Committee  
 — Since 2015 Member of the Managing Committee of the Swiss Institute of Banking and Finance, University of St. Gallen  
 Other board appointments:  
 — None

Peter Stiefenhofer



**MEMBER OF THE BOARD** Member of the Audit Committee  
 Member of the Board of Directors since 2014

Swiss, born 1953; Qualifications: Master in Economy and Business Administration, University of Zurich, Swiss Certified Accountant, Advanced Executive Program, Northwestern University, Kellogg School of Management, Evanston ILL/USA  
 Significant professional activities and functions:  
 — 1980–1990 Fides Revision (KPMG), Zurich, Public Auditor, Consultant for IT projects  
 — 1990–1993 Zellweger Luwa, Uster, Group Controller  
 — 1993–2001 Zellweger Analytics, Inc., Lincolnshire, IL/USA, CFO and COO  
 — 2001–2007 Saurer Ltd, Arbon, CFO and Secretary to the Board of Directors  
 — Since 2008 Owner and Chairman of Alovista Ltd and since 2011 of invest-in-Europe GmbH, Schaffhausen (Executive Consulting)  
 Other board appointments:  
 — Since 2008 Member of the Board of Directors, Abbestate Holding Inc., Charlotte, NC/USA  
 — Since 2014 General Manager, Sea Dynamic GmbH, Baar  
 — Since 2015 Member of the Board of Directors, Sea Dynamic Immobilien AG, Horgen

Dieter Widmer



**MEMBER OF THE BOARD** Chairman of the Audit Committee  
 Member of the Board of Directors since 2011

Swiss, born 1963; Qualifications: Swiss certified public accountant (CPA) and auditor  
 Significant professional activities and functions:  
 — 1986–2010 KPMG, Zurich, Vancouver, Berne, Auditor and Management Consultant, as of 1997 Head of KPMG Berne, as of 1998 Partner and as of 2002 Member of the Executive Committee of KPMG Switzerland, as of 2007 Member of the Non-Executive Board and Member of the Audit Committee of KPMG Europe LLP (Frankfurt/London)  
 — Since 2010 vaeth, Forch, Owner, Management Consultant and independent Member of various Boards of Directors  
 Other board appointments:  
 — Member of the Red Cross Council, Swiss Red Cross, Berne  
 — Co-owner and Member of the Board of Directors, EquityNova Ltd, Zug  
 — Co-owner and Member of the Board of Directors, EnergyOn Holding Ltd, Zug  
 — Co-owner and Member of the Board of Directors, Kelag Systems AG, Sennwald  
 — Chairman of the Board of Directors, Curena Ltd, Zurich  
 — Member of the Board of Directors, Blattmann Switzerland Ltd, Wädenswil  
 — Member of the Board of Directors, Mühle Walther Ltd, Bolligen  
 — Member of the Board of Directors, Dr. Eicher + Pauli Ltd, Liestal

#### **Election and term of office**

The Board of Directors consists of at least three members elected by the Annual General Meeting of shareholders. Directors are elected for a one-year term of office by an absolute majority of the votes represented at the Annual General Meeting of shareholders. Directors are elected individually. Every year, the General Meeting elects the Chairman of the Board of Directors and each individual member of the Compensation Committee. The restrictions on age and duration of office are stipulated in the business and organisation regulations of the company.

#### **Internal organisation**

The Board of Directors has the following functions: Chairman and Vice-Chairman.

The principal duties of the Board of Directors are as defined by the Swiss Code of Obligations, in particular art. 716a, and the business and organisation regulations of the company. Management of the business is delegated to the CEO and the Executive Board of Orell Füssli Holding Ltd. The CEO chairs the Executive Board.

The Board of Directors meets as often as business requires, but at least once a quarter. Members of the executive management may also be invited to attend the Board of Directors meetings. The Board of Directors can also call in external consultants in order to deal with specific issues. The Board of Directors is assisted in its work by the Audit Committee and the Compensation Committee. In the year under review, the Board of Directors met for a full day on four separate occasions.

