



MCH Group  
Global Live Marketing

# Financial Report 2015



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# Group Balance Sheet

Assets	Details	31.12.2015		31.12.2014		Liabilities	Details	31.12.2015		31.12.2014	
		CHF 1 000	%	CHF 1 000	%			CHF 1 000	%	CHF 1 000	%
Cash and cash equivalents	2	211 059	–	153 312	–	Liabilities from deliveries and services	5	24 025	–	21 018	–
Accounts receivable for deliveries and services	3	63 965	–	67 826	–	Other liabilities		6 864	–	4 387	–
Other receivables		4 809	–	2 404	–	Accrued expenses and deferred income	6	161 193	–	152 303	–
Inventories and work in progress	4	4 231	–	3 579	–	Short-term provisions	10	2 695	–	3 040	–
Prepayments and accrued income	6	37 968	–	30 562	–	Short-term loans taken up from third parties	19	210	–	3 248	–
<b>Total current assets</b>		<b>322 032</b>	<b>35.2</b>	<b>257 683</b>	<b>29.4</b>	Short-term loans taken up from related parties (shareholders)	19	2 500	–	2 500	–
Land, buildings, fixed installations	8	542 247	–	571 189	–	<b>Total short-term liabilities</b>		<b>197 487</b>	<b>21.6</b>	<b>186 496</b>	<b>21.3</b>
Assets under construction	8	773	–	698	–	Long-term provisions	10	8 756	–	6 998	–
Other fixed assets	8	43 673	–	44 930	–	Long-term loans taken up from third parties	19	47 715	–	47 819	–
Loans granted	7	191	–	199	–	Long-term loans taken up from related parties (shareholders)	19	252 500	–	255 000	–
Employer contribution reserve	11	780	–	729	–	<b>Total long-term liabilities</b>		<b>308 971</b>	<b>33.8</b>	<b>309 817</b>	<b>35.3</b>
Investments	9	2 391	–	1 562	–	<b>Total liabilities</b>		<b>506 458</b>	<b>55.4</b>	<b>496 313</b>	<b>56.6</b>
Intangible assets	8	2 257	–	654	–	Share capital		60 066	–	60 066	–
<b>Total non-current assets</b>		<b>592 312</b>	<b>64.8</b>	<b>619 961</b>	<b>70.6</b>	Capital reserves		74 310	–	74 310	–
						Retained earnings		273 304	–	246 663	–
						Minority interests		206	–	292	–
						<b>Total shareholders' equity</b>		<b>407 886</b>	<b>44.6</b>	<b>381 331</b>	<b>43.4</b>
<b>Total assets</b>		<b>914 344</b>	<b>100.0</b>	<b>877 644</b>	<b>100.0</b>	<b>Total equity and liabilities</b>		<b>914 344</b>	<b>100.0</b>	<b>877 644</b>	<b>100.0</b>

# Group Income Statement

		2015	2014
Income	Details	CHF 1 000	CHF 1 000
Services, stand construction		173 232	198 008
Surface areas		145 241	163 775
Admissions		11 992	12 532
Media, sponsoring		44 833	45 273
Utility connections		7 591	8 408
Furniture, other fittings		11 414	9 624
Conferences		13 566	15 061
Parking		5 489	5 694
Changes in work in progress		694	-7 313
Other operational income		6 696	4 947
Revenue reductions		-4 388	-6 564
<b>Total operating income</b>	<b>12</b>	<b>416 360</b>	<b>449 445</b>
Expenses	Details	CHF 1 000	CHF 1 000
Employees	13	-87 490	-90 603
Administration		-14 467	-14 538
Maintenance, repairs		-10 998	-13 229
Insurance, ground rent, rents		-16 623	-17 356
Energy		-8 182	-8 259
Furnishing expenses, stand construction		-93 251	-111 527
Exhibition and conference operations		-74 145	-77 842
Advertising, press, public relations		-28 436	-31 009
Depreciation	8	-42 695	-42 300
<b>Total operating expenses</b>		<b>-376 287</b>	<b>-406 663</b>

		2015	2014
	Details	CHF 1 000	CHF 1 000
<b>Operating result</b>		<b>40 073</b>	<b>42 782</b>
Financial result, net	14	-6 352	-6 129
<b>Result from ordinary activities</b>		<b>33 721</b>	<b>36 653</b>
Result of associated organisations	9	300	48
<b>Earnings before taxes</b>		<b>34 021</b>	<b>36 701</b>
Taxes	15	-3 123	-2 895
<b>Earnings after taxes</b>		<b>30 898</b>	<b>33 806</b>
Minority interests		87	-1 021
<b>Group profit</b>		<b>30 985</b>	<b>32 785</b>
Result per share in CHF (diluted/undiluted)		5.16 per share	5.46 per share

