



MCH Group
Global Live Marketing

Financial Report 2014

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Group Balance Sheet

		31.12.2014		31.12.2013				31.12.2014		31.12.2013	
Assets	Details	CHF 1 000	%	CHF 1 000	%	Liabilities	Details	CHF 1 000	%	CHF 1 000	%
Cash and cash equivalents	2	153 312	–	147 045	–	Liabilities from deliveries and services	5	21 018	–	22 450	–
Accounts receivable for deliveries and services	3	67 826	–	81 545	–	Other liabilities		4 387	–	5 064	–
Other receivables		2 404	–	8 293	–	Accrued expenses and deferred income	6	152 303	–	171 578	–
Inventories and work in progress	4	3 579	–	10 095	–	Short-term provisions	10	3 040	–	15	–
Prepayments and accrued income	6	30 562	–	36 520	–	Short-term loans taken up from third parties	19	3 248	–	52 530	–
Total current assets		257 683	29.4	283 498	30.5	Short-term loans taken up from related parties (shareholders)	19	2 500	–	2 500	–
Land, buildings, fixed installations	8	571 189	–	596 279	–	Total short-term liabilities		186 496	21.3	254 137	27.3
Assets under construction	8	698	–	434	–	Long-term provisions	10	6 998	–	5 172	–
Other fixed assets	8	44 930	–	45 383	–	Long-term loans taken up from third parties	19	47 819	–	56 860	–
Loans granted	7	199	–	222	–	Long-term loans taken up from related parties (shareholders)	19	255 000	–	257 500	–
Employer contribution reserve	11	729	–	651	–	Total long-term liabilities		309 817	35.3	319 532	34.4
Investments	9	1 562	–	1 513	–	Total liabilities		496 313	56.6	573 669	61.7
Intangible assets	8	654	–	1 987	–	Share capital		60 066	–	60 066	–
Total non-current assets		619 961	70.6	646 469	69.5	Capital reserves		74 310	–	74 310	–
						Retained earnings		246 663	–	221 411	–
						Minority interests		292	–	511	–
						Total shareholders' equity		381 331	43.4	356 298	38.3
Total assets		877 644	100.0	929 967	100.0	Total equity and liabilities		877 644	100.0	929 967	100.0

Group Income Statement

		2014	2013		2014	2013
Income	Details	CHF 1 000	CHF 1 000		CHF 1 000	CHF 1 000
Services, stand construction		198 008	226 820	Operating result	42 782	40 124
Surface areas		163 775	152 049	Financial result, net	14 -6 129	-5 121
Admissions		12 532	12 094	Result from ordinary activities	36 653	35 003
Media, sponsoring		45 273	40 706	Result of associated companies	9 48	90
Utility connections		8 408	8 427	Earnings before taxes	36 701	35 093
Furniture, other fittings		9 624	11 943	Taxes	15 -2 895	-3 655
Conferences		15 061	12 752	Earnings after taxes	33 806	31 438
Parking		5 694	5 532	Minority interests	-1 021	-966
Changes in work in progress		-7 313	-1 523	Group profit	32 785	30 472
Other operational income		4 947	5 271	EBITDA (earnings before interest, taxes, depreciation and amortisation)	84 913	79 971
Revenue reductions		-6 564	-1 433	EBIT (earnings before interest and taxes)	42 613	40 587
Total operating income	12	449 445	472 638			
Expenses	Details	CHF 1 000	CHF 1 000			
Employees	13	-90 603	-89 034			
Administration		-14 538	-13 478			
Maintenance, repairs		-13 229	-12 058			
Insurance, ground rent, rents		-17 356	-16 993			
Energy		-8 259	-8 568			
Furnishing expenses, stand construction		-111 527	-143 917			
Exhibition and conference operations		-77 842	-77 924			
Advertising, press, public relations		-31 009	-31 158			
Depreciation	8	-42 300	-39 384			
Total operating expenses		-406 663	-432 514			

Group Cash Flow Statement

		2014	2013			2014	2013
		CHF 1 000	CHF 1 000			CHF 1 000	CHF 1 000
Cash flow from operating activities	Details			Cash flow from investment activities	Details		
Group profit		32 785	30 472	Cash outflow for investments in land, buildings and fixed installations	8	-6 831	-31 319
Result of minority interests		1 021	966	Cash outflow for investments in other tangible fixed assets	8	-11 630	-25 837
Book profit from the sale of fixed assets		175	-394	Cash outflow for investments in software and intangible assets	8	-544	-1 226
Depreciation	8	41 800	38 778	Cash inflow from the divestment of fixed assets	8	642	1 050
Losses through value impairments	8	500	606	Repayment of loans granted to others	7	30	20
Increase/reduction in bad debt provision	3	-960	1 401	Loans granted to others	7	-7	-62
Increase/dissolution of assets from employer contribution reserves	11	-79	1 900	Cash flow from acquisition activities	9	-5 043	-
Increase in value adjustments for long-term customer orders	4	997	703	Net cash flow from investment activities		-23 383	-57 374
Attributable profit of associated organisations		-48	-90	Cash flow from financing operations	Details		
Increase/reduction in accounts receivable for deliveries and services	3	14 679	-3 971	Dividend to shareholders		-3 003	-3 003
Increase/reduction in other receivables		5 887	-5 133	Dividend to minorities		-1 078	-1 117
Increase/reduction in inventories and work in progress	4	5 520	-6 021	Loans taken up	19	9	50 000
Increase/reduction in prepayments and accrued income	6	5 959	-21	Repayment of loans taken up	19	-58 342	-32 457
Reduction in liabilities from deliveries and services	5	-1 432	-13 966	Net cash flow from financing operations		-62 414	13 423
Reduction in other liabilities		-678	-266	Currency translation differences		361	-309
Increase/reduction in accrued expenses and deferred income	6	-19 275	16 810	Net cash flow		6 267	17 049
Increase/reduction in provisions	10	4 852	-465	Cash and cash equivalents at the beginning of the financial year	2	147 045	129 996
Net cash flow from operating activities		91 703	61 309	Cash and cash equivalents at the end of the financial year	2	153 312	147 045

Development of Consolidated Shareholders' Equity

The change in the consolidated shareholders' equity is as follows:

CHF 1 000	Share capital	Own shares	Capital reserves	Retained earnings	Retained profits	Total retained earnings	Minority interest	Total
				Accumulated currency translation differences				
As per 01.01.2013	60 066	0	74 310	17	194 179	194 196	709	329 281
Currency translation differences	–	–	–	-254	–	-254	-47	-301
Dividend 2012 paid in 2013	–	–	–	–	-3 003	-3 003	-1 117	-4 120
Group profit 2013	–	–	–	–	30 472	30 472	966	31 438
As per 31.12.2013	60 066	0	74 310	-237	221 648	221 411	511	356 298
Currency translation differences	–	–	–	351	–	351	–	351
Goodwill	–	–	–	–	-4 881	-4 881	-162	-5 043
Dividend 2013 paid in 2014	–	–	–	–	-3 003	-3 003	-1 078	-4 081
Group profit 2014	–	–	–	–	32 785	32 785	1 021	33 806
As per 31.12.2014	60 066	0	74 310	114	246 549	246 663	292	381 331

Further information on shareholders' equity may be found in the statutory accounts as of page 34.

