ANNUAL REPORT 2015

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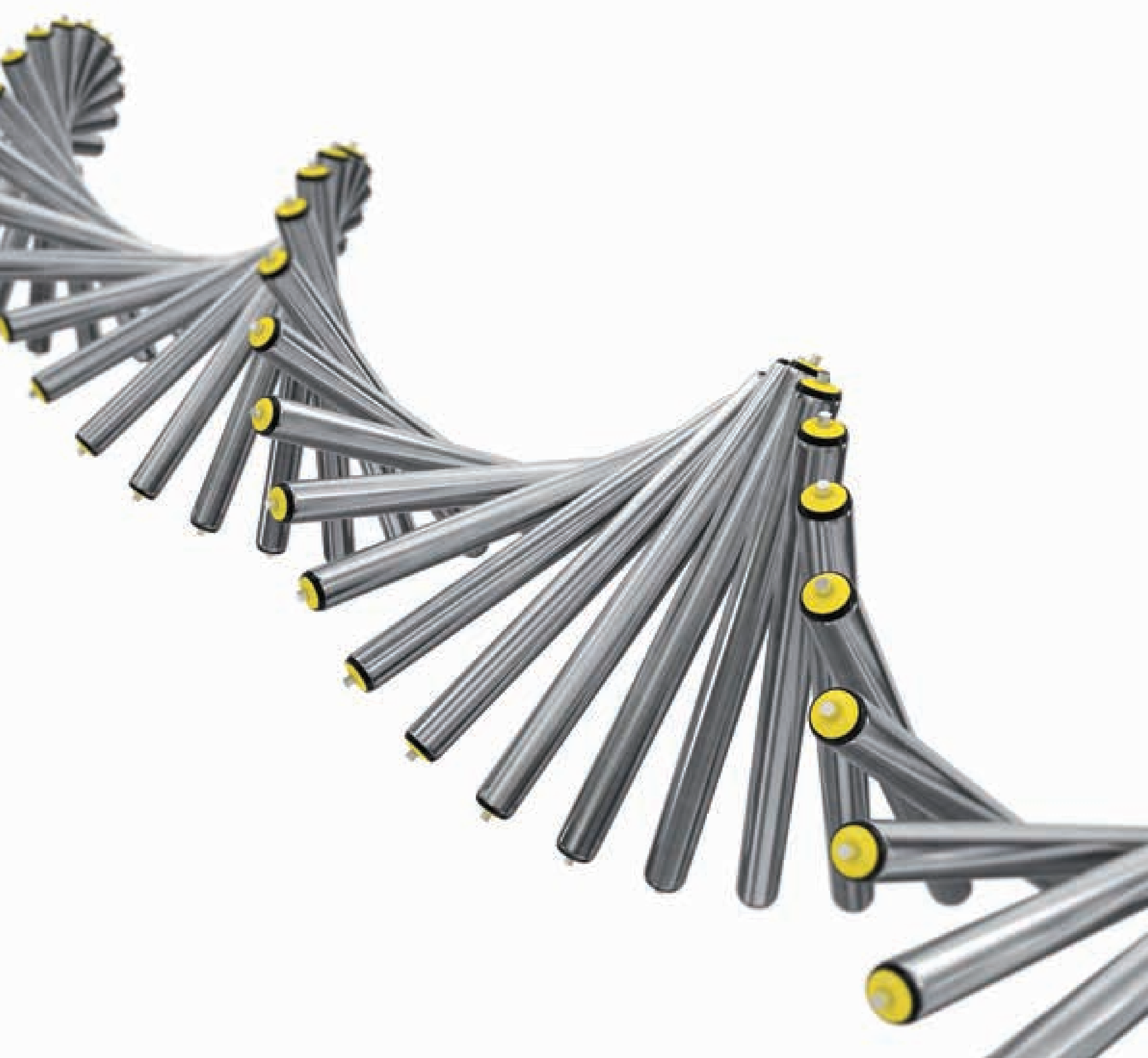

360.7 MILLION
NET SALES
39.8 MILLION
EBIT
40.2 MILLION
CASH FLOW

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KEY FIGURES

in CHF million, if not stated differently	2015	2014	2013	2012	2011
Order intake / net sales					
Total order intake	385.1	350.7	318.8	302.6	288.7
Rollers	93.4	81.2	75.4	80.4	83.2
Drives	110.3	114.9	109.4	99.3	95.1
Conveyors & Sorters	107.2	79.8	71.2	69.3	42.8
Pallet & Carton Flow	49.8	59.4	60.3	58.1	50.8
Total net sales	**360.7**	**335.3**	**316.3**	**307.2**	**271.9**
Profitability					
EBITDA	58.2	44.1	45.4	41.1	36.2
in % of net sales	16.1	13.2	14.3	13.4	13.3
EBITA	47.6	33.2	34.0	30.3	25.7
in % of net sales	13.2	9.9	10.7	9.9	9.5
EBIT	39.8	25.4	27.2	24.8	20.4
in % of net sales	11.0	7.6	8.6	8.1	7.5
Result	**29.3**	**19.1**	**20.5**	**19.4**	**18.2**
in % of net sales	8.1	5.7	6.5	6.3	6.7
Cash flow					
Operating cash flow	40.2	27.8	44.5	38.2	14.5
in % of net sales	11.1	8.3	14.1	12.4	5.3
Free cash flow	**17.3**	**12.0**	**5.0**	**30.2**	**–5.6**
in % of net sales	4.8	3.6	1.6	9.8	–2.1
Total investments / capital expenditure	**24.3**	**16.8**	**39.8**	**10.6**	**19.6**
Balance sheet (31.12.)					
Total assets	293.0	278.2	258.2	227.6	239.2
Goodwill	16.7	17.6	16.0	9.0	9.0
Net financial assets (debts)	31.3	23.9	20.2	8.7	–17.6
Gearing (net debt / equity)					0.12
Indebtedness factor (net debt / cash flow)					1.21
Equity	**207.6**	**200.3**	**187.2**	**157.6**	**143.3**
Equity ratio (equity in % of assets)	70.9	72.0	72.5	69.3	59.9
Return on equity (in %)	14.4	9.9	11.9	12.8	13.4
Other key figures					
RONA (Return on Net Assets, in %)	15.3	9.8	12.2	12.6	9.9
Average number of employees	1,820	1,675	1,488	1,420	1,340
Net sales per employee (in thousands CHF)	198	200	213	216	203
Productivity (added value / total personnel expenses)	2.04	1.86	1.95	1.92	1.77

ABOUT INTERROLL

Interroll Group is a worldwide leading provider of high-quality key products and services for internal logistics. The company offers a broad product range in the four product groups "Rollers", "Drives", "Conveyors & Sorters" and "Pallet & Carton Flow" to around 23,000 customers around the world.

Core industries are courier, parcel, express and postal services, airports, food processing as well as distribution centers. Our products are in daily use at well-known brands such as Amazon, Bosch, Coca-Cola, Coop, DHL, FedEx, Peugeot, PepsiCo, Procter & Gamble, Siemens, Walmart and Yamaha, amongst others.