# Group Cash Flow Statement

		2015	2014			2015	2014
		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		30 985	32 785	Cash outflow for investments in land, buildings and fixed installations, assets under construction	8	-2 864	-6 831
Result of minority interests		-87	1 021	Cash outflow for investments in other tangible fixed assets	8	-10 921	-11 630
Book profit from the sale of fixed assets		-287	175	Cash outflow for investments in software and intangible assets	8	-3 362	-544
Depreciation	8	42 100	41 800	Cash inflow from the divestment of fixed assets	8	758	642
Losses through value impairments	8	595	500	Repayment of loans granted to others	7	28	30
Increase/reduction in bad debt provision	3	2 266	-960	Loans granted to others	7	-20	-7
Increase in assets from employer contribution reserves	11	-	-79	Cash flow from acquisition activities	9	-1 093	-5 043
Reduction/increase in value adjustments for long-term customer orders	4	-1 629	997	<b>Net cash flow from investment activities</b>		<b>-17 474</b>	<b>-23 383</b>
Attributable profit of associated organisations		-300	-48	Cash flow from financing operations	Details		
Reduction in accounts receivable for deliveries and services	3	1 865	14 679	Dividend to shareholders		-3 003	-3 003
Increase/reduction in other receivables		-2 404	5 887	Dividend to minorities		-	-1 078
Reduction in inventories and work in progress	4	977	5 520	Loans taken up	19	-	9
Increase/reduction in prepayments and accrued income	6	-7 385	5 959	Repayment of loans taken up	19	-3 546	-58 342
Increase/reduction in liabilities from deliveries and services	5	2 891	-1 432	<b>Net cash flow from financing operations</b>		<b>-6 549</b>	<b>-62 414</b>
Increase/reduction in other liabilities		2 439	-678	Currency translation differences		-193	361
Increase/reduction in accrued expenses and deferred income	6	8 535	-19 275	<b>Net cash flow</b>		<b>57 747</b>	<b>6 267</b>
Increase in provisions	10	1 402	4 852	Cash and cash equivalents at the beginning of the financial year	2	153 312	147 045
<b>Net cash flow from operating activities</b>		<b>81 963</b>	<b>91 703</b>	Cash and cash equivalents at the end of the financial year	2	211 059	153 312

# 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	Hedging reserve	Retained profits	Total retained earnings	Minority interest	Total
				Accumulated currency translation differences					
As per 01.01.2014	60 066	–	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
<b>As per 31.12.2014</b>	<b>60 066</b>	<b>0</b>	<b>74 310</b>	<b>114</b>	<b>0</b>	<b>246 549</b>	<b>246 663</b>	<b>292</b>	<b>381 331</b>
Currency translation differences	–	–	–	138		–	138	–	138
Changes from cash flow hedges	–	–	–	–	-106	–	-106	–	-106
Goodwill	–	–	–	–	–	-1 373	-1 373	–	-1 373
Dividend 2014 paid in 2015	–	–	–	–	–	-3 003	-3 003	–	-3 003
Group profit 2015	–	–	–	–	–	30 985	30 985	-86	30 899
<b>As per 31.12.2015</b>	<b>60 066</b>	<b>0</b>	<b>74 310</b>	<b>252</b>	<b>-106</b>	<b>273 158</b>	<b>273 304</b>	<b>206</b>	<b>407 886</b>

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 CHF 39.5 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 5.8 million (previous year CHF 8.0 million) is shown under Note 16.

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#### 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 into 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 2015 is CHF 62.50 (previous year CHF 64.80).



# Notes to the Group Account

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## 1. Consolidation and valuation principles

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### 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 2015 and stated in Swiss francs (CHF). The consolidated annual accounts are based on the following principles:

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### 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 “Swiss Reporting 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.

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### 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 organisations” 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 profits from intragroup transactions.

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### 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 average rate for the month in which the transaction took place. Other transactions in foreign currencies can also be converted at the current rate.

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#### 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.

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#### 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 projects 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.

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##### 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.

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##### 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 allowance for the 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 %

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##### 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 are 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.

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#### 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.

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#### 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.

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#### 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 – 5 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.

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#### 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 – 5 years

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

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#### 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.

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#### Derivative financial instruments

A derivative is included on the balance sheet if it meets the definition of an asset or a liability. The group employs currency futures and swaps for hedging currency risks. Use is made of cash flow hedges, in particular, for foreign currency hedging in order to reduce foreign currency risks for highly probable future cash flows from sales in foreign currencies. All open positions from cash flow hedges on the balance sheet date are disclosed in the notes and are recognised in equity via the hedging reserve.

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#### 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 in the MCH Group balance sheet. 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 the application 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.

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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. Obligating 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.

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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 5 years. In the event of any impairment of the goodwill, this will be stated in the notes.

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Own shares

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

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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 rates to be expected and is shown under the long-term 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.

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Depreciation period for goodwill

In the light of a 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 per 01.01.2014.