The revenue reserve includes CHF 39.5 million (previous year 39.4 million) general statutory reserves (including the capital contribution reserves) held by MCH Group Ltd. and its subsidiaries, which may not be distributed at present. In the Notes to the Group Accounts, the shareholders' equity with theoretical capitalisation of the goodwill at its net book value of CHF 8.0 million (previous year CHF 31.0 million) is shown under Note 16.

Share capital

The share capital is divided into 6,006,575 registered shares (previous year 6,006,575 registered shares) with a nominal value of CHF 10 per share. The limit on entries to the share register is 5% per shareholder. This registration limit does not apply to the Cantons of Basel-Stadt, Basel-Landschaft and Zurich or to the City of Zurich. The taxable value per share as per 31 December 2014 is CHF 64.80 (previous year CHF 59.55).

Notes to the Group Account

1. Consolidation and valuation principles

Introduction

The present group accounts are based on the individual financial statements for the group companies, drawn up according to uniform guidelines as per 31 December 2014 and stated in Swiss francs (CHF). The consolidated annual accounts are based on the following principles:

1.1. Accounting and valuation principles

The consolidated annual accounts of MCH Group Ltd. comply with the specialist recommendations for accounting (Swiss GAAP FER) and thus fulfil the requirements of the SIX Swiss Exchange Directives for the “Domestic Standard” segment. They present a true and fair view of the group’s assets, financial assets and earnings and have been drawn up on the assumption that the corporate activity will be continued. The group accounts are based on the principle of individual valuation for assets and liabilities, and historical acquisition costs, with the exception of the financial instruments that are available for sale, which are assessed at their current values.

1.2. Consolidation principles

The group accounts include the annual accounts of MCH Group Ltd. as well as all the group companies, observing the following criteria:

- Companies in which MCH Group Ltd. holds, either directly or indirectly, more than half of the voting rights or which are controlled by MCH Group Ltd. are fully consolidated. It is possible for MCH Group Ltd. to exercise control over a company even without holding half of the voting rights. In this case, 100 % of the assets, liabilities, income and expenses are included. Any shares of minority shareholders in the equity and profits of the consolidated companies are stated separately in the group balance sheet and the group income statement.
- Companies in which MCH Group Ltd. holds, either directly or indirectly, between 20 % and 49.9 % of the voting rights and which are not controlled by MCH Group Ltd. are included on the basis of the equity method. The share of equity held is stated under “Investments” in the group accounts. The pro-rata result for the year is stated under “Result of associated companies” in the group income statement.
- Companies in which the MCH Group Ltd. holds less than 20 % of the voting rights are included on the consolidated balance sheet at acquisition price minus any value adjustment necessary for business reasons.

Initial consolidation is performed at the time at which MCH Group Ltd. acquires control over the company. The book values of the holdings are eliminated by offsetting them against the equity of the holdings at the time of acquisition, as stipulated by Swiss GAAP FER. Transaction costs are recorded as expenditure at the time they are incurred. The assets and liabilities of the company acquired are valued at their current value at this point in time, applying uniform group principles. Any difference remaining between the purchase price and the equity of the company acquired following this re-evaluation is directly charged against or credited to the retained earnings as goodwill.

In performing full consolidation, 100 % of the assets, liabilities, income and expenditure are included. Any shares of minority shareholders in the equity and profits of the consolidated companies are stated separately in the group balance sheet and the group income statement. Intragroup assets and liabilities, and also expenditure and income from intragroup transactions and relations between intragroup companies are eliminated, as are unrealised profits from intragroup transactions.

1.3. Foreign currency conversion

Annual accounts for consolidated companies in foreign currencies (Asian Art Fairs Limited, Hong Kong; Art Basel U.S. Corp., U.S.A.) are converted as follows: current assets, non-current assets and liabilities at end-of-year rates (reporting date rate); shareholders’ equity at historical rates. The income statement and cash flow statement are converted at the average rate for the year. The resultant currency translation differences are recognised in equity without affecting the operating result.

Items kept in foreign currencies are converted applying the reporting date exchange rate method. All assets and liabilities are converted at the exchange rate prevailing on the balance sheet date. The effects of foreign currency adjustments are included in the income statement. Unrealised exchange gains are similarly recognised with an effect on net income. Transactions in foreign currencies (where VAT can be charged or for intercompany sales) are converted at the Swiss Federal Tax Administration’s official rate for the month in which the transaction took place. Other transactions in in foreign currencies can also be converted at the current rate.

1.4. General posting concepts

The annual accounts are drawn up on the basis of correct period accrual. The impact of business transactions and other occurrences is thus reported at the time they take place and not at the time cash and cash equivalents are received or paid. This means inter alia that expenses and income are assigned to and recognised in the relevant periods. A test is carried out on all assets at the end of the year to establish whether there are any signs that the book value of the asset is in excess of the realisable value (value impairment). If an impairment can be demonstrated, the book value is reduced to the realisable value, with the impairment being charged to the result for the period in question.

1.5. Valuation and accounting principles

Sales

The MCH Group generates sales from exhibitions, events and stand construction projects. The sales and associated expenditure for exhibitions and events are recognised, affecting net income, at the time at which the event is held. Profit from stand construction is realised at the time of the event, or when the benefits and risks of the delivery and/or service pass to the purchaser. Deposits received from customers or paid to suppliers for projects in future business years are entered as prepayments and deferred income on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash holdings and cash at banks and the Post Office, as well as short-term fixed deposits (remaining term less than 90 days). They are stated at their nominal value.

Accounts receivable for deliveries and services

Receivables are stated at their net value, i.e. after deduction of any appropriate impairment (bad debt provision). Specific provisions are created as required. Furthermore, a general provision is created, based on historic experience, without allowances for country of origin, as follows:

Due date of invoice	Value adjustment as a % of sum invoiced
> 360 days	100 %
181–360 days	50 %
91–180 days	30 %
61–90 days	15 %
31–60 days	5 %
00–30 days	2 %
Not due	2 %

Inventories and work in progress

– Inventories

Inventories are valued at the lower of acquisition or production cost and their net realisable value. Production costs include all the directly attributable material and manufacturing costs as well as overheads that have been incurred in conveying the inventories to their current location and converting them into their current state. If the acquisition and production costs are greater than the net market value, a value adjustment (expenditure) must be made for the amount of this difference. This value is determined on the basis of the current market price on the sales market. Discounts granted are deducted from the cost of goods as a reduction in the purchase price. Advance payments to suppliers are stated under inventories (as a reduction in the inventories held) and disclosed in the explanations given in the notes to the balance sheet. Measurement subsequent to initial recognition is performed using the average method.

– Work in progress

Work in progress relates to long-term projects for stand construction, which is recognised and valued using the modified completed contract method, since the conditions for the percentage of completion method are not cumulatively fulfilled. The project expenses incurred during stand production are capitalised as work in progress and recorded as operating income to the extent of the recoverable expenditure without profit realisation. Any losses are recognised immediately. Advance payments received are recognised without affecting net income. These are offset against the corresponding long-term projects for which the advance payment has been made.

Other receivables and loans granted to others

Other receivables (including fixed deposits with a remaining term in excess of 90 days) and loans granted to others are stated at their nominal value minus any impairment.