Interroll is engaged in global research projects on logistics efficiency and actively supports industry associations in developing standards. Headquartered in Sant'Antonino, Switzerland, Interroll operates a worldwide network of about 30 companies with around 1,900 employees. The company was founded in 1959. Since 1997, Interroll Group has been listed on the SIX Swiss Exchange and included in the SPI.

www.interroll.com

INTERROLL HEADQUARTERS IN SANT'ANTONINO

HIGHLIGHTS OF THE FINANCIAL YEAR 2015

INTERROLL INTRODUCES "ROLLING ON INTERROLL"

COMMUNITY
The program is aimed at defined customers with which Interroll has a long-term relationship and where our products are mission-critical.

FRANCE
PROBIA Ingénierie installs two crossbelt sorters at a French food processing company.

GERMANY
Hermes Fulfilment reduces energy consumption thanks to Interroll RollerDrive.

Q1

INTERROLL EXPANDS ITS CONTROLLER FAMILY

MULTICONTROL
Interroll expands its controller family to include MultiControl.

BRAZIL
The total order placed by Brazil Post includes 10 sorters plus the respective conveyor technology.

AWARD
Ben Xia, Head of Interroll Asia, Named "Person of the Year in China's Logistics Sector".

ITALY
Interroll flow storage forms the heart of Prix Quality's new main warehouse, the warehouse with the third largest storage capacity in Italy.

Q2

HESSNATUR RELIES ON INTERROLL ROLLERDRIVE

GERMANY
Hessnatur relies on energy-efficient Interroll RollerDrive for greater sustainability.

CHINA
Nongshim Engineering contracts Interroll to supply a complete set of Pallet Flow modules and safety equipment for the Baeksansu distribution center.

ITALY
Interroll announces its cooperation with the Faculty of Nutritional sciences of the University of Parma.

Q3

NEW HUB FOR R&D AND INTERROLL ACADEMY

GERMANY
Interroll opens its academy covering an area of 2,200 square meters as well as the Interroll Research Center (IRC) with an area of 3,400 square meters.

USA
Interroll upgrades its Canon City production site to be the global Center of Excellence for Interroll Portec belt curves.

CHINA
Interroll presents its new modular conveyor platform for internal logistics at CeMAT Asia (Shanghai).

Q4

WE SUCCESSFULLY IMPLEMENTED OUR GLOBAL GROWTH STRATEGY ONCE AGAIN IN 2015

Dear Shareholders, Employees,
Customers and Business Partners,

Interroll closed financial year 2015 with significant growth rates in order intake, sales and profit. All regions developed very well. The distribution of revenue in the three regions has continued to improve, and we are generating an increasing share of sales outside Europe. Demand for our products is high worldwide. We have never sold so many conveyor rollers in a single financial year. The follow-up order for four additional cross belt sorters for the Brazilian Post in April 2015 subsequent to the initial order we received in November 2014 is yet another example of how our solutions are being well accepted in the market and how the name Interroll stands for quality and reliability.

Our order intake has increased from CHF 350.7 million in 2014 to CHF 385.1 million in 2015. We were thus able to post the highest order intake in the history of Interroll. Sales in local currency increased by 15.9 %. At CHF 360.7 million, consolidated sales were 7.6 % higher than in 2014 (CHF 335.3 million). Our EBITDA increased by 32.0 % from CHF 44.1 million to CHF 58.2 million. The EBITDA margin of 16.1 % was higher than in the previous year (13.2 %). EBIT of CHF 39.8 million in 2015 rose by 56.8 % compared to the same period in the previous year (CHF 25.4 million). The EBIT margin reached 11.0 % (previous year: 7.6 %).

We reported in our 2014 Annual Report in detail on our strategic non-recurring expenses in 2014. The fact that these non-recurring expenses were no longer incurred in the reporting year 2015, a significant improvement in productivity and significantly higher sales led to a net profit of CHF 29.3 million (previous year: CHF 19.1 million). This represents an increase of 53.7 %.

We have been rolling out our new modular conveyor platform, which we successfully launched in the European markets in May 2014 and in the Asian markets in the fourth quarter of 2015. This innovative solution met with great interest among system integrators and equipment manufacturers at CeMAT Asia in Shanghai. Since the product was launched in Europe, we have obtained very interesting orders, and our production at the global Center of Excellence in Sinsheim, Germany, is already operating in two shifts to promptly meet the strong demand in Europe.

With the acquisition of the leading manufacturer of belt curves in the USA, Portec, we expanded our global product line in the area of highly efficient belt curves and other conveyor solutions back in 2013. We have been manufacturing and marketing this reliable and robust solution, which has already been installed over 80,000 times worldwide, including Europe, since 2015. We will thus be able to offer our customers in this region even faster delivery of this proven solution in the future.

The Portec site in Cañon City, Colorado, has been expanded into a global Center of Excellence for belt curves. Since the acquisition, we have continued to invest in the site, modernised the entire production process and implemented the Interroll Production System (IPS).

We have also invested heavily in the site in Shenzhen, China, since the acquisition of Pert Engineering in 2014. Here, too, the Interroll Production System was introduced and measures aimed at improving working conditions were implemented. By installing an automatic belt cutting system and a laser machining center for steel parts and achieving the associated time savings in production, we have been able to reduce the delivery time to the customer quite significantly. All of these measures and investments have already resulted in an increase in output of around 80 % in the current fiscal year, using the same production area.

Construction of the new building in Baal / Hückelhoven, Germany, was completed in the fourth quarter of 2015. The Academy and the Research Center have now been united there under one roof. We are thus optimising our own internal logistics. Development and production are now more strongly interlinked. The Interroll Academy will serve as the center of education and training for our employees and partners, and the

Development Center has been significantly expanded and now offers even more space for long-term tests of our products.

Our programme “Rolling On Interroll”, which we launched this year, has already been introduced with 30 customers whom we have selected from all over the world. System integrators and system builders from 21 countries have now joined this loyalty programme and display the specially designed emblem on their machine in order to express that they rely on the expertise and quality products Interroll offers.

“Interroll has increased its sales and productivity quite significantly.”

Paul Zumbühl (left)
CEO

Kurt Rudolf (right)
Chairman of the Board of Directors

Our continuously good performance is also reflected in the performance of our share, which rose by 63.0 % in 2015. The share price of Interroll stood at CHF 856.50 on 31 December 2015. Due to our good net profit of CHF 29.3 million, we will be proposing to you, our shareholders, a dividend of CHF 12.00 per share for financial year 2015 at the General Meeting to be held on 13 May 2016.

We want to strengthen and expand our leading market and technology position worldwide again in 2016. With our platform strategy, we offer our customers optimally matched solutions of the highest quality and fast availability. Interroll is very well prepared, thanks to the global availability of our products, our proven quality and short delivery times, but also considering the ever-progressing globalisation of markets. In 2016, we will also establish another sales base in Mexico to serve the rapidly growing market for internal logistics locally.

Our corporate culture is geared towards growth. We implemented our internal programme “Culture for Growth” in 2015 and our managers are improving their skills through various training programmes and preparing for the coming challenges. Our basic idea “Inspired by Efficiency” is being infused into the whole global Interroll organisation more deeply.

We thank all our employees for the great commitment with which they have contributed to the positive development of Interroll. We also thank our customers, suppliers, investors and, of course, you, our dear shareholders, for your trust in our company.