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Subsidies

Various subsidies have been paid from the public purse (Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich); 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 50.0 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

	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Cash, Post Office	21 040	54 150
Bank	121 980	96 126
Fixed deposits	68 039	3 036
<b>Total cash and cash equivalents</b>	<b>211 059</b>	<b>153 312</b>

## 3. Accounts receivable for deliveries and services

	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Accounts receivable for deliveries and services to third parties	68 741	70 307
Bad debt provision	-4 776	-2 481
<b>Total accounts receivable for deliveries and services</b>	<b>63 965</b>	<b>67 826</b>

Aging	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Not due	26 431	35 960
Due within 60 days	25 821	12 111
Due after 60 days	16 489	22 236
<b>Total accounts receivable for deliveries and services to third parties</b>	<b>68 741</b>	<b>70 307</b>

## 4. Inventories and work in progress

	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Inventories	368	281
Value adjustments for inventories	-	-
Work in progress	5 692	4 998
Value adjustments for work in progress	-71	-1 700
Advance payments received for work in progress	-1 758	-
<b>Total inventories and work in progress</b>	<b>4 231</b>	<b>3 579</b>

## 5. Liabilities from deliveries and services

	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Liabilities from deliveries and services vis-à-vis third parties	24 025	21 018
<b>Total liabilities from deliveries and services</b>	<b>24 025</b>	<b>21 018</b>

The level of prepayments, accruals and deferrals is influenced primarily by the frequency of the individual exhibitions. As per 31 December 2015, this essentially relates to the following exhibitions in 2016: Swissbau, Baselworld, muba, Giardina and SWISS-MOTO. Own work for exhibitions and events totalling CHF 11.8 million (previous year CHF 8.8 million) is included under prepayments and accrued income.

## 6. Prepayments, accruals and deferrals

Composition of prepayments and accrued income	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Exhibitions and events	32 543	22 391
Stand construction sales not yet invoiced	119	3 111
Prepaid rents	1 013	665
Other	4 293	4 395
<b>Total of prepayments and accrued income</b>	<b>37 968</b>	<b>30 562</b>

Composition of accrued expenses and deferred income	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Services invoiced in advance for exhibitions, events and stand construction	142 088	124 459
Long-term contracts received from customers	–	-782
Advance payments for work in progress	1 353	3 387
Human resources	12 923	12 715
Accrual for current tax	168	2 209
Other	4 661	10 315
<b>Total of accrued expenses and deferred income</b>	<b>161 193</b>	<b>152 303</b>

## 7. Loans granted

	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Loans to related organisations	–	–
Other loans	191	199
<b>Total loans</b>	<b>191</b>	<b>199</b>

## 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 1.1.2014	10 650	871 775	434	118 312	7 219	1 008 390
Depreciated values <sup>1)</sup>	–	-12 245	–	-4 492	-181	-16 918
+ Additions	–	6 567	264	11 630	544	19 005
Reclassifications	–	–	–	931	-931	–
– Disposals	–	0	–	-747	-70	-817
<b>Purchase values as per 31.12.2014</b>	<b>10 650</b>	<b>866 097</b>	<b>698</b>	<b>125 634</b>	<b>6 581</b>	<b>1 009 660</b>
Accumulated depreciation as per 1.1.2014	–	-286 146	–	-72 929	-5 232	-364 307
+ Reductions in value adjustments <sup>1)</sup>	–	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
<b>Net book value as per 31.12.2014</b>	<b>10 650</b>	<b>560 539</b>	<b>698</b>	<b>44 930</b>	<b>654</b>	<b>617 471</b>
Purchase costs as per 1.1.2015	10 650	866 097	698	125 634	6 581	1 009 660
Depreciated values <sup>1)</sup>	–	-4 995	–	-3 297	-998	-9 290
+ Additions	–	2 789	75	10 921	3 362	17 147
Reclassifications	–	–	–	–	–	–
– Disposals	–	–	–	-473	–	-473
<b>Purchase values as per 31.12.2015</b>	<b>10 650</b>	<b>863 891</b>	<b>773</b>	<b>132 785</b>	<b>8 945</b>	<b>1 017 044</b>
Accumulated depreciation as per 1.1.2015	–	-305 558	–	-80 704	-5 927	-392 189
+ Reductions in value adjustments <sup>1)</sup>	–	4 995	–	3 297	998	9 290
– Depreciations charged in 2015	–	-29 231	–	-11 110	-1 759	-42 100
– Value impairments 2015	–	–	–	-595	–	-595
– Subsidy	–	-2 500	–	–	–	-2 500
Total accumulated depreciation as per 31.12.2015	–	-332 294	–	-89 112	-6 688	-428 094
<b>Net book value as per 31.12.2015</b>	<b>10 650</b>	<b>531 597</b>	<b>773</b>	<b>43 673</b>	<b>2 257</b>	<b>588 950</b>

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

Depreciation	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Scheduled depreciation of buildings	29 231	29 157
Scheduled depreciation of other fixed assets	11 110	11 767
Unscheduled depreciation of other fixed assets	595	500
<b>Total depreciation of fixed assets</b>	<b>40 936</b>	<b>41 424</b>
Scheduled depreciation of intangible assets	1 759	876
Unscheduled depreciation of intangible assets	–	–
<b>Total depreciation of intangible assets</b>	<b>1 759</b>	<b>876</b>
<b>Total depreciation</b>	<b>42 695</b>	<b>42 300</b>
<b>Fire insurance values</b>	<b>31.12.2015 CHF 1 000</b>	<b>31.12.2014 CHF 1 000</b>
Buildings, fixed installations	1 202 535	1 194 079
Other fixed assets	271 501	247 620

The group's outstanding mortgages at the Zurich location are CHF 32.5 million (previous year CHF 32.5 million) and at the Basel location, CHF 42.5 million (previous year CHF 45.0 million). The corresponding book values of the mortgaged buildings are CHF 51.0 million (previous year CHF 53.7 million) in Zurich and CHF 23.0 million (previous year CHF 25.3 million) in Basel.