Prepayments, accruals and deferrals

Prepayments, accruals and deferrals are valued according to the principles that apply for receivables and liabilities. The prepaid expenses include both third-party and own work entered into the books for exhibitions and events taking place in the following year (with the exception of work in progress on stand construction) and any sales for the reporting year that have not yet been invoiced. The accrued expenses and deferred income include already-invoiced income from exhibitions, events and stand construction for the following year, as well as supplier invoices that have not yet arrived for goods and services already received. The accruals for current income tax are also stated under accrued expenses and deferred income.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at acquisition or production cost and measured with allowance for the scheduled straight-line depreciation and any impairment. Depreciation of tangible fixed assets commences as of the first day of their use. Assets under construction are thus not depreciated. Once the estimated depreciation period has expired, the value of the acquisition or production cost is offset against the accumulated depreciation insofar as the fixed asset has not already been eliminated prematurely.

The depreciation period corresponds to the estimated useful life and is as follows:

- Land: no depreciation
- Buildings: 40 years
- Various investments in extensions to buildings and systems: 10 – 20 years
- Furniture and fittings: 3 – 10 years
- Vehicles: 5 – 8 years
- Sound and lighting equipment: 5 – 10 years
- Hardware: 3 years

If it is ascertained that the useful life of a fixed asset is changing, especially as a result of technical progress, the state of the asset or the market, the residual book value of the asset will be depreciated over its new envisaged remaining useful life.

Services provided by our own employees in creating tangible fixed assets are not included as assets on account of the type of activity involved (general planning). Interest expenditure during the construction phase of a tangible fixed asset is included on the balance sheet as acquisition or production costs. Up until the time the new complex for the “Messe Basel New Buildings” project was brought into operation in March 2013, interest expenditure is stated which is equivalent to the investment made during the reporting period multiplied by the average interest rate applicable to the overall financing.

Intangible assets

Intangible assets are non-monetary assets without physical substance. At the MCH Group, only acquired immaterial assets are capitalised, employing the following categories (including the estimated useful life):

- Acquired exhibitions and events: 3 – 5 years
- Software: 3 years

Intangible assets developed by the group itself (exhibitions, events, software and other intangible assets) are not included as assets.

Liabilities and loans taken up

Liabilities and loans taken up are stated at their nominal value. A liability or loan taken up is deemed to be short-term if:

- it is to be fulfilled within 12 months of the balance sheet date or
- an outflow of funds is to be expected in the operating activities on account of it.

All other liabilities are long-term.

Derivative financial instruments

A derivative is included on the balance sheet if it meets the definition of an asset or a liability. Instruments for hedging future cashflows are not included on the balance sheet. All such items are disclosed in the Notes.

Pension benefit obligations

All Swiss companies in the group belong to the group's own pension fund (MCH Group Pension Fund), have their own, legally independent pension fund or have opted for a BVG full insurance solution. Any economic benefit is not capitalised. If freely available employer contribution reserves exist, these are included as assets. Both those currently in employment and former employees can receive benefits from the pension fund and an old-age pension. In respect of Swiss GAAP FER 16 “Pension benefit obligations”, we refer readers to Note 11.

Current and former employees receive different benefits and old-age pensions from the pension fund, which are established in accordance with the statutory provisions.

Provisions

Provisions are established to cover all the identifiable risks of loss and obligations existing at the time the balance sheet is drawn up. Provisions are stated on the balance sheet if a probable obligation exists towards third parties which is attributable to an event that took place in the past (prior to the balance sheet date) and if the level of the obligation can be estimated. The extent of the provision is based on the expected outflow of funds to settle the obligation, which is re-evaluated each year. The level of the provision is determined through an analysis of the event in question, which took place in the past, as well as on the basis of events that have occurred subsequent to the balance sheet date, insofar as these contribute towards clarifying the situation. Events after the balance sheet date have an impact on provisions if it becomes clear that they are caused by circumstances originating prior to the balance sheet date.

Goodwill

In the case of an acquisition, the net assets acquired are valued at current values. The goodwill results from purchasing costs that are higher than the corresponding equity of the acquired company. Goodwill is offset directly against the equity at the time of acquisition. This is permissible under Swiss GAAP FER insofar as the impact of the theoretical capitalisation and amortisation of the goodwill on the equity is stated, and the goodwill is set out separately in the equity statement and in the notes. The goodwill is amortised on a theoretical basis over a period of 20 years. Any goodwill impairment will be set out in the notes. Due to the general strategy alignment, it was necessary to review the useful life of the goodwill. The useful life of 20 years employed to date is being reduced to a useful life of 5 years as per 01.01.2014.

Own shares

Own shares are valued at acquisition cost. They are included on the balance sheet as a negative item under shareholders' equity.

Taxes

In stating current and deferred income tax consequences, a distinction is made between the establishment of current and deferred income tax. Current income tax is calculated in accordance with the tax regulations for the calculation of profits and is stated as expenditure. Current income tax is included under accrued expenses. Deferred taxes result from valuation differences between the group's values and the decisive values for tax purposes and are included as deferred items accordingly. The recognition of deferred income tax is based on a balance-sheet approach and fundamentally takes into account all future income tax consequences. The deferred tax liability is calculated on the basis of the actual future tax rate to be expected and is shown under the provisions. Deferred tax assets from losses carried forward can be recognised if it is considered likely that sufficient tax profits will be achieved in future against which the tax losses carried forward can be offset.

Changes in consistency

Regrouping

In the course of allocating operating income to the individual divisions, changes have been made in cost-group allocation between the Exhibitions and Venues Divisions. Income from parking and external rentals, and also the facility management of the tower building at the Basel location are now allocated to the Venues Division. The corresponding sum was thus also transferred in the previous year.

Depreciation period for goodwill

In the light of the general strategy alignment, it proved necessary to review the useful life of goodwill. The review showed that the 20 years' useful life applied in the past needed to be reduced to a useful life of 5 years as of 01.01.2014.

Subsidies

Various subsidies were paid from the public purse (Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) in conjunction with the "Messe Basel New Buildings" project (these included investments à fonds perdu). The amount of the subsidy is deducted from the tangible fixed assets recognised. In the 2012 business year, MCH Swiss Exhibition (Basel) Ltd. received a non-repayable loan, secured by a mortgage, of CHF 50 million from the Canton of Basel-Stadt, as a financing contribution à fonds perdu. This is to run for 20 years and incurs the obligation to continue operating the Congress Center Basel (CCB) for 20 years. This loan is reduced by a sum of CHF 2.5 million every year (for the first time in the 2013 financial year).

2. Cash and cash equivalents

	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Cash, Post Office	54 150	51 598
Bank	96 126	92 415
Fixed deposits	3 036	3 032
Total cash and cash equivalents	153 312	147 045

3. Accounts receivable for deliveries and services

	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Accounts receivable for deliveries and services to third parties	70 307	84 986
Bad debt provision	-2 481	-3 441
Total accounts receivable for deliveries and services	67 826	81 545

Aging	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Not due	35 960	30 323
Due within 60 days	12 111	30 484
Due after 60 days	22 236	24 179
Total accounts receivable for deliveries and services to third parties	70 307	84 986

4. Inventories and work in progress

	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Inventories	281	296
Value adjustments for inventories	–	–
Work in progress	4 998	12 086
Value adjustments for work in progress	-1 700	-703
Advance payments received for work in progress	–	-1 584
Total inventories and work in progress	3 579	10 095

5. Liabilities from deliveries and services

	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Liabilities from deliveries and services vis-à-vis third parties	21 018	22 450
Total liabilities from deliveries and services	21 018	22 450

The level of prepayments, accruals and deferrals is influenced primarily by the frequency of the individual exhibitions. As per 31 December 2014, this essentially relates to the following exhibitions in 2015: BASELWORLD, muba, GardinaZÜRICH and SWISS-MOTO. Own work for exhibitions and events totalling CHF 8.8 million (previous year CHF 8.4 million) is included under prepayments and accrued income.