#### **Audit Committee**

The Board of Directors has appointed an Audit Committee, which assesses the annual and interim financial statements, risk management, the internal controls and the external auditors. The duties of the Audit Committee are defined in specific regulations. The Audit Committee has decision-making authority subject to the approval of the Board of Directors as a whole, which also receives the minutes of the Audit Committee meetings. The Audit Committee consists of two members of the Board of Directors. The CEO, the CFO, the Risk Officer and the Head of Internal Audit as well as a representative of the auditors also attend the meetings of the Audit Committee in a consultative capacity. The Audit Committee meets at least twice a year, usually in the first and third quarters. The Audit Committee held three half-day meetings in the year under review. The Chairman of the Audit Committee holds regular meetings with the Head of Internal Audit.

#### **Compensation Committee**

The Board of Directors has appointed a Compensation Committee, which determines the salary of the members of the Executive Board and management, subject to corporate profits and performance. The duties of the Compensation Committee are defined in specific regulations. The Compensation Committee has decision-making authority within the bounds of the overall compensation approved by the General Meeting (effective as of the 2016 financial year). The other members of the Board of Directors are informed of the business dealt with and the main decisions taken after each meeting. The Compensation Committee consists of two members of the Board of Directors. The Group CEO and the Head Human Resources (responsible for the meeting minutes) also attend the meetings both in a non-voting capacity. The Compensation Committee meets at least once a year. The Compensation Committee met for two meetings lasting about four hours and held one telephone conference in the year under review.

#### **Allocation of authority between the Board of Directors and the Executive Board**

The allocation of authority between the Board of Directors and the Executive Board is defined by the business and organisation regulations of the company. The Board of Directors determines business policy and the organisational structure, appoints the CEO, approves the budget and decides on proposals that are within its authority. The Board of Directors has entrusted the management of the business to the Executive Board under the chairmanship of the CEO.

#### **Information and control instruments of the Board of Directors**

The CEO briefs the Board of Directors at its meetings about the current course of business and important business transactions. Financial reporting to the Board of Directors consists of the monthly management income statements, the interim report and the annual report comprising the annual financial statements at the end of the financial year.

The Chairman of the Board of Directors regularly meets with the CEO, who informs him of the most important current business events.

## CORPORATE GOVERNANCE

The Board of Directors and the Audit Committee, in particular, monitor risk management and the implementation of the internal control system. The Audit Committee determines its own audit areas and is informed at its meetings by the Head of Internal Audit and the Risk Officer about the results of audits conducted by independent internal or external units. Please also refer to the details of the risk assessment in the Notes to the annual financial statements of Orell Füssli Holding Ltd.

### Internal audit

The principal task of the Internal Audit (IA) unit, which was set up in 2013 by the Board of Directors, is to assess the effectiveness and the efficiency of risk management, the internal management and control systems, and the governance processes and to make improvements, where necessary. In addition, IA reviews compliance with standards and provides independent, objective assurance and consulting services. The Head of IA reports directly to the Chairman of the Audit Committee. In the year under review, three audits focusing on the Security Printing Division, two audits/reviews focusing on the Atlantic Zeiser Division and two audits focusing on Orell Füssli Holding/Orell Füssli Dienstleistungs Ltd were performed. Further audits and reviews will be conducted at the group level and within the divisions in 2016.

Terje Paulsen



### HEAD OF INTERNAL AUDIT

Swiss and Swede, born 1954; Qualifications: MSc. in Business Administration (Stockholm School of Economics); CFE, Certified Fraud Examiner/CIA, Certified Internal Auditor/CCSA, Certification in Control Self-Assessment; Certificate in Corporate Governance, I.FPM-HSG

Significant professional activities and functions:

- 1984–1992 Electrolux Holding Ltd, Zurich, Internal Audit/Controller, CFO
- 1993–2000 Autoneum, Winterthur, Detroit, Sevelen, Division Controller Internal Audit, Head Business Unit
- 2000–2001 Mahle König, Rankweil, CFO & General Manager
- 2002–2003 Raiffeisen Informatik, Dietikon, Head Corporate Services
- 2004–2005 Kaiser AG, Schaanwald, Interim CFO
- 2006–2007 OC Oerlikon, Pfäffikon, Internal Audit Team Leader
- 2007–2013 Oerlikon Space/RUAG Space, Zurich, CFO Space Division
- Since 1 August 2013 Head of Internal Audit Orell Füssli Group

Other board appointments

- None

#### 4. EXECUTIVE BOARD

##### Regulations in the articles of association regarding the number of permissible mandates

According to the articles of incorporation, the members of the Executive Board are permitted to hold a maximum of two additional mandates for exchange-listed firms or non-listed firms and a maximum of three mandates for associations, family foundations and pension funds (in total five mandates).