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 50.0 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 other intangible assets relate to trademark rights to an exhibition with a net book value of CHF 0.0 (previous year CHF 92 000.–). Due to the reduced deployment of technical systems, a value impairment was ascertained for the remaining tangible fixed assets in the 2014 and 2015 financial years.

- 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) Former trademark company Igeho, Internationale Fachmesse AG, transferred to MCH Group Ltd. by MCH Swiss Exhibition (Basel) Ltd. in 2016
- 2) 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 31.12.2015 in 1 000	Holding as per 31.12.2015 in %	Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 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
MCH Global AG <sup>1)</sup>	Basel	Live Marketing Solutions	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 <sup>2)</sup>	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	100.0
Reflection Marketing AG	Wallisellen	Strategic Marketing Consulting	D	CHF 100	100.0	CHF –	–
Investments in associated companies	Location	Activity		Share capital as per 31.12.2015 in 1 000	Holding as per 31.12.2015 in %	Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 in %
Parkhaus Messe Zürich AG	Zurich	Car parking services	C	CHF 5 000	20.0	CHF 5 000	20.0
metron Vilshofen GmbH	Vilshofen	Stand construction	A	EUR 140	20.0	CHF –	–
Minority investments	Location	Activity		Share capital as per 31.12.2015 in 1 000	Holding as per 31.12.2015 in %	Share capital as per 31.12.2014 in 1 000	Holding as per 31.12.2014 in %
Design Miami II LLC	Miami	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	31.12.2015 CHF 1 000	31.12.2014 CHF 1 000
Parkhaus Messe Zürich AG	1 660	1 562
metron Vilshofen GmbH	731	0
<b>Total</b>	<b>2 391</b>	<b>1 562</b>

#### Change in consolidated companies

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.

On 1 January 2015, MCH Group Ltd. acquired a 20 % share in the capital of metron Vilshofen GmbH, Vilshofen (Germany). This acquisition includes an option to acquire the remaining shares by the end of 2018.

Expomobilia AG acquired 100 % of the shares in Reflection Marketing AG, Wallisellen, on 1 January 2015 (signing and closing) and, at the same time, took over control of the company.

As per the date of acquisition, Reflection Marketing AG had cash and cash equivalents of CHF 0.4 million, other current receivables of CHF 0.3 million, fixed assets of CHF 0.1 million and liabilities of CHF 0.5 million. The net assets acquired, valued at the market value, are thus CHF 0.3 million as per 1 January 2016.

## 10. Provisions

CHF 1 000	As per 01.01.2014	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
<b>Total provisions</b>	<b>5 187</b>	<b>5 650</b>	<b>-15</b>	<b>-784</b>	<b>0</b>	<b>10 038</b>
including short-term provisions	15	3 040	-15	–	–	3 040
including long-term provisions	5 172	2 610	–	-784	–	6 998

  

CHF 1 000	As per 01.01.2015	Recognised	Used	Released	Change in consolidated companies and reclassification	As per 31.12.2015
Repairs to exhibition parking spaces	800	–	–	–	–	800
Renovation fund Theater 11	1 837	206	–	–	–	2 043
Restructuring	3 000	–	-755	–	–	2 245
Other provisions	2 447	1 693	–	-190	–	3 950
Deferred tax provision (cf. 15)	1 954	480	–	-32	11	2 413
<b>Total provisions</b>	<b>10 038</b>	<b>2 379</b>	<b>-755</b>	<b>-222</b>	<b>11</b>	<b>11 451</b>
including short-term provisions	3 040	243	-755	-40	207	2 695
including long-term provisions	6 998	2 136	–	-182	-196	8 756

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 for a subsidiary of the Exhibitions/Venues Division, which were set aside in the 2014 financial year and partly used up in the 2015 financial year already, include the expected costs of the redundancy plan. The remaining provisions include costs for claims made (CHF 0.8 million) and contract penalties in the event of stand constructions not being able to be brought into operation on time (CHF 1.4 million). In addition a sum of CHF 1.0 million was set aside for a personal injury on the occasion of an event in the 2015 financial year. The remaining other provisions result from complaints, contractual risks and miscellaneous provisions totalling CHF 0.8 million.

## 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	31.12.2014	31.12.2014	31.12.2014	2014	2014	2014	2014	31.12.2013	2014	2013
Pensionfund	729	–	–	–	–	78	–	651	–	1 900
<b>Total</b>	<b>729</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>78</b>	<b>–</b>	<b>651</b>	<b>–</b>	<b>1 900</b>
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	–	–	–	–		–		–	–	
<b>Total</b>	<b>35 378</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>6 638</b>		<b>6 638</b>	<b>6 495</b>	

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 2015 financial year totalled CHF 6.0 million (previous year CHF 5.9 million). An actuarial balance sheet is drawn up by an expert at least once every three years, which is currently based on the 2010 Occupational Pensions Act (2.9 %). The last actuarial balance sheet was drawn up on 01 January 2015. The mathematical reserve is calculated on an annual basis. The funded status in respect of the net assets of the pension fund is 113.4 % as per 31 December 2015 (previous year 116.5 %). The total employer contribution reserve as per 31 December 2015 is CHF 0.8 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 2015 financial year totalled CHF 0.6 million (previous year CHF 0.7 million). The 2010 Occupational Pensions Act (3.25 %) is taken as the technical basis for the annual calculation of the funded status, which is 99.0 % as per 31 December 2015 (previous year 105.0 %). On the basis of a decision taken by the Foundation’s Board of Trustees, the pension fund was switched to a defined contribution scheme on 1 January 2016 and the technical interest rate reduced to 2.75 % at the same time.