6. Prepayments, accruals and deferrals

Composition of prepayments and accrued income	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Exhibitions and events	22 391	29 149
Stand construction sales not yet invoiced	3 111	3 046
Prepaid rents	665	567
Other	4 395	3 758
Total of prepayments and accrued income	30 562	36 520

Composition of accrued expenses and deferred income	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Services invoiced in advance for exhibitions, events and stand construction	124 459	143 628
Long-term contracts received from customers	-782	-7
Advance payments for work in progress	3 387	1 305
Human resources	12 715	12 700
Accrual for current tax	2 209	3 456
Other	10 315	10 496
Total of accrued expenses and deferred income	152 303	171 578

7. Loans granted

	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Loans to related organisations	–	–
Other loans	199	222
Total loans	199	222

8. Tangible and intangible fixed assets

Composition of tangible fixed assets CHF 1 000	Land	Buildings and fixed installations	Assets under construction	Furniture, vehicles, hardware, sound and lighting equipment	Software and other intangible assets	Total
Purchase costs as per 1.1.2013	10 650	511 232	353 236	88 945	5 993	970 056
Depreciated values ¹⁾	–	-12 559	–	-6 832	–	-19 391
+Additions	–	11 780	19 538	25 837	1 226	58 381
Reclassifications	–	361 322	-372 340	11 018	–	–
- Disposals	–	–	–	-656	–	-656
Purchase values as per 31.12.2013	10 650	871 775	434	118 312	7 219	1 008 390
Accumulated depreciation as per 1.1.2013	–	-268 424	–	-69 493	-3 898	-341 815
+Reductions in value adjustments ¹⁾	–	12 559	–	6 832	–	19 391
- Depreciations charged in 2013	–	-27 781	–	-10 062	-934	-38 777
- Value impairments 2013	–	–	–	-206	-400	-606
- Subsidy	–	-2 500	–	–	–	-2 500
Total accumulated depreciation as per 31.12.2013	–	-286 146	–	-72 929	-5 232	-364 307
Net book value as per 31.12.2013	10 650	585 629	434	45 383	1 987	644 083
Purchase costs as per 1.1.2014	10 650	871 775	434	118 312	7 219	1 008 390
Depreciated values ¹⁾	–	-12 245	–	-4 492	-181	-16 918
+Additions	–	6 567	264	11 630	544	19 005
Reclassifications	–	–	–	931	-931	–
- Disposals	–	–	–	-747	-70	-817
Purchase values as per 31.12.2014	10 650	866 097	698	125 634	6 581	1 009 660
Accumulated depreciation as per 1.1.2014	–	-286 146	–	-72 929	-5 232	-364 307
+Reductions in value adjustments ¹⁾	–	12 245	–	4 492	181	16 918
- Depreciations charged in 2014	–	-29 157	–	-11 767	-876	-41 800
- Value impairments 2014	–	–	–	-500	–	-500
- Subsidy	–	-2 500	–	–	–	-2 500
Total accumulated depreciation as per 31.12.2014	–	-305 558	–	-80 704	-5 927	-392 189
Net book value as per 31.12.2014	10 650	560 539	698	44 930	654	617 471

1) After expiry of the depreciation period, the purchase or production cost value is offset against the accumulated depreciation.

Depreciation	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Scheduled depreciation of buildings	29 157	27 781
Scheduled depreciation of other fixed assets	11 767	10 062
Unscheduled depreciation of other fixed assets	500	206
Total depreciation of fixed assets	41 424	38 049
Scheduled depreciation of intangible assets	876	934
Unscheduled depreciation of intangible assets	–	400
Total depreciation of intangible assets	876	1 334
Total depreciation	42 300	39 383
Fire insurance values	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Buildings, fixed installations	1 194 079	1 200 252
Other fixed assets	247 620	231 003

The group's outstanding mortgages are CHF 32.5 million (previous year CHF 32.5 million) in Zurich, CHF 45.0 million (previous year CHF 47.5 million) in Basel and CHF 0.0 million (previous year CHF 5.5 million) at Winkler Multi Media Events AG. The corresponding book values of the mortgaged buildings are CHF 53.7 million (previous year CHF 56.1 million) in Zurich, CHF 25.3 million (previous year CHF 26.8 million) in Basel and CHF 6.9 million, for the previous year, at Winkler Multi Media Events AG.

In accordance with the decision of the Cantonal Parliament of 12 March 2008 relating to the financing concept for the new Messe Basel complex (formerly the Exhibition Center Basel 2012), security was provided for the non-repayable loan of CHF 50 million, secured by a mortgage, that MCH Swiss Exhibition (Basel) Ltd. received as a financing contribution (à fonds perdu) through the issue of a mortgage note for this same amount, charged to the two buildings of the Congress Center Basel and the Musical Theater Basel.

The total amount of interest expenses capitalised in the 2013 financial year is CHF 0.9 million and this is calculated at an interest rate of 2.7%.

The other intangible assets relate to trademark rights to an exhibition with a net book value of CHF 92 000 (previous year CHF 184 000). Due to the reduced deployment of technical systems in the Event Services field, a value impairment was ascertained for "other fixed assets" in the 2014 financial year.

- A Company directly owned by MCH Group Ltd.
- B Company owned by MCH Swiss Exhibition (Basel) Ltd.
- C Company owned by MCH Swiss Exhibition (Zurich) Ltd.
- D Company owned by Expomobilia AG
- E Company owned by Rufener Events Ltd
- F Company owned by MCH Beaulieu Lausanne SA
- G UAI Holding AG, which is wholly-owned by MCH Swiss Exhibition (Basel) Ltd., has a 60% holding in Exhibit & More AG. The remaining 40% of the shares in Exhibit & More AG are held directly by MCH Swiss Exhibition (Basel) Ltd.

- 1) The Design Miami Basel AG company is controlled by MCH Swiss Exhibition (Basel) Ltd.

9. Investments

Investments in subsidiaries	Location	Activity		Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 in %	Share capital as per 31.12.2013 in 1 000	Holding as per 31.12.2013 in %
MCH Swiss Exhibition (Basel) Ltd.	Basel	Exhibitions and congresses	A	CHF 40 000	100.0	CHF 40 000	100.0
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	Exhibitions and congresses	A	CHF 13 720	100.0	CHF 13 720	100.0
MCH Beaulieu Lausanne SA	Lausanne	Exhibitions and congresses	A	CHF 100	100.0	CHF 100	100.0
Winkler Multi Media Events AG	Wohlen	Event technology	A	CHF 100	100.0	CHF 100	100.0
Expomobilia AG	Effretikon	Stand construction	A	CHF 300	100.0	CHF 300	100.0
Techno Fot AG	Effretikon	Digital printing	D	CHF 400	100.0	CHF 400	100.0
Rufener Events Ltd	Zurich	Event management	A	CHF 100	100.0	CHF 100	100.0
Oceansalt LLC	Zurich	Design	E	CHF 20	100.0	CHF 20	100.0
Art, Kunstmesse AG, in Basel	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Swisstech Fachmesse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Natura, Internationale Fachmesse und Kongresse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Ineltec Fachmesse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Igeho, Internationale Fachmesse AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Swissdata, Fachmesse für Datenverarbeitung AG	Basel	Trademark company	B	CHF 50	100.0	CHF 50	100.0
Orbit Fachmessen AG	Basel	Trademark company	B	CHF 100	100.0	CHF 100	100.0
Esthetica SA	Lausanne	Trademark company	F	CHF 100	100.0	CHF 100	100.0
Exhibit & More AG	Fällanden	Exhibitions	G	CHF 50	100.0	CHF 50	100.0
UAI Holding AG	Fällanden	Subholding	B	CHF 100	100.0	CHF 100	100.0
Design Miami Basel AG ¹⁾	Basel	Exhibitions	B	CHF 500	50.0	CHF 500	50.0
Art Basel U.S. Corp.	Miami	Exhibitions	B	USD 100	100.0	USD 100	100.0
Asian Art Fairs Ltd.	Hong Kong	Exhibitions	B	HKD 1	100.0	HKD 1	60.0
Investments in associated companies	Location	Activity		Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 in %	Share capital as per 31.12.2013 in 1 000	Holding as per 31.12.2013 in %
Parkhaus Messe Zürich AG	Zurich	Car parking services	C	CHF 5 000	20.0	CHF 5 000	20.0
Minority investments	Location	Activity		Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 in %	Share capital as per 31.12.2013 in 1 000	Holding as per 31.12.2013 in %
Design Miami II LLC	Miami, USA	Exhibitions	B	USD 430	10.0	USD 430	10.0