##### Martin Buyle\*



##### CEO ORELL FÜSSLI HOLDING LTD

Austrian, born 1974; Qualifications: Diploma in Mechanical Engineering, Technical University of Vienna  
MBA Master of Business Administration, IESE Business School Barcelona

Significant professional activities and functions:

- 1997–2000 MTU Friedrichshafen GmbH, Friedrichshafen, Development Engineer
- 2002–2005 Roland Berger Strategy Consultants, Munich, Senior Consultant
- 2005–2009 Kramer-Werke GmbH, Überlingen, Managing Director
- 2009–2014 Jakob Müller Ltd, Frick, Member of the Group Management, finally as CEO and Chairman of the Group Management
- Since 1 October 2014 CEO Orell Füssli Group

Other board appointments:

- Deputy Chairman of the Board of Directors of Orell Füssli Thalia Ltd
- Various directorships with other companies in the Orell Füssli Group

##### Beat Müller\*



##### CFO ORELL FÜSSLI HOLDING LTD

Swiss, born 1956; Qualifications: Business Economist (lic.oec.publ. Zurich University),  
EMBA Executive Master of Business Administration GSBA, Zurich/Albany

Significant professional activities and functions:

- 1983–1985 Limmat Insurance, Zurich: Controller
- 1987–1989 Swissôtel, Zurich, Country Controller Switzerland
- 1989–1992 Swissair, Zurich, Controller Operations and Information Technology
- 1993–1995 Swissair, Zurich, Head of Business Administration and Strategic Planning Operations
- 1996–2000 Swissair, Zurich, Vice President Planning and Business Administration Operations, Member of the Management Board Operations
- 2000–2009 Swiss Post, Berne, Post Offices and Sales: CFO, Member of the Management Board
- 2010–2011 Swiss Post, Berne, Swiss Post International Management Ltd: CFO, Member of the Management Board
- 2012–2013 Orell Füssli Holding Ltd, Head Group Controlling
- Since 1 April 2013 CFO Orell Füssli Group

Other board appointments:

- Member of the Foundation Council cb-Foundation, Zurich
- Various directorships with companies in the Orell Füssli Group

##### Manfred Minich



##### HEAD ATLANTIC ZEISER DIVISION

German, born 1958; Qualifications: Industrial Business Administrator, Study “Corporate Management”  
Hochschule Pinneberg

Significant professional activities and functions:

- 1976–1997 Metabowerke GmbH & Co, Nürtingen, various functions in Sales and Marketing, finally Director Sales Region DACH
- 1997–1999 Black & Decker Germany, Idstein, Director Marketing German-Alpine (DACH) and Member of the Extended Executive Board
- 1999–2000 Loewe AG (Loewe Opta GmbH), Kronach, Director Marketing CE
- 2001–2006 Herma GmbH, Stuttgart, Managing Director Label Division and Machinery Division, Member of Executive Boards in various subsidiaries, finally Chairman of the Executive Board of the Herma Group
- 2006–2011 MBO Binder GmbH & Co., KG, Oppenweiler, Director Sales, Marketing and Service, Member of Executive Boards in various subsidiaries, Spokesman of the Executive Board of the MBO Group
- Since 1 May 2012 Head of the Atlantic Zeiser Division

Other board appointments:

- None

\* Member of the Executive Board Orell Füssli Holding Ltd

Dr. Dieter Sauter



**HEAD SECURITY PRINTING DIVISION**

German, born 1968; Qualifications: Studies in Physics at the Universities of Tübingen and Stuttgart  
Significant professional activities and functions:

- 1996–2000 University of Stuttgart, Institute for Nonmetallic Inorganic Materials, Scientific Assistant
- 2000–2002 Bundesdruckerei GmbH, Berlin, Project Manager Research & Development Division
- 2002–2005 Robert Bosch GmbH, Reutlingen, Product Manager Process Engineering
- 2005–2006 Giesecke & Devrient GmbH, Munich, Patent Coordinator Banknote Printing Division
- 2007–2011 Giesecke & Devrient GmbH, Munich, Regional Sales Director Southern & Eastern Africa Banknote Printing Division
- 2011–2014 Orell Füssli Security Documents Ltd, Head Research & Development
- Since 1 April 2014 Head Security Printing Division