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	31.12.2015	31.12.2015	31.12.2015	2015	2015	2015	2015	31.12.2014	2015	2014
Pensionfund	780		780				51	729	-	-
<b>Total</b>	<b>780</b>	<b>-</b>	<b>780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>729</b>	<b>-</b>	<b>-</b>
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	31.12.2015	31.12.2015	31.12.2015	31.12.2014	2015	2015	2015	2015	2015	2014
Benefit plans with excess coverage	24 663	-	-	-	-	6 115	6 115	6 115	6 115	6 638
Benefit plans with under coverage	-260	-	-	-	-	564	564	564	564	-
<b>Total</b>	<b>24 403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 679</b>	<b>6 679</b>	<b>6 679</b>	<b>6 679</b>	<b>6 638</b>

The employees of Reflection Marketing AG, Wallisellen, have a full-insurance solution. The employees of Exhibit & More AG have a full-insurance solution with AXA-Winterthur. Both pension solutions have a funded status of 100 %.

No debts exist vis-à-vis the pension funds as per 31 December 2015 (previous year a debt of CHF 0.0 million).

## 12. Sales by divisions and geographical markets

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 <sup>1)</sup>	–	332 471
Venues Division	40 497	–	–	40 497
Live Marketing Solutions Division	57 630	4 276 <sup>2)</sup>	14 571	76 477
<b>Total sales by divisions</b>	<b>393 736</b>	<b>41 138</b>	<b>14 571</b>	<b>449 445</b>
Sales by divisions 2015 CHF 1 000	In Switzerland	Abroad, 1) MCH exhibitions 2) Swiss customers	Abroad, foreign customers	Total
Exhibition Division	254 708	41 793 <sup>1)</sup>	–	296 501
Venues Division	41 405	–	–	41 405
Live Marketing Solutions Division	59 121	7 160 <sup>2)</sup>	12 173	78 454
<b>Total sales by divisions</b>	<b>355 234</b>	<b>48 953</b>	<b>12 173</b>	<b>416 360</b>

The MCH Group is dispensing with the presentation of the segment results, since detailed reporting of the company's cost and earnings structure could produce competitive disadvantages compared with competitors.

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### 13. Employees

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	31.12.2015	31.12.2014
Full-time jobs	577.5	582.8

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

## 14. Financial result

Financial income	2015 CHF 1 000	2014 CHF 1 000
Interest income	65	135
Exchange gains	862	1 174
<b>Total financial income</b>	<b>927</b>	<b>1 309</b>
Financial expenses	2015 CHF 1 000	2014 CHF 1 000
Interest on capital	4 179	5 911
Exchange losses	2 663	1 056
Bank and credit card charges	437	471
<b>Total financial expenses</b>	<b>7 279</b>	<b>7 438</b>
<b>Net financial result</b>	<b>-6 352</b>	<b>-6 129</b>

The interest on capital relates to the financing costs for the operational loans and various other interest expenditure.



15. Taxes		
	2015 CHF 1 000	2014 CHF 1 000
Current income tax	2 664	3 477
Deferred income tax	459	-582
<b>Total income tax</b>	<b>3 123</b>	<b>2 895</b>
	2015 CHF 1 000	2014 CHF 1 000
Total tax loss carry forward as of 01.01.	11 889	13 960
Change in loss carry forward in the tax balance	213	-2 071
<b>Total tax loss carry forward as of 31.12.</b>	<b>12 102</b>	<b>11 889</b>
	2015 CHF 1 000	2014 CHF 1 000
Income tax prior to allowance for loss carry forwards	3 162	3 268
Impact of non-capitalisation of loss carry forwards	128	248
Impact of the use of non-capitalised loss carry forwards	-167	-621
<b>Income tax with allowance for loss carryforwards</b>	<b>3 123</b>	<b>2 895</b>

The average tax rate applied in respect of the result from ordinary activities is 9.2% (previous year 7.9%).

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 2015 financial year, the tax loss carry forward decreased by CHF 0.2 million to CHF 12.1 million.

As per 31 December 2015 and 2014, no deferred tax credits were capitalised from loss carry forwards.