The book value of the investments consolidated by the equity method is made up as follows:

Composition	31.12.2014 CHF 1 000	31.12.2013 CHF 1 000
Parkhaus Messe Zürich AG	1 562	1 513
Total	1 562	1 513

Change in consolidated companies

In the 2013 business year, MCH Swiss Exhibition (Basel) Ltd. set up Art Basel U.S. Corp. The new subsidiary stages Art Basel in Miami Beach, which has been held in Miami Beach since 2002.

On 1 July 2011 (signing and closing), MCH Swiss Exhibition (Basel) Ltd. acquired a majority holding of 60 % of the shares in Asian Art Fairs Limited, Hong Kong (AAF) and, at the same time, took over control of the company. This is therefore the date taken for initial consolidation. MCH Swiss Exhibition (Basel) Ltd. exercised its right to acquire the remaining 40 % holding in Asian Art Fairs Limited in 2014 on 1 July 2014. The AAF organises the annual Art Basel show in Hong Kong and rounds off the MCH Group's art show portfolio in the Asia-Pacific region.

10. Provisions

CHF 1 000	As per 1.1.2013	Recognised	Used	Released	Change in consolidated companies and reclassification	As per 31.12.2013
Repairs to exhibition parking spaces	800	–	–	–	–	800
Renovation fund Theater 11	1 363	266	–	–	–	1 629
Other provisions	161	222	-50	-111	–	222
Deferred tax provision (cf. 15)	3 328	–	–	-792	–	2 536
Total provisions	5 652	488	-50	-903	0	5 187
including short-term provisions	161	15	-50	-11	-100	15
including long-term provisions	5 491	473	-	-892	100	5 172
CHF 1 000	As per 1.1.2014	Recognised	Used	Released	Change in consolidated companies and reclassification	As per 31.12.2014
Repairs to exhibition parking spaces	800	–	–	–	–	800
Renovation fund Theater 11	1 629	208	–	–	–	1 837
Restructuring	–	3 000	–	–	–	3 000
Other provisions	222	2 240	-15	–	–	2 447
Deferred tax provision (cf. 15)	2 536	202	-	-784	–	1 954
Total provisions	5 187	5 650	-15	-784	0	10 038
including short-term provisions	15	3 040	-15	-	-	3 040
including long-term provisions	5 172	2 610	-	-784	-	6 998

CHF 0.8 million (previous year CHF 0.8 million) are provided for contractual obligations entered into in conjunction with the repairs to the parking spaces for exhibition use at the Zurich location. A sum of CHF 0.2 million plus indexed inflation is paid into the renovation fund for Theater 11 each year. This fund is used to finance maintenance work on the Theater 11. This obligation results from the agreements concluded with the person granting the building rights, which stipulate that the amount remaining in the renovation fund upon reversion of the building rights will go back to the person who has granted the building rights. The restructuring costs of CHF 3.0 million for a subsidiary of the Exhibitions/Venues Division include the expected costs of the redundancy plan. In addition, a sum of CHF 0.8 million has been set aside for two claims made on the occasion of an event. A provision for CHF 1.4 million has been formed for contract penalties in the event of stand constructions not being able to be brought into operation in time.

11. Employee pension funds

Employer contribution reserve (ECR)	Nominal-Value	Application waiver	Balance sheet	Constituted	Used	Interest	Change in consolidated companies	Balance sheet	Result for ECR in personnel expenses	
CHF 1 000	31.12.2013	31.12.2013	31.12.2013	2013	2013	2013	2013	31.12.2012	2013	2012
Pensionfund	651	–	651	–	1 900	–	–	2 551	1 900	8 355
Total	651	–	651	–	1 900	–	–	2 551	1 900	8 355

Economic benefit and pension fund expenditure	Excess/under coverage	Economic benefit for the MCH Group		Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expenses	
CHF 1 000	31.12.2013	31.12.2013	31.12.2012	2013	2013	2013	2012
Benefit plans with excess coverage	26 530	–	–	–	6 495	6 495	4 671
Benefit plans with under coverage	–	–	–	–	–	–	580
Total	26 530	–	–	–	6 495	6 495	5 251

The employee pension fund of the MCH Group (hereinafter referred to as the pension fund) is independent of the group. The fund is financed as a matter of principle by employee and employer contributions. Membership of the pension fund is compulsory for all employees of MCH Group Ltd., MCH Swiss Exhibition (Basel) Ltd., MCH Swiss Exhibition (Zurich) Ltd., Expomobilia AG, Techno Fot AG, Rufener Events Ltd and Winkler Multi Media Events AG with permanent contracts. Members are entitled to benefits which include an old-age pension, disability pension and benefits in the event of death. Since 1 January 2012, the pension fund has operated as a defined contribution scheme.

The companies affiliated to the fund make an overall contribution amounting to 150 % of the contributions paid by the members. Expenditure in the 2014 financial year totalled CHF 5.9 million (previous year CHF 5.5 million). An actuarial balance sheet is drawn up by an expert at least once every three years, which is currently based on the 2010 Law on Occupational Pensions (2.9 %). The last actuarial balance sheet was drawn up on 1 January 2012. The mathematical reserve is calculated on an annual basis. The funded status in respect of the net assets of the pension fund is 116.5 % as per 31 December 2014 (previous year 115.0 %).

The total employer contribution reserve as per 31 December 2014 is CHF 0.7 million (previous year CHF 0.7 million). The semi-autonomous pension fund, Caisse de pension en faveur du personnel de Beaulieu Exploitation SA, is a defined benefit scheme and insures all employees with permanent contracts. Members are entitled to benefits which include an old-age pension, disability pension and benefits in the event of death. MCH Beaulieu Lausanne SA, as the sole company affiliated to the fund, makes an overall contribution amounting to 200 % of the contributions paid by the members. Expenditure in the 2014 financial year totalled CHF 0.7 million (previous year CHF 0.8 million). LLP 2010 (3.25 %, previous year 4.0 %) is used as the technical basis for the annual calculation of the funded status, which is 105.0 % as per 31 December 2014 (previous year 102.0 %).