Sant’Antonino, 18 March 2016

Kurt Rudolf
Chairman of the Board of Directors

Paul Zumbühl
CEO

GROUP MANAGEMENT

From left to right

Daniel Bättig
Chief Financial Officer (CFO)

Tim McGill
Executive Vice President Americas

Jens Karolyi
Senior Vice President
Corporate Marketing & Culture

Dr. Christoph Reinkemeier
Executive Vice President Global Sales & Service

Paul Zumbühl
Chief Executive Officer (CEO)

Dr. Ralf Garlichs
Executive Vice President Products & Technology

Dr. Ben Xia
Executive Vice President Asia

PROFESSIONAL BACKGROUND AND VESTED INTERESTS OF THE GROUP MANAGEMENT

PAUL ZUMBÜHL
(born 1957, Swiss)

Paul Zumbühl studied engineering sciences at the University of Applied Sciences Lucerne, Switzerland, and holds a degree as Dipl.-Ing. He also holds an MBA from the Joint University Program of the universities of Boston, Berne and Shanghai. He participated in an AMP at the Kellogg Business School of Northwestern University, Evanston / Chicago and holds a Swiss Federal Marketing Management Diploma (Eidg. Dipl.) After working for Symalit AG as Sales Manager / Engineer, he held several management positions and was Managing Director of Sarna Group. From 1994 until 1999 he was the CEO of Mikron Plastics Technology and a member of the Executive Management Board of Mikron Group. In January 2000 he joined the Interroll Group Management as Chief Executive Officer (CEO). Paul Zumbühl is a member of the Board of Directors with the listed Swiss companies Looser Holding AG and Schlatter Holding AG as well as a member of the Industry Executive Advisory Board for the «Executive MBA Supply Chain Management» with ETH, Zurich, Switzerland.

DANIEL BÄTTIG
(born 1964, Swiss)

Daniel Bättig holds an Executive MBA from the Graduate School of Business Administration (GSBA), Zurich, Switzerland and a Bachelor in Business Economics from the Fachhochschule Nordwestschweiz (FHNW), Olten, Switzerland. Furthermore, he is a Certified Public Accountant with the Swiss Institute of Certified Accountants and Tax Consultants. At the start of his career he held various positions in finance with Von Roll Holding AG in Switzerland, Brazil and the USA. After working for Südelektra Holding AG as the Group Chief Accountant he joined the Executive Management Board of Swiss Post International as CFO and later served as Head of International Mail. Since 2013 he has been the Chief Financial Officer (CFO) of Interroll Holding AG and a member of the Interroll Group Management.

DR. RALF GARLICHS
(born 1962, German)

Dr. Ralf Garlichs studied mechanical engineering with a focus on production engineering at the University of Hanover, Germany, and holds a PhD degree (Dr.-Ing.). After working for Festo Tooltechnic as Head of Production and Logistics he joined the Winkelmann Group where he held several management positions. He joined Interroll Group in 2006 as Executive Vice President "Drives & Rollers." Since 2011 Ralf Garlichs has been Executive Vice President Products & Technology and a member of the Interroll Group Management.

JENS KAROLYI
(born 1970, German)

Jens Karolyi studied business administration at the Universities of Bamberg and Giessen, Germany. He started his career with Ericsson, where he held various management positions in Marketing, Branding and Communications and was based in Stockholm, Zurich and Düsseldorf. In 2007 he was promoted to Vice President Marketing & Communications Northern Europe. In 2011 he joined Interroll Group as Vice President Corporate Marketing and member of the Interroll Group Management. In February 2015 he took over additional responsibilities as Senior Vice President Corporate Marketing & Culture.

TIM MCGILL
(born 1955, British)

Tim McGill majored in English literature at the Brockenhurst College in Hampshire, Great Britain. He joined Interroll Canada in 1990 as Sales Director having previously been employed by Brammer, Europe's leading supplier of quality industrial maintenance, repair and overhaul products in a series of roles with increasing management responsibility. After having been President of Werner Precision Rollers Canada for one year, he rejoined Interroll in 1996 as President of Interroll Canada. He was promoted to Head of Interroll Dynamic Storage North America in 2000. Since 2011 he has been acting as Executive Vice President Americas and is a member of Interroll Group Management.

DR. CHRISTOPH REINKEMEIER
(born 1966, German)

Dr. Christoph Reinkemeier studied business administration with a focus on industrial marketing at the University of Münster, Germany, and holds a PhD degree (Dr. rer. pol.). After working for E.On AG as Project Manager of corporate development he held several management positions at Ista International GmbH. From 2007 to 2010 he was CEO for North and South America at Deckel Maho Gildemeister (DMG) America Inc. In 2011 he joined Interroll Group as Executive Vice President Global Sales & Service and member of Interroll Group Management.

DR. BEN XIA
(born 1966, Chinese)

Dr. Ben Xia, graduated as B.Sc. in electrical engineering at the Shanghai Jiaotong University, China. Further on, he studied electrical machinery at the Moscow Power Engineering Institute, Russia, and holds a PhD degree in electrical engineering (Dr.-Ing.). He also passed the Advanced Management Programme for Senior Executives at the China Europe International Business School (CEIBS) in Shanghai, China. After working for Pirelli Cables Asia-Pacific as Marketing Manager, he held positions as General Manager of Shanghai Citel Electronics Co. Ltd. and Managing Director of Vanderlande Industries North Asia. In 2013 he joined Interroll Group as Executive Vice President Asia and member of Interroll Group Management.