Other board appointments:

- None

Philipp Seewer



**HEAD SECURITY PRINTING DIVISION**

Swiss, born 1971; Qualifications: Diploma in Mechanical Engineering Swiss Federal Institute of Technology Zurich, Executive MBA University Zurich

Significant professional activities and functions:

- 1996–1997 Swiss Federal Institute of Technology Zurich, Measurement and Control Laboratory, Research Assistant
- 1997–2001 Alusuisse Airex Composites, Sins/Altenrhein, Project Manager
- 2001–2004 Alcan Composites USA, Development Engineer
- 2004–2007 Alcan Airex AG, Sins, Head of Production
- 2008–2013 Airex AG, Sins, Director Operations
- 2013–2014 Orell Füssli Security Documents Ltd, Chief Operating Officer
- Since 1 April 2014 Head Security Printing Division

Other board appointments:

- None

Dr. Matti Schüsseler



**HEAD PUBLISHING DIVISION**

German, born 1959; Qualifications: Studies in literature and linguistics at the Universities of Göttingen, Rennes (France), Munich and Constance

Significant professional activities and functions:

- 1988–1991 Bertelsmann AG, Gütersloh: various functions, finally Head of the Representative Office in Berlin
- 1991–1993 FNAC Deutschland GmbH, Berlin, Division Manager Books
- 1993–1996 Klett AG, Stuttgart, General Manager Ernst Klett Distribution Company
- 1996–2010 Langenscheidt KG, Munich, Director Marketing & Distribution and Member of the Management Board; in addition CEO Langenscheidt Poland, Warsaw (as of 2000) and Langenscheidt Ibérica, Madrid (as of 2008)
- Since 1 March 2011 Head of the Publishing Division

Other board appointments:

- None



Peter Crottogini\*



**HEAD HUMAN RESOURCES ORELL FÜSSLI HOLDING LTD**

Swiss, born 1959; Qualifications: Trainer in Further Education (Swiss Federal Certificate), Manager in Adult Education (Swiss Diploma)

Significant professional activities and functions:

- 1995–2001 Swissair, Instructor & Manager of Training Ground Services worldwide
- 2001–2002 ESEC Management Ltd, Manager Education & Training
- 2002–2003 Swiss International Air Lines, General Manager Sales & Marketing and Airport Training
- 2003–2009 Sunrise Communication Ltd, Manager Training & Development
- 2010 Orell Füssli Holding Ltd, Head Personnel & Organisational Development
- Since 1 January 2011 Head Human Resources Orell Füssli Group

Other board appointments:

- None

Dr. Martin Söderberg\*



**HEAD CORPORATE DEVELOPMENT ORELL FÜSSLI HOLDING LTD (until 31 December 2015)**

Swiss-Swedish dual citizenship, born 1959; Qualifications: M.Sc. and Ph.D. in Engineering Physics, Royal Institute of Technology, Stockholm; MBA, IMD, Lausanne

Significant professional activities and functions:

- 1987–1989 Tetra Pak Stockholm, Logistics Officer
- 1989–1991 Tetra Pak Pully, Decision Support Manager
- 1993–1995 McKinsey & Co. Zurich and Geneva, Management Consultant
- 1995–2000 General Motors Europe Zurich, Manager New Business Development and Strategic Planning
- 2001–2003 Management Consultant
- 2003–2009 Swiss Post Berne, Corporate Development, Vice President Strategy
- 2009–2010 Swiss Post Berne, Advisor to the Chairman of the Board of Directors
- 2011 Management Consultant

— 1 February 2012 – 31 December 2015 Head Corporate Development Orell Füssli Group

Other board appointments:

- None

\* Member of the Executive Board Orell Füssli Holding Ltd

**Orell Füssli Thalia Ltd**

Dr. Michele Bomio



**CEO ORELL FÜSSLI THALIA LTD (until 31 December 2015)**

Swiss, born 1961; Qualifications: Dipl. Lm-Ing., PhD Thesis in Biotechnology, Dr. Sc. Tech., ETH Zurich