Employer contribution reserve (ECR)	Nominal-Value	Application waiver	Balance sheet	Constituted	Used	Interest	Change in consolidated companies	Balance sheet	Result for ECR in personnel expenses	
CHF 1 000	31.12.2014	31.12.2014	31.12.2014	2014	2014	2014	2014	31.12.2013	2014	2013
Pensionfund	729	–	–	–	–	78	–	651	–	1 900
Total	729	–	–	–	–	78	–	651	–	1 900

Economic benefit and pension fund expenditure	Excess/under coverage	Economic benefit for the MCH Group		Change compared with previous year	Contributions limited to reporting period	Expenditure in personnel expenses	
CHF 1 000	31.12.2014	31.12.2014	31.12.2013	2014	2014	2014	2013
Benefit plans with excess coverage	35 378	–	–	–	6 638	6 638	6 495
Benefit plans with under coverage	–	–	–	–	–	–	–
Total	35 378	–	–	–	6 638	6 638	6 495

The employees of Rufener Events Ltd were insured with Helvetia Schweizerische Lebensversicherungsgesellschaft AG up until 31 December 2013, and the employees of Techno Fot AG were similarly insured up until 31 December 2013 with the Vita collective foundation run by the Zurich Insurance Group.

Since 1 January 2014, the employees of these companies have been insured with the MCH Group pension fund. They have the same benefit plan as Expomobilia AG and Winkler Multi Media Events AG. The employees of Exhibit & More AG still have a full-insurance solution (funded status 100 %) with AXA-Winterthur.

No debts exist vis-à-vis the pension funds as per 31 December 2014 (previous year a debt of CHF 121 000 existed).

12. Sales by divisions and geographical markets

Sales by divisions 2013 CHF 1 000	In Switzerland	Abroad, 1) MCH exhibitions 2) Swiss customers	Abroad, foreign customers	Total
Exhibition Division	291 917 ⁴⁾	31 236 ¹⁾	–	323 153
Venues Division	35 879 ⁴⁾	–	–	35 879
Event Services Division	96 023	9 795 ²⁾	7 788	113 606
Total sales by divisions	423 819	41 031	7 788	472 638
Sales by divisions 2014 CHF 1 000	In Switzerland	Abroad, 1) MCH exhibitions 2) Swiss customers	Abroad, foreign customers	Total
Exhibition Division	295 609	36 862 ¹⁾	–	332 471
Venues Division	40 497	–	–	40 497
Event Services Division	57 630	4 276 ²⁾	14 571	76 477
Total sales by divisions	393 736	41 138	14 571	449 445

3) Exchange rate on page 30 (20.3)

4) Sales regrouped by divisions in the 2013 financial year

13. Employees

	31.12.2014	31.12.2013
Full-time jobs	612.2	601.5

For the provision of services, additional temporary staff are hired as cleaners, cashiers, cloakroom attendants and hostesses, etc.

The human resources expenses of CHF 89.1 million for the 2013 financial year include once-only exceptional expenditure of CHF 1.9 million resulting from the dissolution of assets from the employer contribution reserves. In 2013, this exceptional expenditure resulted from the transfer and from Expomobilia buying into the value fluctuation reserve of the MCH Group pension fund.

14. Financial result

Financial income	2014 CHF 1 000	2013 CHF 1 000
Interest income	135	217
Exchange gains	1 174	1 043
Total financial income	1 309	1 260
Financial expenses	2014 CHF 1 000	2013 CHF 1 000
Interest on capital	5 911	5 494
Exchange losses	1 056	486
Bank and credit card charges	471	401
Total financial expenses	7 438	6 381
Net financial result	-6 129	-5 121

The interest on capital relates to the financing costs for the operational loans. In the 2013 financial year, interest on capital of CHF 0.9 million was stated in the context of the “Messe Basel New Buildings” project.

15. Taxes

	2014 CHF 1 000	2013 CHF 1 000
Current income tax	3 477	4 447
Deferred income tax	-582	-792
Total income tax	2 895	3 655
Total tax loss carry forward as of 01.01.	2014 CHF 1 000	2013 CHF 1 000
Change in loss carry forward in the tax balance	13 960	11 803
Total tax loss carry forward as of 31.12.	-2 071	2 157
	11 889	13 960

Due to a tax agreement with the Canton of Basel-Stadt, the income tax payable by MCH Swiss Exhibition (Basel) Ltd. is negligible. No special tax arrangements exist for other companies in the group.

In each of the companies (with the exception of MCH Messe Basel), deferred tax is calculated with the effectively applicable tax rate of 18 – 21 %. In the 2014 financial year, the tax loss carry forward decreased by CHF 2.1 million to CHF 11.9 million.

As per 31 December 2014 and 2013, no deferred tax credits were capitalised from loss carry forwards.

In accordance with the consolidation principles, MCH Group offsets the goodwill acquired directly against the equity at the time of initial consolidation or the time of acquisition.

The goodwill offset directly against the shareholders' equity originates from the initial consolidation of Winkler Veranstaltungstechnik AG (as of 2011 Winkler Multi Media Events AG), Expomobilia AG, Exhibit & More AG, Design Miami Basel AG, Rufener Events Ltd, UAI Holding AG, MCH Beaulieu Lausanne SA and Asian Art Fairs Limited.

In the light of the general strategy alignment, it proved necessary to review the useful life of the goodwill. The review showed that the 20 years' useful life applied in the past had to be reduced to a useful life of 5 years as per 01.01.2014. The updated estimates of the useful life resulted in depreciation being increased by CHF 25.7 million for the 2014 financial year.

In view of the unsatisfactory profit situation of a business unit in the Event Services field in 2013, the MCH Group has conducted a strategy review. In the context of this re-evaluation, an impairment of CHF 0.8 million was ascertained in respect of the goodwill offset against the equity capital.

If the goodwill had been capitalised, assuming an amortisation period of 5 years (previous year 20 years), the following values would have been obtained:

16. Goodwill

	2014 CHF 1 000	2013 CHF 1 000
Additional disclosure with goodwill charged against equity		
Result after taxes	33 806	31 438
Theoretical amortisation of goodwill	-28 022	-3 007
Result after taxes with capitalisation of the goodwill	5 784	28 431
Acquisition value of the goodwill		
As per 01.01.	57 446	57 446
Entries	5 043	–
As per 31.12.	62 489	57 446
Accumulated amortisation of the goodwill		
As per 01.01.	26 435	23 428
Scheduled amortisation	28 022	2 219
Value impairment	–	788
As per 31.12.	54 457	26 435
Shareholders' equity as per 31.12.	381 331	356 298
Theoretical net book value of goodwill	8 032	31 011
Shareholders' equity with inclusion of the goodwill as per 31.12.	389 363	387 309

17. Off-balance-sheet transactions

CHF 1 000	Due in 1 year or less	Due in 2–5 years	Due in 5 years or more	Total
Rental contracts for business premises	8 235	30 838	15 600	54 673
Rental and maintenance contracts for ICT	83	254	–	337
Lease commitments for vehicles	–	–	–	–
Ground rent	2 139	8 558	51 676	62 373
As per 31.12.2013	10 457	39 650	67 276	117 383
Rental contracts for business premises	8 167	26 258	9 200	43 625
Rental and maintenance contracts for ICT	83	201	–	284
Lease commitments for vehicles	–	–	–	–
Ground rent	2 139	8 558	73 284	83 981
As per 31.12.2014	10 389	35 017	82 484	127 890

18. Derivative financial instruments

1 000 CHF	Contract value 2014	Contract value 2013	Negative replacement value 2014	Negative replacement value 2013	Reason held
Forward transactions foreign exchange	9 927	–	-103	–	Hedging
Total derivative financial instruments	9 927	–	-103	–	

Forward transactions (currency instruments) were concluded in 2014 in order to hedge future sales income in foreign currencies.