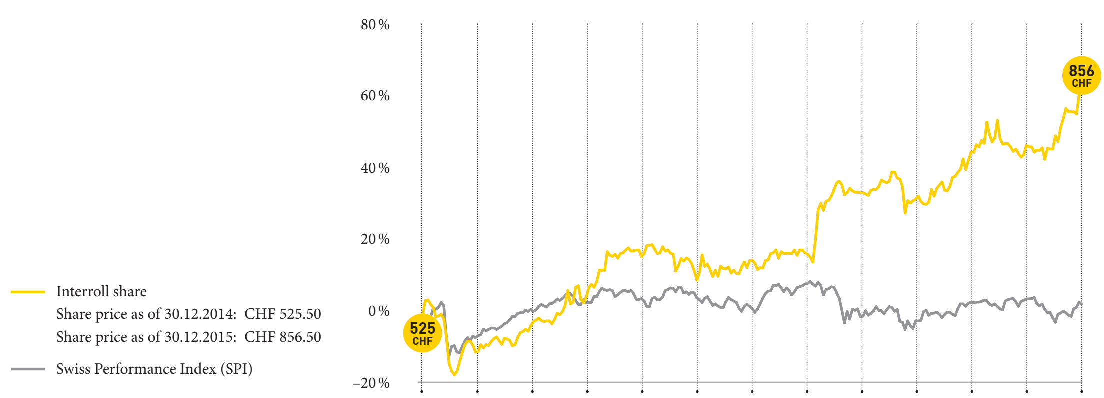
INTERROLL ON THE CAPITAL MARKET

INVESTOR INFORMATION

Interroll share information		2015	2014	2013	2012	2011
Number of registered shares		854,000	854,000	854,000	854,000	854,000
Number of average outstanding shares		849,155	849,170	826,920	799,090	791,452
Number of outstanding shares as of 31.12.		851,015	849,830	850,151	802,282	793,901
Share price high	CHF	858.00	582.50	490.00	360.00	450.00
Share price low	CHF	429.00	490.00	333.00	270.00	271.00
Year-end share price as of 31.12.	CHF	856.50	525.50	490.00	333.00	279.00
Market capitalization as of 31.12.	CHF million	731.45	448.78	416.57	267.16	221.50
Par value as of 31.12.	CHF	1.00	10.00	10.00	10.00	10.00
Dividend	CHF	12.00				
Reduction of par value	CHF		9.00			
Distribution out of reserves from capital contributions	CHF			8.80	8.00	7.00
Earnings per average share outstanding	CHF	34.51	22.45	24.84	24.25	22.99
Pay out ratio		34.78	40.09	35.43	32.98	30.45
P/E Ratio		25.00	23.41	19.73	13.72	12.14
Cash flow per average share outstanding	CHF	47.33	32.69	53.79	47.78	18.34
Equity per share outstanding as of 31.12.	CHF	243.94	235.73	220.25	198.64	180.48

IPO: **1997** | Stock Exchange: **SIX Swiss Exchange** |
Market segment: **Main Standard** | Index: **SPI**
ISIN: **CH0006372897** | Security identification symbol: **INRN** |
Security identification number: **637289**

Share price performance Interroll relative to Swiss Performance Index SPI in 2015



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SWISS STOCK MARKETS CHARACTERIZED BY HIGH VOLATILITY

The performance of the stock markets in Switzerland in the first half of 2015 was distinguished by the SNB's (Swiss National Bank) decision to abandon the euro-franc exchange rate ceiling as well as the uncertain situation in Greece and the Ukraine crisis. After significant losses due to the mentioned SNB decision, the Swiss markets recovered overall in the second half of 2015.

Shareholder structure in % as at 31 December 2015

Fixed shareholding 22 %
Free float 78 %

Geographical distribution of the identified shareholder base as per share register in % as at 31 December 2015

Switzerland 59 %
EMEA region excluding Switzerland 39 %
Rest of the world 2 %

POSITIVE DEVELOPMENT OF THE INTERROLL SHARE

The Interroll share showed a further strong upward trend in 2015 and reached the price of CHF 856.50, the highest year end closing value ever measured since the company went public in 1997. This represents an increase of 63.0 % over the price at year end closing 2014 of CHF 525.50. With this performance the Interroll share ranked among the top 10 winners in the Swiss Performance Index (SPI) in 2015 and topped this index, which achieved an increase of 2.9 % over year end closing 2014.

STABLE SHAREHOLDER STRUCTURE

Around 22 % of Interroll shares are held by the founding family Specht and another main shareholder. As of 31 December 2015, the shareholding of Group Management and their relatives reached 2.7 %. Information about significant shareholders can be found on page 118. Based on the SIX definition, the company's free float is around 78 %.

Market capitalisation of Interroll Holding AG reached a new record value of CHF 731.5 million as per 30 December 2015.

ACTIVE INVESTOR RELATIONS WORK IN SWITZERLAND AND ABROAD

In 2015 Interroll also continued ongoing communication with institutional investors, private investors and analysts in Switzerland and abroad in order to strengthen and further develop the perception of the Interroll share as an attractive growth stock: The entire business model of Interroll is consequently geared to sustainable, global growth.

We publish information relating to the Interroll share on our website www.interroll.com. Financial reports, presentations and other documents are available for downloading. Interested parties can register for our mailing list or request our standard publications. All key financial market data is published there as well.

THE BUSINESS MODEL OF INTERROLL IS ORIENTED TOWARDS SUSTAINABLE GLOBAL GROWTH

PRODUCT PLATFORMS, KEY MARKETS AND MARKET TRENDS

As a leader in innovation and technology, Interroll stands for high-quality key products and services in internal logistics worldwide. Our customer solutions for daily logistical challenges are based on globally available product platforms which are focused on:

The company supplies more than 23,000 customers worldwide. In the key markets, these mainly include regionally oriented plant manufacturers, OEMs and global system integrators:

Further global growth of the Interroll Group focuses on clearly identifiable market trends that have not only shown sales potential thus far, but will continue to show such potential in the future:

- The steadily growing passenger traffic in international air travel and the related expansion of airport capacity and security technology for passenger and luggage transport.
- The global e-commerce boom as well as the liberalization and regionalization in the courier, express and parcel markets.
- The stringent hygiene regulations in the food industry that are being adopted by an increasing number of countries, and the use of high-quality solutions that meet the legal requirements (such as drum motors as a conveyor drive).
- The decentralization of distribution centers in order to shorten delivery times.
- Increasing product variety and the shortened production life cycles require increased flexibility and individualization when commissioning goods in the flow of materials.
- Demand for material flow plants with better return on investment.
- Increased productivity in the industry and the related rise in efficiency in storage systems.

ORGANIZATION, STRATEGY AND SUCCESS FACTORS

The Interroll Group consists of a single business unit. All products are sold in all markets via the respective regional sales companies, whereby the specific requirements of the customer groups plant manufacturers, OEMs, system integrators as well as end customers are met with a tailor-fit variety of products and advising.

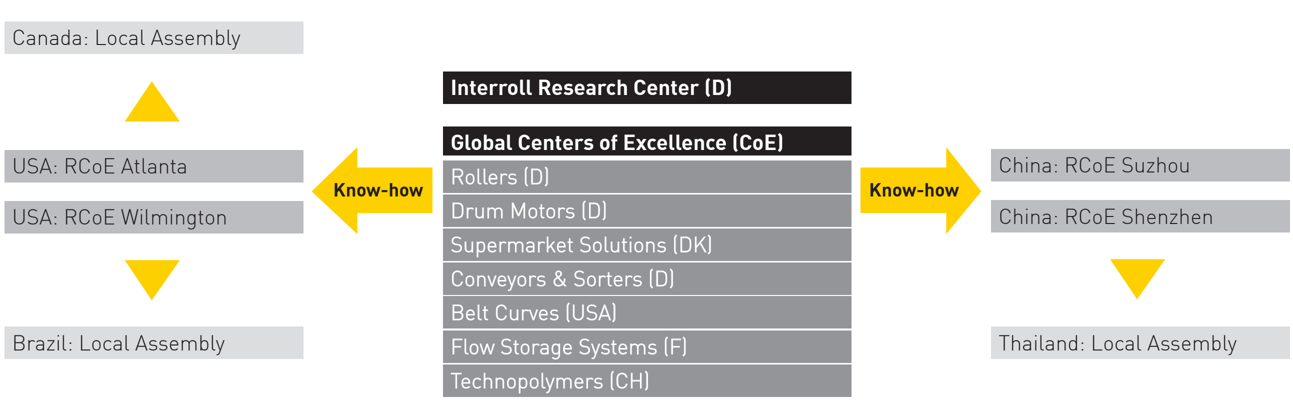
The Interroll Academy is responsible for excellent training and professional development of all employees of the Interroll Group worldwide. It will also begin offering training and courses for customers in 2016. The Interroll Research Center (IRC) develops new products, processes and technologies. The production plants concentrate as a global competence center (Centers of Excellence) on the development and the manufacture of specific product groups. In order to quickly meet customer needs in all parts of the world, regional production centers (Regional Centers of Excellence) have been built which are under the direction of the competence centers. Assembly plants (local assembly) are supplied by production plants with semi-finished products and assemble products for the individual, local market.