Significant professional activities and functions:

- 1990–2007 SAM International Ltd, Cham, Zurich, Mannheim, Hamburg, Munich, Barcelona, London, Paris, Milan, Parma, CEO and founder
- 2005–2007 Innocat Ltd, CEO and founder
- 2007–2009 Navyboot Ltd, Zurich, CEO
- 2009–2013 Thalia Bücher Ltd, Basle, CEO and Spokesman
- 1 October 2013 – 31 December 2015 CEO Orell Füssli Thalia Ltd

Other board appointments:

- Member of the Board of Directors, Peak Values Ltd, Zurich

### 5. SHAREHOLDERS' PARTICIPATION RIGHTS

Only those persons listed in the shareholders' register are recognised as shareholders of the company. Entry in the shareholders' register presupposes evidence of beneficial ownership of the shares to be registered. The conditions are stipulated in the regulations of the Board of Directors regarding the registration of shares and maintenance of the shareholders' register, which together with the company's articles of incorporation can be accessed online.

In order to attend the Annual General Meeting, each shareholder must provide the offices designated by the Board of Directors with evidence of his or her shareholding no less than five days prior to the date of the meeting. He or she will then receive an admission card issued in his or her name. Notwithstanding the relevant legal provision (art. 689, para. 2 of the Swiss Code of Obligations) the articles of incorporation provide that a shareholder can only be represented by another shareholder and therefore not by any third party at the Annual General Meeting. The only exceptions to this requirement are senior officers of companies listed in the Commercial Register.

Shareholders representing at least 5% of the share capital may request the inclusion of an item on the agenda.

Shareholders may participate in voting and elections at General Meetings by granting power of attorney or providing instructions to the independent proxy. Since the 2015 General Meeting (financial statements 2014), shareholders may grant power of attorney and send instructions to the independent proxy by electronic means.

The independent proxy is elected by the General Assembly for a term of office of one year.

### 6. CHANGE IN CONTROL AND DEFENSIVE MEASURES

There are no provisions in the articles of incorporation relating to "opting out" or "opting up".

Orell Füssli Holding Ltd does not have any clauses that, in the event of a change in control, would apply to members of the Board of Directors and the Executive Board.

### 7. AUDITORS

#### Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers were first elected external auditors of the consolidated financial statements and those of the holding company at the Annual General Meeting of shareholders held on 14 May 2003. Thomas Wallmer, auditor in charge of the mandate, has officiated as lead auditor as of the 2015 financial year.

Audit fees of CHF 349,765 to PricewaterhouseCoopers were incurred in 2015.

Additional fees totaling CHF 192,107 were charged by PricewaterhouseCoopers in the year under review.

#### Audit supervision and control instruments

The Audit Committee is responsible for supervising and controlling the external auditors. A representative of the auditors is also invited to attend meetings of the Audit Committee to provide information. The Audit Committee assesses the performance, fees and independence of the external auditors based on criteria such as professional expertise, scope and quality of written reports and oral comments, practical feasibility of recommendations, transparent and effective communication and coordination, as well as compliance with deadlines. The Audit Committee examines annually the scope of the external audit, audit planning and the relevant processes, and discusses the audit results with the external auditors. The reporting by the external auditors includes the audit reports, the Management Letter and the detailed report by the auditors to the Audit Committee and the Board of Directors on the financial year just ended.

### 8. INFORMATION POLICY

Detailed annual figures are published in the context of a press release in the second half of March, after the close of the financial year; the Annual Report is accessible online at the same time at [www.orellfuessli.com](http://www.orellfuessli.com). A presentation for financial analysts is held the following day.

The Annual General Meeting of shareholders is held in April or May.

The group issues a press release with the half-year figures in about mid-August. The planned publication dates can be accessed online ([www.orellfuessli.com/events](http://www.orellfuessli.com/events)).

Shareholders receive the annual financial statements (short report) and the interim report. Press releases can also be accessed online ([www.orellfuessli.com/press\\_releases](http://www.orellfuessli.com/press_releases)).