MCH Swiss Exhibition (Basel) Ltd. exercised its right to acquire the remaining 40 % holding in Asian Art Fairs Limited on 1 July 2014.

19. Loans taken up

As per 31.12.2013	Balance sheet	Interest on capital	Interest rate	Including secured by mortgages
	CHF 1 000	CHF 1 000		CHF 1 000
Short-term and fixed-rate loans from third parties and banks	52 530	2 054	1.78–3.74 %	–
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500	–	0.00 %	2 500
Total short-term loans (less than 1 year)	55 030	2 054	–	2 500
Long-term and fixed-rate loans from third parties and banks	56 860	1 587	1.00–2.32 %	5 500
Long-term loans from shareholders (Cantons BS, BL, ZH and City of Zurich)	152 500	2 713	0.68–3.00 %	32 500
Interest-free loans from shareholders (Cantons BS, BL)	60 000	–	0	–
Non-repayable loan (à fonds perdu) secured with a mortgage	45 000	–	0.00 %	45 000
Total long-term loans (more than 1 year)	314 360	4 300		83 000
Total loans taken up as per 31.12.2013	369 390	6 354		85 500
		thereof capitalised		
		860		
As per 31.12.2014	Balance sheet	Interest on capital	Interest rate	Including secured by mortgages
	CHF 1 000	CHF 1 000		CHF 1 000
Short-term and fixed-rate loans from third parties and banks	3 248	124	1.90–1.99 %	–
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500	–	0.00 %	2 500
Total short-term loans (less than 1 year)	5 748	124		2 500
Long-term and fixed-rate loans from third parties and banks	47 818	2 928	1.00–2.32 %	–
Long-term loans from shareholders (Cantons BS, BL, ZH and City of Zurich)	152 500	2 859	0.68–3.00 %	32 500
Interest-free loans from shareholders (Cantons BS, BL)	60 000	–	0.00 %	–
Non-repayable loan (à fonds perdu) secured with a mortgage	42 500	–	0.00 %	42 500
Total long-term loans (more than 1 year)	302 818	5 787		75 000
Total loans taken up as per 31.12.2014	308 566	5 911		77 500
		thereof capitalised		
		–		

20. Further details

	Framework limit	Taken up as per 31.12.2014	Taken up as per 31.12.2013	Description
Canton Basel-Stadt	CHF 20 Mio. ¹⁾	CHF 20 Mio.	CHF 20 Mio.	Investment à-fonds-perdu
	CHF 30 Mio. ²⁾	CHF 30 Mio.	CHF 30 Mio.	Interest-free loan with a term of 10 years, obligation to amortise CHF 3 million per year from 2020 to 2029
	CHF 85 Mio.	CHF 85 Mio.	CHF 85 Mio.	Loan with a term of 4 and 10 years respectively
	CHF 50 Mio. ¹⁾³⁾	CHF 50 Mio.	CHF 50 Mio.	Loan à-fonds-perdu secured with a mortgage and with a term of 20 years in respect of the imposed conditions
Canton Basel-Landschaft	CHF 20 Mio. ¹⁾	CHF 20 Mio.	CHF 20 Mio.	Investment à-fonds-perdu
	CHF 30 Mio. ²⁾	CHF 30 Mio.	CHF 30 Mio.	Interest-free loan with a term of 10 years, obligation to amortise CHF 3 million per year from 2020 to 2029
	CHF 35 Mio.	CHF 35 Mio.	CHF 35 Mio.	Loan with a term of 10 years
Canton Zurich	CHF 20 Mio. ⁴⁾	–	–	Loan with a term of 10 years
City of Zurich	CHF 20 Mio. ⁴⁾	–	–	Loan with a term of 10 years
Total	CHF 310 Mio.	CHF 270 Mio.	CHF 270 Mio.	

1) Subsidies

2) Interest as subsidies

3) Financing contribution, annual amortisation of CHF 2.5 million, as of 2013 as a subsidy

4) Since the "Messe Basel New Hall" project was completed within the budget, it was not necessary to take up the two loans from the Canton and City of Zurich.

The net debt (short and long-term loans taken up minus cash and cash equivalents) was reduced to CHF 155.3 million (previous year CHF 222.3 million).

20.1. Transactions with related parties

As an organiser of exhibitions and various other events, the MCH Group maintains a range of business relationships with its most important shareholders, the Cantons of Basel-Stadt, Basel-Landschaft, Zurich and the City of Zurich, in the context of its ordinary business activity.

The Canton of Basel-Stadt has made most of the land required by MCH Swiss Exhibition (Basel) Ltd. available with a building lease. The Canton and City of Zurich have granted MCH Swiss Exhibition (Zurich) Ltd. loans of CHF 16.0 million and CHF 16.5 million respectively, both subject to 2 % interest. In addition, the City of Zurich has made the land required by MCH Swiss Exhibition (Zurich) Ltd. available with a building lease.

In the context of the financing concept for the “Messe Basel New Hall” for CHF 350 million (including some CHF 40 million from the increase in share capital in 2011), the following transactions were made or have been prepared between MCH Swiss Exhibition (Basel) Ltd. and the public sector entities. As the parent company, MCH Group Ltd. guarantees the fulfilment of the contracts (investment contributions and loans earmarked for a specific purpose) with the public-sector entities (the Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) by means of an abstract payment guarantee. The financing concept additionally provides for a maximum dividend payment of 5 % over the full financing term.

The interest-free loan for CHF 60 million granted by the Cantons of Basel-Stadt and Basel-Landschaft (CHF 30 million each), has reduced the interest to be paid by MCH Swiss Exhibition (Basel) Ltd. in the 2014 financial year by CHF 0.8 million (previous year CHF 1.2 million), taking a reference interest rate of 1.26 %. As of 2020, these loans will be amortised with a total of CHF 6 million each year (CHF 3 million per loan and canton).

In the 2012 business year, MCH Messe Basel received a non-repayable loan, secured by a mortgage, of CHF 50 million from the Canton of Basel-Stadt, as a financing contribution à fonds perdu. This is to run for 20 years and incurs the obligation to continue operating the Congress Center Basel (CCB) for 20 years. This loan is reduced by a sum of CHF 2.5 million every year. The reduction in the corresponding interest to be paid is CHF 0.6 million (previous year CHF 1.1 million).

20.2. Contingent liabilities

At 31 December 2014, MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 1.0 million (previous year CHF 0.9 million) in respect of Theater 11 and the renovation of exhibition restaurants.

By way of security for obligations taken on by Expomobilia AG in the context of a work contract, MCH Group Ltd. provided guarantees totalling CHF 3.0 million on 31.12.2014 (previous year CHF 3.0 million). In addition, cash and cash equivalents totalling CHF 7.3 million were pledged on behalf of third parties in the 2013 financial year.

20.3. Exchange rates

Annual average rates	2014	2013
USD	0.92	0.93
EUR	1.21	1.23
HKD	11.80	11.95
Reporting date rates:	2014	2013
USD	0.99	0.89
EUR	1.20	1.23
HKD	12.81	11.47

20.4. Risk Management

The MCH Group has implemented a risk management process. On the basis of a risk identification conducted by the Executive Board each year, the key risks for the group are rated according to the probability of their occurrence and their impact. These risks are avoided, reduced or passed on by means of appropriate measures decided on by the Board of Directors. The risks borne by the group itself are consistently monitored. The last risk assessment conducted by the Board of Directors was adopted on 12 December 2014. To allow the group to respond flexibly to changes in the risk environment, the Executive Board is entitled to commission in-depth risk clarifications on an ad-hoc basis.