The Interroll Group strives for a position of market leadership in its key products, solutions and services worldwide. An important element of this strategy is therefore the permanent, continued development and redevelopment of intelligent products that enable the customers to save space and energy and secure a quick return on investment. It has the following technological makeup in this regard:

The success of Interroll to date and into the future is based on the following factors:

- The concentration of resources on key products, solutions and services through which global market leadership can be maintained in the longer term.
- The development and expansion of application-oriented product platforms according to a modular principle, which increases flexibility and quality for the customer and makes possible significant economies of scale within the Group.
- The global sales network with local sales subsidiaries that quickly recognize customer needs and market trends and can tap market potential worldwide.
- The group-wide, uniform production technologies at all production facilities, supported by the Interroll Production System (IPS).
- The quality standards for the products that are identical worldwide and the zero-error strategy.
- The worldwide networking of Interroll Group companies via the uniform SAP system.
- Its own permanent development and the quick launch of new products onto the market.
- The support, training and professional development of all employees worldwide.

Organization of our competences worldwide



RCoE: Regional Centers of Excellence

COMPANY ACQUISITIONS ARE MADE AT THE TOP MANAGEMENT LEVEL

Interview with
PAUL ZUMBÜHL
Chief Executive Officer (CEO)

In the summer of 2013, Interroll announced the acquisition of Portec, Inc. in the USA. This decision and the subsequent, successful integration of the US company contributed substantially to the increase in the value of the Swiss technology company. A conversation with Paul Zumbühl, the CEO of the Interroll Group, about entrepreneurial strategies, pitfalls and success factors in the purchase of companies.

Mr. Zumbühl, Interroll has been on a sustained path of growth for years. In fiscal year 2015, sales and net profit again increased by 7.6 % and 53.7 %. What role does the completed acquisition of Portec, Inc. play in this?
First, I am happy to see that the engagement and competence of our 1,900 employees have again won over our customers across the world. We have not just demonstrated a great commitment, we have also continuously improved over the recent years in many areas. The integration of Portec is only one important example of how we have realized a sustained path of growth. We have succeeded in tapping the potential of this purchase in 2013 as planned.

International studies have shown that up to two thirds of all mergers or acquisitions ultimately destroy value.
These assessments are not surprising. Ultimately, the success of company acquisitions depends on a number of critical factors. There are many pitfalls along this path. To avoid these hazards, experience and extensive industry knowledge are important; only in this way can one come to a realistic determination of the purchase price. Usually, the temptation to overestimate the potential of an acquisition is much greater than underestimating it. Fortunately we have experience in this matter. Portec is the sixth company that we have successfully integrated in the last 15 years – and it is probably among the acquisitions with the highest return on investment.

What is important when considering an acquisition?
You must set the course properly. An important company acquisition is not merely the CEO's job through the ceremonial signing of the contract. The real work for the company management does not begin until after the purchase: In the case of the Portec integration, for example, I managed the project personally. This responsibility cannot be abdicated as a company leader, and for good reasons. Ultimately, an acquisition causes a certain amount of anxiety in both companies. What kind of partner will I have in the future? What are the exact intentions? What does it all mean for me as an employee? To keep this unavoidable phase of uncertainty as short as possible, faithful communication and visible engagement from the very top as well as clear structure and decision-making are necessary.

How was this project drawn up, in concrete terms?
Shortly after the acquisition, we put on a two-day event with the affected managers from the USA and Europe, for example, in which all participants could bring in their points of view. We discussed openly and proposals were developed together. We went so far as to take a look at and compare in detail the strengths and weakness of specific solutions that existed at the time in both companies. The result of the meeting was a catalog of 33 clearly defined actions that made sense to everyone involved and which were subsequently implemented, one after the other. This provided clarity from the very beginning and rumors and uncertainties could largely be avoided. That created the confidence on everyone's part that was necessary for further steps.

How important is the integration of local management for success?
It is necessary for success. What are you supposed to do with empty production floors and abandoned machines? Ultimately it is always a matter of preserving the competence of the employees and letting it develop even further in the future. We were successful at this to the extent that we actively involved the new colleagues in the decision-making processes. In the interim, our location in Colorado has become a global competence center for belt curves that sets standards across the entire group in this technological area. The entire Interroll Group simultaneously profits from the industry knowledge of our colleagues in the USA – for example, in the demanding airport business, which we can now tap worldwide in a more comprehensive manner. Also, we have markedly increassed the production output at Portec by launching the Interroll Production System (IPS). All of what I have said also applies to the Portec Joint Venture in China that was acquired a year later, Pert Engineering in Shenzhen. There we were able to nearly double the output capacity on the existing production area in only one year, thanks to joint efforts and the high degree of engagement of the new colleagues.

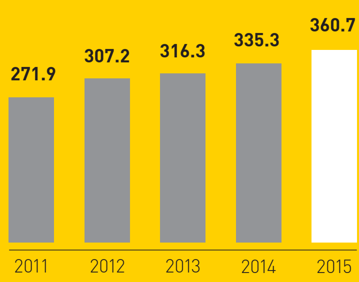
"We want to generate 50 percent of our sales from our business in America and Asia."

So Interroll is internationally better positioned than it was in the past, due to the acquisition?
Without a doubt. The acquisition was another milestone on our globalization path, which is aimed at generating over 50 % of our sales from the business in America and Asia. This is a tall order, as we are also growing strongly in Europe. Our management structure, which integrates the competence and responsibility of the local managers, supports us optimally in our worldwide expansion. So we do not believe that knowledge of the entire world is available at the stroke of a key in Tessin. Therefore, regionally and locally anchored management play an especially important role on all levels of decision-making, also, by the way, and precisely in corporate management. In the future it will even become more important to promote this enormously valuable international exchange of experience and competence across the Group.

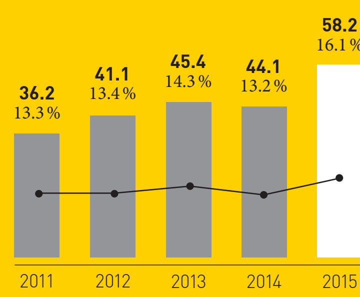
What can we expect in the way of company acquisitions in the future?
We will stay the course. In other words, we will bet primarily on organic growth in the future as well. Ultimately, we also have positive prospects here in the longer term. But this does not mean that we will rule out further acquisitions. It depends on the individual situation: We will not stray from the path of commercial reason and will only act on realistic prices. It really has to fit, technologically and with regard to sales prospects – just as it did in the case of Portec and Pert Engineering.