16. Goodwill		
Additional disclosure with goodwill charged against equity	2015 CHF 1 000	2014 CHF 1 000
Result after taxes	30 898	33 806
Theoretical amortisation of goodwill	-3 636	-28 022
<b>Result after taxes with capitalisation of the goodwill</b>	<b>27 262</b>	<b>5 784</b>
Acquisition value of the goodwill		
As per 01.01.	62 489	57 446
Entries	1 373	5 043
Amortised values	-50 831	–
<b>As per 31.12.</b>	<b>13 031</b>	<b>62 489</b>
Accumulated amortisation of the goodwill		
As per 01.01.	54 457	26 435
Scheduled amortisation	3 636	28 022
Disposals from accumulated amortisation	-50 831	–
<b>As per 31.12.</b>	<b>7 262</b>	<b>54 457</b>
Shareholders' equity as per 31.12.	407 886	381 331
Theoretical net book value of goodwill	5 769	8 032
<b>Shareholders' equity with inclusion of the goodwill as per 31.12.</b>	<b>413 655</b>	<b>389 363</b>

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, Asian Art Fairs Limited and Reflection Marketing AG.

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 increased depreciation of CHF 25.7 million for the 2014 financial year.

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

## 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	8 167	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
<b>As per 31.12.2014</b>	<b>10 389</b>	<b>35 017</b>	<b>82 484</b>	<b>127 890</b>
Rental contracts for business premises	6 741	17 387	3 200	27 328
Rental and maintenance contracts for ICT	67	151	1	219
Lease commitments for vehicles	19	23	–	42
Ground rent	2 099	8 395	68 886	79 380
<b>As per 31.12.2015</b>	<b>8 926</b>	<b>25 956</b>	<b>72 087</b>	<b>106 969</b>

## 18. Derivative financial instruments

1 000 CHF	Contract value 2015	Contract value 2014	Negative replacement value 2015	Negative replacement value 2014	Reason held
Forward transactions foreign exchange	11 395	9 927	-106	-103 <sup>1)</sup>	Hedging
<b>Total derivative financial instruments</b>	<b>11 395</b>	<b>9 927</b>	<b>-106</b>	<b>-103 <sup>1)</sup></b>	

1) no cash flow hedge

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

MCH Group Ltd. is entitled to acquire the remaining 80 % of the shares in metron Vilshofen GmbH by the end of 2018.

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 31.12.2014	Balance sheet	Interest on capital	Interest rate	Including secured by mortgages	Due-date
	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%	–	30.06./24.08./31.08.2015
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500	–	0.00%	2 500	08.07.2015
<b>Total short-term loans (less than 1 year)</b>	<b>5 748</b>	<b>124</b>		<b>2 500</b>	
Long-term and fixed-rate loans from third parties and banks	47 818	2 928	1.00 – 2.32%	–	01.09.2022 resp. 05.01.2037 annual amortisation CHF 0.2 million
Long-term loans from shareholders (Canton of Basel-Stadt)	85 000	1 159	0.68 – 2.34%	–	06.06.2017 resp. 01.07.2020
Long-term loans from shareholders (Canton of Basel-Landschaft)	35 000	1 050	3.00%	–	15.03.2021
Long-term loans from shareholders (Canton Zurich)	16 000	320	2.00%	16 000	28.06.2021 resp. 30.06.2031
Long-term loans from shareholders (City of Zurich)	16 500	330	2.00%	16 500	01.07.2021 resp. 30.06.2031
Interest-free loans from shareholders (Cantons BS, BL) <sup>1)</sup>	60 000	–	0.00%	–	as of 09.06.2020 resp. 08.09.2020 annual amortisation CHF 3.0 million
Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>	42 500	–	0.00%	42 500	last amortisation instalment 06.07.2032
<b>Total long-term loans (more than 1 year)</b>	<b>302 818</b>	<b>5 787</b>		<b>75 000</b>	
<b>Total loans taken up as per 31.12.2014</b>	<b>308 566</b>	<b>5 911</b>		<b>77 500</b>	

1) Interest as a subsidy

2) Financing sum, annual amortisation of CHF 2.5 million, as a subsidy from 2013 onwards

The net debt (short and long-term loans minus cash and cash equivalents) was reduced to CHF 91.9 million (previous year CHF 155.3 million).

As per 31.12.2015	Balance sheet	Interest on capital	Interest rate	Including secured by mortgages	Due-date
	CHF 1 000	CHF 1 000		CHF 1 000	
Short-term and fixed-rate loans from third parties and banks	210	244	bis 1.99 %		
Non-repayable loan (à fonds perdu) secured with a mortgage	2 500			2 500	08.07.2016
<b>Total short-term loans (less than 1 year)</b>	<b>2 710</b>	<b>244</b>		<b>2 500</b>	
Long-term and fixed-rate loans from third parties and banks	47 715	1 076	1.00–2.32 %		01.09.2022 resp. 05.01.2037 annual amortisation obligation CHF 0.2 million
Long-term loans from shareholders (Canton of Basel-Stadt)	85 000	1 159	0.68–2.34 %		06.06.2017 resp. 01.07.2020
Long-term loans from shareholders (Canton of Basel-Landschaft)	35 000	1 050	3.00 %		15.03.2021
Long-term loans from shareholders (Canton Zurich)	16 000	320	2 %	16 000	28.06.2021 resp. 30.06.2031
Long-term loans from shareholders (City of Zurich)	16 500	330	2 %	16 500	01.07.2021 resp. 30.06.2031
Interest-free loans from shareholders (Cantons BS, BL) <sup>1)</sup>	60 000	–	0.00 %	–	as of 09.06.2020 resp. 08.09.2020 annual amortisation of CHF 3.0 million
Non-repayable loan (à fonds perdu) secured with a mortgage <sup>2)</sup>	40 000	–	0.00 %	40 000	last amortisation instalment 06.07.2032
<b>Total long-term loans (more than 1 year)</b>	<b>300 215</b>	<b>3 935</b>		<b>72 500</b>	
<b>Total loans taken up as per 31.12.2015</b>	<b>302 925</b>	<b>4 179</b>		<b>75 000</b>	