20.5 Events subsequent to the balance sheet date

On 15 January 2015, the Swiss National Bank announced that it was lifting the minimum exchange rate of CHF 1.20 per euro with immediate effect. As a result, the exchange rate for the euro collapsed. The fall in the exchange rate for the euro is an event which was only triggered after the balance sheet date and thus has no impact on the values stated on the company balance sheet for 31 December 2014. The financial impact of the fall in the exchange rate cannot be reliably estimated for the 2015 financial year as yet. This will essentially depend on how the euro exchange rate develops in future.

20.6. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on 27 March 2015.

Report of the Statutory Auditor

To the General Meeting of
MCH Group Ltd., Basel
Basel, 27 March 2015

Report of the statutory auditor on the group accounts

As statutory auditor, we have audited the group accounts of MCH Group Ltd., which comprise the group balance sheet, group income statement, group cash flow statement, development of consolidated shareholders' equity and notes to the group accounts (pages 4 to 30), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the group accounts 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 group accounts 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 group accounts 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 group accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the group accounts, 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 group accounts 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 group accounts. 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 group accounts for the year ended 31 December 2014 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 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 group accounts according to the instructions of the Board of Directors.

We recommend that the group accounts submitted to you be approved.

KPMG AG

Stefan Inderbinen
Licensed audit expert
(Auditor in charge)



Christoph Vonder Mühl
Licensed audit expert



Annual Accounts MCH Group Ltd.

MCH Group Ltd.

Balance sheet

Statutory accounts of the holding company

Assets	31.12.2014		31.12.2013		Liabilities	31.12.2014		31.12.2013	
	CHF 1 000	%	CHF 1 000	%		CHF 1 000	%	CHF 1 000	%
Cash and cash equivalents	2 505	–	2 168	–	Liabilities from deliveries and services	410	–	416	–
Accounts receivable for deliveries and services	9	–	18	–	Liabilities to group companies	734	–	543	–
Receivables from group companies	4 136	–	4 120	–	Other liabilities	156	–	107	–
Other receivables	3	–	96	–	Loans from group companies	27 847	–	19 634	–
Prepayments and accrued income	521	–	1 217	–	Accrued expenses and deferred income	3 377	–	2 750	–
Total current assets	7 174	3.7	7 619	4.1	Short-term loans	–	–	–	–
Long-term loans to group companies	19 150	–	9 350	–	Total short-term liabilities	32 524	16.6	23 450	12.6
Investments	169 772	–	169 772	–	Long-term loans	–	–	–	–
Total non-current assets	188 922	96.3	179 122	95.9	Total long-term liabilities	–	–	–	–
					Total liabilities	32 524	16.6	23 450	12.6
					Share capital	60 066	–	60 066	–
					Statutory reserves	5 600	–	5 600	–
					Statutory reserves from capital contribution	27 991	–	27 991	–
					Special reserves	47 600	–	47 600	–
					Profit carried forward	19 031	–	17 781	–
					Annual profit	3 284	–	4 253	–
					Total shareholders' equity	163 572	83.4	163 291	87.4
Total assets	196 096	100.0	186 741	100.0	Total liabilities and shareholders' equity	196 096	100.0	186 741	100.0

MCH Group Ltd.

Income statement

Statutory accounts of the holding company

	2014	2013
Income	CHF 1 000	CHF 1 000
Management fee from group companies	13 203	13 763
Services with third parties	73	125
Dividends from subsidiaries	4 686	4 686
Other operating income	3	3
Revenue reduction	–	–
Total operating income	17 965	18 577
Expenses	CHF 1 000	CHF 1 000
Employees	-8 655	-8 370
Administration	-3 989	-3 903
Insurances	-52	-29
Maintenance, repairs	–	–
Set-up expenses	-114	-406
Operating expenses	-571	-73
Advertising, press, public relations	-1 119	-1 348
Total operating expenses	-14 500	-14 129
Total operating result	3 465	4 448
Financial income	128	93
Financial expenses	-309	-279
Total financial result	-181	-186
Pre-tax profit	3 284	4 262
Income tax	–	-9
Annual profit	3 284	4 253

Notes to the Annual Accounts

Investments

See page 17.

Risk Management

The risk management at MCH Group Ltd. constitutes an integral part of the risk management of the MCH Group (see Annual Report page 48 and 30).

Contingent liabilities, guarantee obligations vis-à-vis third parties

MCH Group Ltd. is jointly and severally liable with MCH Swiss Exhibition (Basel) Ltd. for a credit facility of CHF 100 million, which was taken up for a sum of CHF 40 million (previous year CHF 90 million) by MCH Swiss Exhibition (Basel) Ltd. on the balance sheet date.

By way of security for obligations taken on by Expomobilia AG in the context of a work contract, MCH Group Ltd. provided guarantees totalling CHF 3.0 million on 31.12.2013 (previous year CHF 3.0 million).

Events subsequent to the balance sheet date

On 15 January 2015, the Swiss National Bank announced that it was lifting the minimum exchange rate of CHF 1.20 per euro with immediate effect. As a result, the exchange rate for the euro collapsed. The fall in the exchange rate for the euro is an event which was only triggered after the balance sheet date and thus has no impact on the values stated on the company balance sheet for 31 December 2014. The financial impact of the fall in the exchange rate cannot be reliably estimated for the 2015 financial year as yet. This will essentially depend on how the euro exchange rate develops in future.

Key shareholders		
	2014	2013
	%	%
Canton Basel-Stadt	33.5	33.5
Canton Basel-Landschaft	7.8	7.8
LB (Swiss) Investment AG ¹⁾	7.6	6.2
Canton Zurich	4.0	4.0
City of Zurich	3.7	3.7

1) Entered in the "Shareholders with voting rights" share register with 300 328 shares (5%)

At the end of 2014, 3 326 registered shareholders were entered in the share register.

Payment guarantee

As the parent company, MCH Group Ltd. guarantees the fulfilment of the contracts (investment contributions and loans earmarked for a specific purpose) with the public-sector entities (the Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) by means of an abstract payment guarantee. The financing concept additionally provides for a maximum dividend payment of 5 % over the full financing term.

Profit distribution		
	2014	2013
	CHF 1 000	CHF 1 000
Profit brought forward from previous year	19 031	17 781
Annual profits	3 284	4 253
Total net profit for the year	22 315	22 034
Dividend ¹⁾	-3 003	-3 003
Allocation to statutory reserve	-	-
Balance carried forward	19 312	19 031

1) A dividend of 5.0 % of the nominal share value is being distributed, i.e. in 2014 CHF 0.50 gross per share with a nominal value of CHF 10.– (previous year CHF 0.50 with a nominal value of CHF 10.–).

Report of the statutory auditor

To the General Meeting of
MCH Group Ltd., Basel
Basel, 27 March 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of MCH Group Ltd., which comprise the balance sheet, income statement and notes to the annual accounts (pages 34 to 37), for the year ended 31 December 2014.

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 2014 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 instructions 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.

KPMG AG

Stefan Inderbinen
Licensed audit expert
(Auditor in charge)



Christoph Vonder Mühl
Licensed audit expert



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version is binding.