OVERVIEW OF FINANCIAL POSITION, EARNINGS AND CASH FLOWS

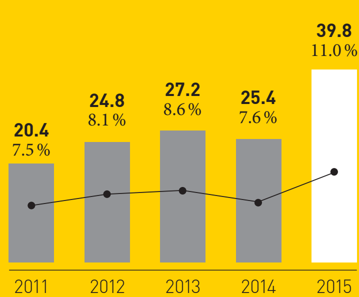
NET SALES



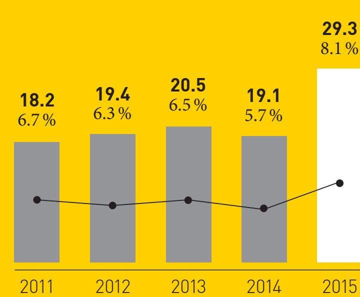
EBITDA AND EBITDA MARGIN



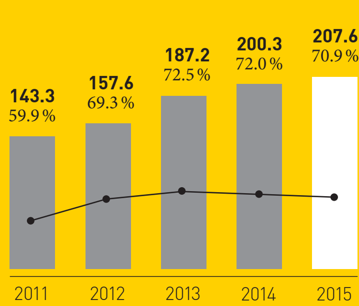
EBIT AND EBIT MARGIN



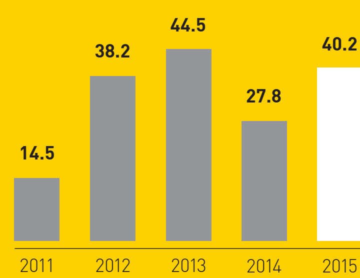
NET PROFIT



EQUITY AND EQUITY RATIO



CASH FLOW



All amounts in million Swiss francs.

INCOMING ORDERS AND SALES DEVELOP VERY POSITIVELY

Order intake increased by 9.8 % in 2015 to CHF 385.1 million (previous year: CHF 350.7 million). The highest order intake in the history of Interroll was thus achieved. Organic growth amounted to 8.3 %. The acquisition of Pert in China in June 2014 adjusted for smaller divestitures contributed 1.5 % to this increase.

In local currency, orders rose sharply by 18.1 % and sales by 15.9 %. A share of the sales growth was eliminated by the considerable translation effect arising from the translation of revenues, primarily from the EUR zone, into the reporting currency CHF. The extremely negative currency translation effects from Europe were offset to some extent by slightly positive currency developments in the dollar region.

Despite the significant translational effect, consolidated net sales in the reporting currency CHF rose to CHF 360.7 million, an increase of 7.6 % over the previous year (CHF 335.3 million). This increase can be attributed to organic sales growth of 6.2 % as well as the successfully integrated acquisition of Pert, adjusted for smaller divestitures, which accounted for 1.4 %.

IMPROVED PRODUCTIVITY AND ELIMINATION OF NON-RECURRING COSTS IN THE PREVIOUS YEAR

In 2014, we had high non-recurring costs due to our investments in long-term growth and the sustainable profitability of the Group. These non-recurring costs related primarily to the development of our modular conveyor platform and consolidation of plants in the US following the acquisition of Portec in 2013.

Due to the high increases in our productivity and net sales in 2015 and the elimination of the above-mentioned non-recurring costs from the previous year, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 32.0 % to CHF 58.2 million in 2015 (previous year: CHF 44.1 million). The EBITDA margin was 16.1 % (previous year: 13.2 %).

Earnings before interest and taxes (EBIT) also improved over the previous year. After CHF 25.4 million in the previous year, this figure amounted to CHF 39.8 million in 2015. The EBIT margin was 11.0 % (previous year: 7.6 %).

Net profit rose quite significantly from CHF 19.1 million to CHF 29.3 million compared to last year.

TOTAL ASSETS REFLECT GROWTH

Total assets increased to CHF 293.0 million as of 31 December 2015 and were thus 5.3 % higher than at the end of 2014 (CHF 278.2 million). The increase is mainly due to the increased business activity. For instance, inventories in conjunction with the introduction of the modular conveyor platform were higher.

Shareholders' equity as of 31 December 2015 amounted to CHF 207.6 million and was 3.6 % higher than the figure of CHF 200.3 million posted as of 31 December 2014. This increase resulted primarily from the higher net profit, which decreased quite significantly, however, due to currency translation differences. The equity ratio thus stood at 70.9 % compared to 72.0 % as of 31 December 2014.

Net financial assets increased to CHF 31.3 million as of 31 December 2015.

STRONG CASH FLOW SUPPORTS GROWTH AND INVESTMENT

Buoyed by higher net profit, operating cash flow increased to CHF 40.2 million or 11.1 % of net sales (previous year: CHF 27.8 million or 8.3 % of net sales).

Investments of CHF 24.3 million (previous year: CHF 16.8 million) related to extensions and renewals of our machinery, the SAP project and mainly a new building in Baal / Hückelhoven, Germany.

Despite the higher investments, at CHF 17.3 million, free cash flow was significantly higher than in the previous year (CHF 12.0 million).

OVERVIEW BY PRODUCT GROUPS

Sales by product groups

26 %	Rollers
31 %	Drives
29 %	Conveyors & Sorters
14 %	Pallet & Carton Flow

SALES (CHF MILLION) ROLLERS

93.4

References
Dematic
Knapp
SSI Schäfer
TGW
Vanderlande

SALES (CHF MILLION) DRIVES

110.3

References
Itab
Smiths Detection
Triumph International
Villeroy & Boch
Walmart

SALES (CHF MILLION) CONVEYORS & SORTERS

107.2

References
Amazon
China Post
Fedex
Hugo Boss
Smiths Detection

SALES (CHF MILLION) PALLET & CARTON FLOW

49.8

References
Coca-Cola
First Quality Tissue
Procter & Gamble
Red Bull
Yamaha

All our product groups developed positively in local currency. Due to substantial negative translation effects from translating revenues, primarily from the EUR region, into the reporting currency CHF, a share of the local sales growth in the individual product groups was eliminated.

PRODUCT GROUP ROLLERS

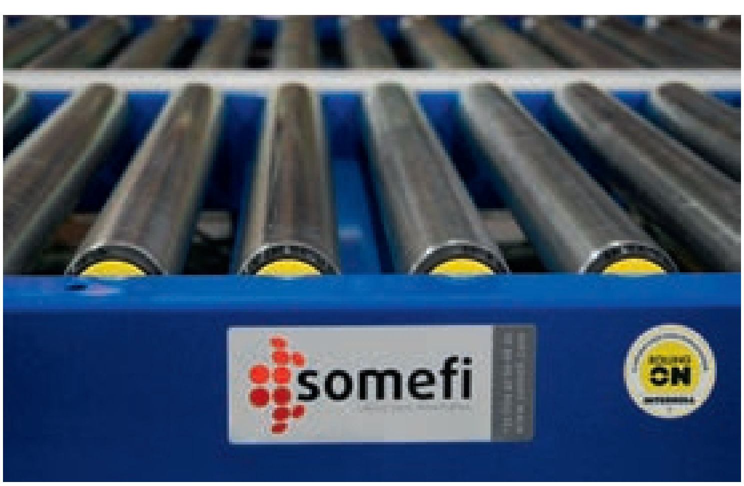
Demand for our high-quality conveyor rollers was quite encouraging in all three regions. We sold more conveyor rollers this year than in any other year in the history of Interroll.