1) Interest as a subsidy

2) Financing sum, annual amortisation of CHF 2.5m, as a subsidy from 2013 onwards

## 20. Further details

### 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 and 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 Buildings” for CHF 350.0 million (including some CHF 40.0 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 60.0 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 2015 financial year by CHF 0.6 million taking a reference interest rate of 0.98 % (previous year CHF 0.8 million with an interest rate of 1.26 %). As of 2020, these loans will be amortised with a total of CHF 6.0 million each year (CHF 3.0 million per loan and canton).

In the 2012 business year, MCH Messe Basel received a non-repayable loan, secured by a mortgage, of CHF 50.0 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 0.5 million (previous year CHF 0.6 million).

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## 20.2. Contingent liabilities

At 31 December 2015, MCH Swiss Exhibition (Zurich) Ltd. has contingent liabilities of CHF 0.7 million (previous year CHF 1.0 million) in respect of the 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 that totalled CHF 3.0 million on 31.12.2015 (previous year CHF 3.0 million).

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## 20.3 Exchange rates

Annual average rates	2015	2014
USD	0.96	0.92
EUR	1.07	1.21
HKD	12.42	11.80

Reporting date rates:	2015	2014
USD	1.00	0.99
EUR	1.09	1.20
HKD	12.92	12.81

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## 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 18 December 2015. 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.

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## 20.5. Approval of the annual accounts

The Board of Directors of MCH Group Ltd. approved the consolidated annual accounts on 14 March 2016.

# Report of the statutory auditor

To the General Meeting of  
MCH Group Ltd., Basel  
Basel, 14 March 2016

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## 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 2015.

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## 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.

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## 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.

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## Opinion

In our opinion, the group accounts 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.

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## 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.

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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

		31.12.2015		31.12.2014				31.12.2015		31.12.2014	
Assets	Details	CHF 1 000	%	CHF 1 000	%	Liabilities	Details	CHF 1 000	%	CHF 1 000	%
Cash and cash equivalents		14 871	–	2 505	–	Accounts payable for deliveries and services		477	–	410	–
Accounts receivable for deliveries and services from third parties		2	–	9	–	Short-term interest-bearing liabilities towards holdings		–	–	–	–
Accounts receivable for deliveries and services from holdings		3 932	–	4 136	–	Other short-term liabilities		58	–	156	–
Other receivables		1 050	–	3	–	Other short-term liabilities towards holdings		1 676	–	734	–
Prepayments and accrued income		114	–	521	–	Accrued expenses and deferred income		3 142	–	3 377	–
<b>Total current assets</b>		<b>19 969</b>	<b>9.9</b>	<b>7 174</b>	<b>3.7</b>	<b>Total short-term liabilities</b>		<b>5 353</b>	<b>2.6</b>	<b>4 677</b>	<b>2.4</b>
Long-term loans to group companies		21 495	–	19 150	–	Long-term interest-bearing liabilities towards holdings		28 221	–	27 847	–
Investments	2.1	159 553	–	169 772	–	Long-term non-interest-bearing liabilities towards holdings		5 500	–	–	–
<b>Total non-current assets</b>		<b>181 048</b>	<b>90.1</b>	<b>188 922</b>	<b>96.3</b>	<b>Total long-term liabilities</b>		<b>33 721</b>	<b>16.8</b>	<b>27 847</b>	<b>14.2</b>
						<b>Total liabilities</b>		<b>39 074</b>	<b>19.4</b>	<b>32 524</b>	<b>16.6</b>
						Share capital	2.2	60 066	–	60 066	–
						Statutory capital reserves					
						– Reserves from capital contributions		27 991	–	27 991	–
						Statutory retained earnings					
						– General statutory retained earnings		5 600		5 600	
						Voluntary retained earnings					
						– Special reserves		47 600	–	47 600	–
						– Net profit					
						Profit carried forward		19 311	–	19 031	–
						Annual profit		1 375	–	3 284	–
						<b>Total shareholders' equity</b>		<b>161 943</b>	<b>80.6</b>	<b>163 572</b>	<b>83.4</b>
<b>Total assets</b>		<b>201 017</b>	<b>100.0</b>	<b>196 096</b>	<b>100.0</b>	<b>Total liabilities and shareholders' equity</b>		<b>201 017</b>	<b>100.0</b>	<b>196 096</b>	<b>100.0</b>