Information on exceptional events of relevance to the stock market is published in ad hoc press releases. Shareholders can register online ([www.orellfuessli.com/ad\\_hoc\\_publicity](http://www.orellfuessli.com/ad_hoc_publicity)) to have these forwarded to them automatically.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

No statements relating to the future imply any guarantee whatsoever with regard to future performance. They are subject to risks and uncertainties including but not confined to future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control, which can lead to actual developments and results differing significantly from the statements made in this document. Orell Füssli is under no obligation whatsoever to adjust or amend forward-looking statements on the basis of new information, future events or for other reasons.

PUBLISHED BY ORELL FÜSSLI HOLDING LTD, ZURICH  
CONCEPT AND DESIGN ECLAT, ERLENBACH ZH  
PHOTOS BEAT SCHWEIZER, BERN (PORTRAIT DR. M. SÖDERBERG: PAOLO DUTTO, ZURICH)  
PREPRESS MANAGEMENT DIGITAL DATA LTD, LENZBURG  
PRINTING NEIDHART + SCHÖN LTD, ZURICH  
CLIMATE-NEUTRAL PRINTING, CO<sub>2</sub> COMPENSATION IN COOPERATION WITH CLIMATE PARTNER  
PAPER ARCTIC VOLUME WHITE, FSC-CERTIFIED

ClimatePartner<sup>o</sup>  
climate neutral  
Print | ID: 53232-1603-1028



THE ENGLISH TRANSLATION IS BASED ON THE ORIGINAL ANNUAL REPORT IN GERMAN.  
THE PRINTED GERMAN TEXT IS BINDING.

MARCH 2016 – ORELL FÜSSLI HOLDING LTD, ZURICH, SWITZERLAND  
WWW.ORELLFUESSLI.COM

CONTACT FOR INVESTOR RELATIONS

PHONE + 41 44 466 72 73  
FAX + 41 44 466 72 80  
E-MAIL INVESTORS@ORELLFUESSLI.COM



## HISTORY OF THE ORELL FÜSSLI GROUP

- 1519 Company is founded by Christoph Froschauer, a printer who had immigrated from Bavaria. He becomes a citizen of Zurich, and his company becomes the government printing press.
- 1531 Folio Bible is printed (the so-called “Zurich Bible”)
- 1576 The land surveyor Jos Murer publishes a plan of the city
- 1761 The Orell and Gessner publishing companies merge to form Orell, Gessner & Cie. Hans Conrad Gessner’s bookshop is also absorbed into this partnership.
- 1766 Hans Rudolf Füssli takes over the publishing company of Heidegger & Cie.
- 1770 The Orell, Gessner & Cie. and Füssli & Cie. publishing companies merge to form Orell, Gessner, Füssli & Cie.
- 1780 First edition of the “Zürcher Zeitung” newspaper, which became the “Neue Zürcher Zeitung” in 1821. It was spun off as an independent public limited company in 1868.
- 1798 The Gessner family withdraw from the partnership; the publishing company and bookshops now trade as Orell Füssli & Cie.
- 1827 First securities are printed
- 1843 First postage stamps are printed in continental Europe, the second series worldwide – “Züri 4” and “Züri 6”
- 1880 Development of the ten-colour photochromic printing technique
- 1890 Company is converted into a public limited company (Art. Institut Orell Füssli Ltd)
- 1897 Listing on Zurich Stock Exchange
- 1911 Company begins printing banknotes for the Swiss National Bank
- 1992 Orell Füssli Buchhandlungs Ltd is founded; the book retailer H. Hugendubel, Germany, takes a minority interest in the company
- 1996 Internet book retailing launched at [www.books.ch](http://www.books.ch)
- 1999 Company is restructured to form Orell Füssli Holding Ltd
- 2001 Takeover of Teledata Ltd
- 2002 Acquisition of a majority shareholding in Atlantic Zeiser Group Ltd (Germany), which becomes wholly-owned in 2005
- 2003 Takeover of the publishing units Atlantis and pro juventute
- 2004 Acquisition of bookstores Rösslitor Bücher, St. Gall
- 2007 Acquisition of Globi Verlag, Zurich
- 2008 Divestment of Orell Füssli Business Information Division
- 2013 Merger of Orell Füssli Book Retailing Ltd and Thalia Bücher AG to form Orell Füssli Thalia Ltd

[WWW.ORELLFUESSLI.COM](http://WWW.ORELLFUESSLI.COM)