Our product group Rollers includes all non-driven conveyor rollers. Consolidated sales for this product group amounted to CHF 93.4 million in 2015, well above the previous year's figure of CHF 81.2 million (+15.0 %).

New orders amounted to CHF 91.9 million on a consolidated basis after CHF 84.6 million the previous year (+8.6 %).

The 500 million conveyor rollers we have manufactured makes us one of the leading suppliers in this segment worldwide. Thanks to very short delivery times, our customers are flexible in sourcing and only need to maintain low inventories.

We launched our customer programme «Rolling On Interroll» in March 2015. Especially medium-sized machine and plant manufacturers are fighting against ever-increasing competition, higher technical requirements and ever tighter project deadlines in today's market environment. They trust in the reliability of supply and product quality that Interroll is known for. This is exactly what our quality seal «Rolling On Interroll» expresses.



Somefi is just one of more than 30 "Rolling On Interroll" partners who are pleased with the quality and service that Interroll offers.

PRODUCT GROUP DRIVES

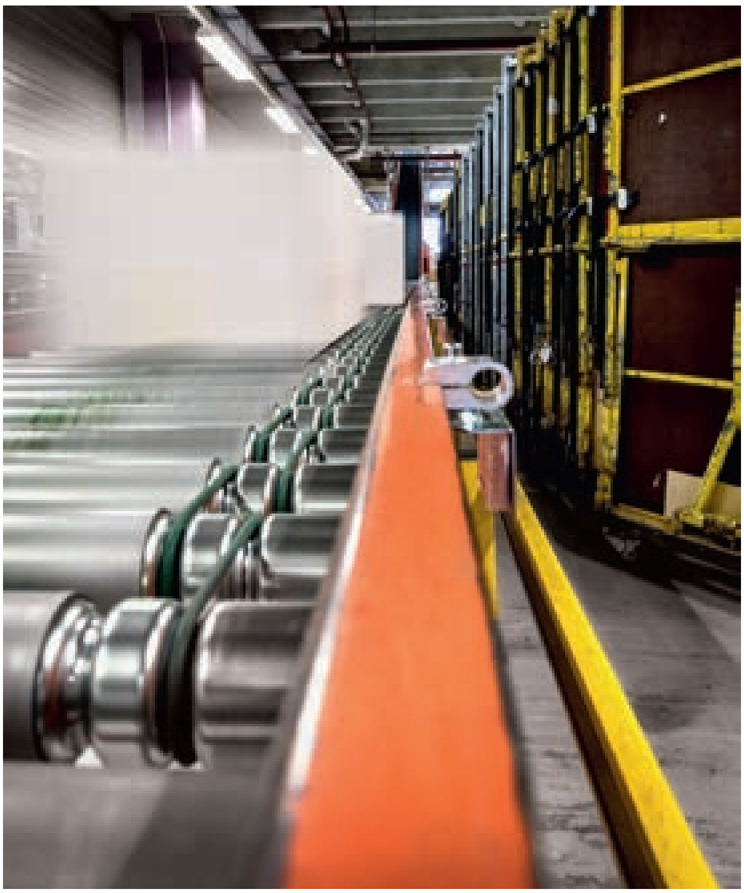
The product group Drives includes our 24 volt drive technology (RollerDrive) including controls and our drum motors. Sales declined slightly by 4.0 % to CHF 110.3 million compared to CHF 114.9 million last year.

Order intake in Group currency decreased also slightly by 1.8 % to CHF 111.5 million compared to CHF 113.6 million last year.

24V RollerDrive
Our motor-driven 24-volt conveyor rollers are characterised by low energy consumption, reduce noise and are easy to install and maintain. We thus help our customers remain competitive and organise processes in the area of internal logistics efficiently.

The advantages that 24-volt technology offers are being noticed by more and more customers all over the world. We were able to increase order intake in this category quite significantly in all three regions and are seeing growing awareness of the use of energy-efficient drive systems in the Americas and Asia-Pacific regions.

Interroll products as the 24-volt drive technology contribute to a sustainable use of ressources.



Hessnatur, the world's largest provider of sustainable fashion, relies on our 24V RollerDrive technology.

Extended controller family
We offer our customers just the right control of the conveyor that meets their exact requirements for any conveying task. In June 2015, we extended our family of controls for the RollerDrive EC 310 to include the Interroll MultiControl, a network card for PROFINET, EtherNet/IP and EtherCAT. The construction of an additional sensor or actuator level has been omitted due to the direct integration of sensors and RollerDrive into the fieldbus level.

Drum motors
Our asynchronous and synchronous drum motors are not only durable, reliable and low-maintenance, but are also characterised by maximum energy efficiency. Since the drive units are located inside the drum, they require much less space and partly fulfil the requirements of the international protection class IP66 and IP69K. Our drum motors meet the material requirements that the USDA/FDA and the EU Regulation EC 1935/2004 places on use in the food industry. They are also the only drum motors certified for hygienic industrial applications by the European Hygienic Engineering & Design Group (EHEDG).

The increasing demand for our synchronous drum motors has resulted in a gratifying increase in production volume at our Center of Excellence in Baal/Hückelhoven.

Just 52 hours: a success story of a sorter retrofit in 52 hours by Siemens and Interroll, during ongoing operation at the TKC Deep Freeze Logistics Center in Birrfeld, Switzerland.

PRODUCT GROUP CONVEYORS & SORTERS

Our product group Conveyors & Sorters includes sorters and modules that are used at key points of internal logistics. These include cross-belt sorters, belt curves and the modular conveyor platform with roller and belt conveyors and other modules. At CHF 107.2 million, consolidated sales in 2015 were up on the previous year (CHF 79.8 million) by a significant 34.4 %.

New orders totalled CHF 120.2 million on a consolidated basis compared to CHF 95.9 million the previous year (+25.3 %).

We introduced our modular conveyor platform to the European market in May 2014. Customers use our platform to be able to cope with fluctuations in the throughput of goods, changes to order structures and to manage their product ranges quickly and efficiently. We have already received more than 250 orders in Europe and are seeing a continued positive development. We started developing the Asian market in October 2015 and North America will follow in 2016. Here, too, customers have already shown great interest in this innovative platform. The platform is known for its high quality, flexibility, energy efficiency and attractive design. Winning the iF Design Award shows that attractive industrial design and high quality technology are not mutually exclusive.

The Interroll Portec Belt Curve, which has been installed more than 80,000 times worldwide, is a belt conveyor solution for medium and heavy cargo. We have now been manufacturing and marketing this in Europe as well since 2015 and can therefore ship to our customers in this region much faster.

Due to the significant increase in demand for automation solutions in Asia-Pacific, we were able to grow strongly in this region in terms of order intake. S.F. Express in China views Interroll as a strategic partner for key elements of conveyors and signed a framework agreement for Interroll Portec Belt Curves in the reporting year.

The Americas region also developed extremely positively in 2015. We received many very promising orders here. For example, the Brazilian Post placed an additional order for four cross belt sorters through its US system integrator NPI after the company had already ordered six sorters in November 2014.

Today, PCI Augsburg GmbH is a leading company in the field of construction chemicals that is part of BASF SE and produces powder and dispersion products at its plant in Augsburg.