# MCH Group Ltd.

## Income statement

Statutory accounts of the holding company

		2015	2014
Income	Details	CHF 1 000	CHF 1 000
Dividend income from subsidiaries		14 886	4 686
Other financial income		250	128
Management fee from group companies		12 897	13 203
Remaining operating income			
– Services with third parties		76	73
– Other operating income		3	3
<b>Total operating income</b>		<b>28 112</b>	<b>18 093</b>
<b>Expenses</b>		<b>CHF 1 000</b>	<b>CHF 1 000</b>
Employees		-8 854	-8 655
Financial expenses		-284	-309
Remaining operating expenditure			
– Administration		-4 655	-3 989
– Insurances		-72	-52
– Maintenance, repairs		–	–
– Set-up expenses		-174	-114
– Operating expenses		-323	-571
– Advertising, press, public relations		-1 627	-1 119
Value adjustments on investments		-10 748	–
<b>Total operating expenses</b>		<b>-26 737</b>	<b>-14 809</b>
<b>Total Pre-tax profit</b>		<b>1 375</b>	<b>3 284</b>
Income tax		0	0
<b>Annual profit</b>		<b>1 375</b>	<b>3 284</b>

# Notes to the Annual Accounts

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## 1. Principles

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### 1.1 General information

The present annual accounts of MCH Group Ltd. with head office in Basel have been drawn up in accordance with the Swiss commercial accounting and financial reporting legislation (Title 32 of the Swiss Code of Obligations). To maintain comparability, the previous year's figures for the balance sheet and income statement have been restated in accordance with the new classification rules. For this reason, the comparative information cannot be coordinated with the annual accounts for the previous year. The main accounting and valuation principles applied that are not prescribed by law are described below.

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### 1.2 Accounting and valuation principles

Assets are valued at no more than acquisition cost. In the wake of the switch to the provisions of the Swiss commercial accounting and financial reporting legislation (Title 32 of the Swiss Code of Obligations) investments are individually valued for the first time in 2015. This switch has necessitated a value adjustment of CHF 10.7 million.

All assets and liabilities denoted in foreign currencies are translated at the exchange rates applicable on the balance sheet date. Income and expenses denominated in foreign currencies and all transactions in foreign currencies are translated at the exchange rates applicable on the individual transaction dates. The resulting exchange rate differences are included on the income statement. Any unrealised exchange gains are deferred.

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### 1.3 Non-inclusion of a cash flow statement and further details in the notes

MCH Group Ltd. draws up group accounts in accordance with a recognised accounting standard (Swiss GAAP FER). In accordance with the statutory provisions, it has thus dispensed with the provision of details of interest-bearing liabilities and auditing fees and also with the presentation of a cash flow statement in the notes to the present annual accounts.

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## 2. Disclosures on balance sheet and income statement positions

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### 2.1 Investments

The direct and principal indirect investments are listed in the notes to the group accounts (page 17). The capital share corresponds to the voting share.

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### 2.2 Share capital

As at 31.12.2015, the share capital is divided into 6 006 575 registered shares with a nominal value of CHF 10.– per share (unchanged compared with the previous year).

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## 3. Further details

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### 3.1 Full-time employees

The number of full-time employees averaged over the year was between 10 and 50 in the reporting year and the previous year.

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### 3.2 Sureties provided for liabilities of third parties

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 31.12.2015 (previous year CHF 3.0 million).

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### 3.3 Contingent liabilities

As the parent company, MCH Group Ltd. guarantees 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.

MCH Group Ltd. is jointly and severally liable with MCH Swiss Exhibition (Basel) Ltd. for a credit facility of CHF 100.0 million, which was taken up for a sum of CHF 40.0 million (previous year CHF 40.0 million) by MCH Swiss Exhibition (Basel) Ltd. on the balance sheet date.

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### 3.4 Maximum dividend payment

The financing concept with the public sector entities (the Cantons of Basel-Stadt, Basel-Landschaft and Zurich and also the City of Zurich) provides for a maximum dividend payment of 5 % over the full financing term.

### 3.5 Key shareholders

	2015	2014
	%	%
Canton Basel-Stadt	33.5	33.5
Canton Basel-Landschaft	7.8	7.8
LB (Swiss) Investment AG <sup>1)</sup>	9.1	7.6
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 2015, 3 257 (previous year 3 326) registered shareholders were entered in the share register.

### 3.6 Disclosure of participation rights

The participation rights of members of the Board of Directors and the Executive Board are shown on page 60 of the Annual Report.

### Profit distribution

	2015	2014
	CHF 1 000	CHF 1 000
Profit brought forward from previous year	19 312	19 031
Annual profits	1 375	3 284
<b>Total net profit for the year</b>	<b>20 687</b>	<b>22 315</b>
The board of Directors propose the Annual General Meeting the following appropriation:		
Dividend <sup>1)</sup>	3 003	3 003
Allocation to statutory reserve	–	–
Balance carried forward	17 684	19 312
<b>Total net profit for the year</b>	<b>20 687</b>	<b>22 315</b>

1) A dividend of 5.0% of the nominal share value is being distributed, i.e. in 2015 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, 14 March 2016

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## 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 2015.

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## 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.

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## 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.

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## 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.

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## 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.

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## KPMG AG

Stefan Inderbinen  
Licensed audit expert  
(Auditor in charge)



Christoph Vonder Mühl  
Licensed audit expert





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The Financial Report of the  
MCH Group is available in German,  
English and French. The German  
version is legally binding.