PRODUCT GROUP PALLET & CARTON FLOW

Our product group Pallet & Carton Flow includes our dynamic storage solutions for pallets and parcel packaging based on the FIFO principle (First In, First Out) or LIFO (Last In, First Out). In 2015, consolidated sales amounted to CHF 49.8 million after CHF 59.4 million the previous year (–16.2 %). A large-scale project developed in 2015 will not be completed and invoiced until 2016.

By contrast, consolidated order intake increased from CHF 56.6 million to CHF 61.5 million in 2015 (+8.7 %).

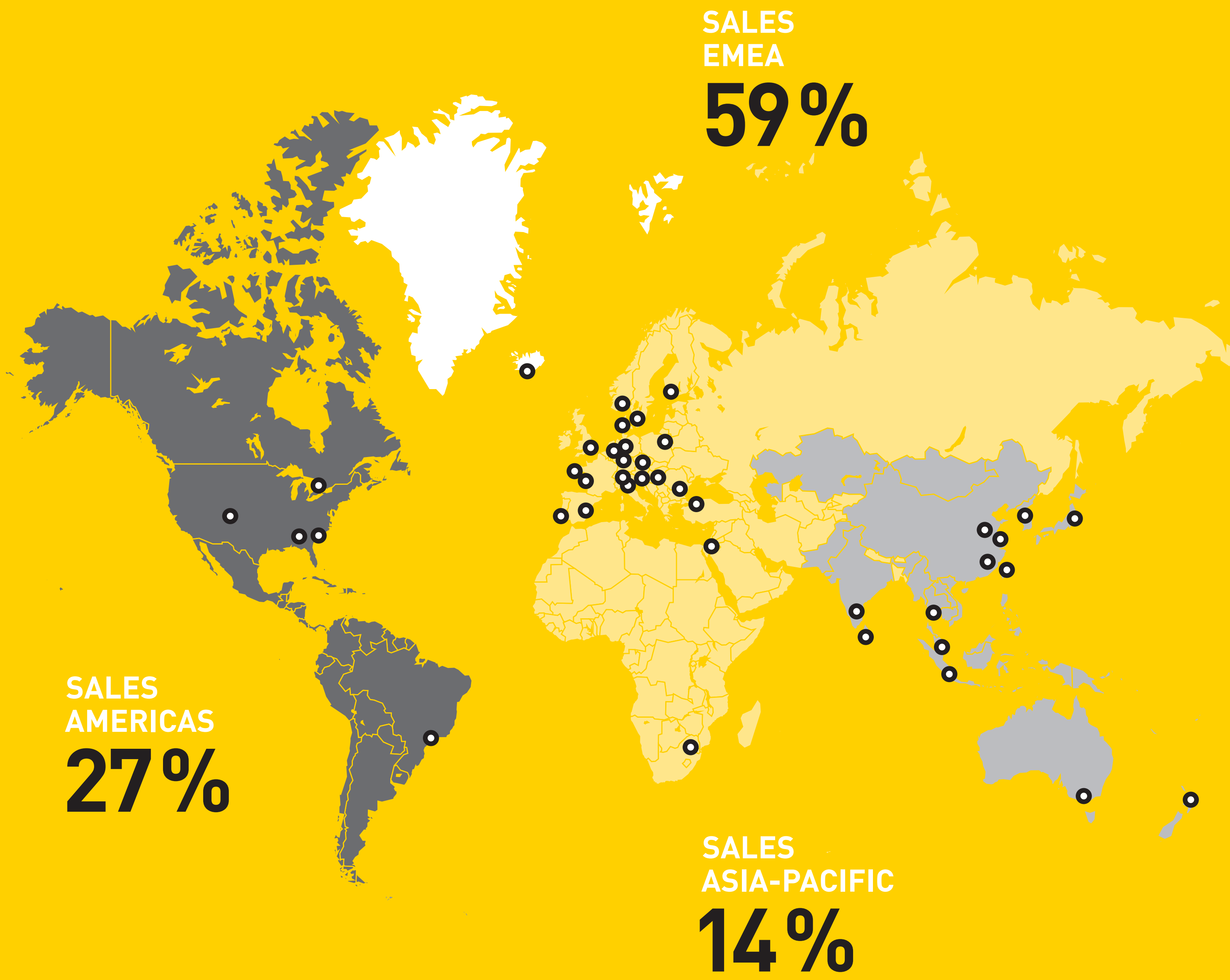
Flow storage utilises the effect of the inclined plane. This means there is no need to supply drive systems with power. Studies demonstrate the high energy and environmental performance of flow storage with an average payback period of two to three years.

In 2015, we were able to take interesting orders in Asia-Pacific, in particular, and grew strongly in the region in terms of new orders. For example, our customer from Korea, Nongshim Engineering, will be equipping a new distribution centre in China with Interroll flow storage.

Interroll has also received an order from Merit Food Products (MFP), the only canned coconut product manufacturer in Thailand, to provide 4,140 pallet modules for the installation of a pallet storage system to ensure that MFP optimizes space utilization with high-end quality.

We also completed major projects in Europe. For instance, we were able to realise another project, this time in Russia, for our customer Frito Lay. A central distribution warehouse was also equipped with an Interroll FIFO solution for Prix Quality, one of the largest discounters in northern Italy, through a system integrator. This led to significant savings, especially in terms of space requirements, but also in the area of energy, due to the complete overhaul of intralogistics.

OVERVIEW BY REGION



INTERROLL IS ACTIVE WORLDWIDE VIA OWN COMPANIES, AGENTS AND DISTRIBUTORS.

Our goal is to realize more than 50 % of our sales outside Europe in three to four years. We moved a step closer to achieving this goal in 2015. Our sales share in Europe is around 59 % and 14 % in Asia-Pacific. In the Americas, it rose by 3 % to 27 % in the year under review.

+1.9 %

IN LOCAL CURRENCY +15.0 %

Sales development in the EMEA region in CHF million

EUROPE– MIDDLE EAST–AFRICA

POSITIVE DEVELOPMENT OF THE REGION EUROPE MIDDLE EAST AFRICA (EMEA)

The significant negative translation effects from the translation of revenues, primarily from the EUR region into the reporting currency CHF, have eliminated part of the sales growth in the EMEA region. Nevertheless, consolidated sales developed positively in this region in 2015 and amounted to CHF 214.3 million, a 1.9 % increase over the previous year (CHF 210.2 million). Sales in local currency increased by 15.0 %.

Sales in local currency developed differently in the various European regions. Interroll grew solidly in the DACH region and in Scandinavia. We even experienced very strong growth in Italy and Eastern Europe.

We will continue to expand our activities in the area of services. We have invested in our own service center for drum motors in Spain and expanded our service activities even further in Turkey. We want to address the Arabic markets with our new service and training center in Istanbul.

We now also manufacture and market the Interroll Portec belt curve in Europe and will be able to supply our customers in the region with this proven solution much faster in the future. The reliable, robust and globally recognized belt curve has been installed more than 80,000 times worldwide.

AMERICAS

STRONG SALES PERFORMANCE IN THE AMERICAS

The Americas region recorded sales growth of 19.2 % in 2015. Sales amounted to CHF 97.6 million (previous year: CHF 81.9 million).

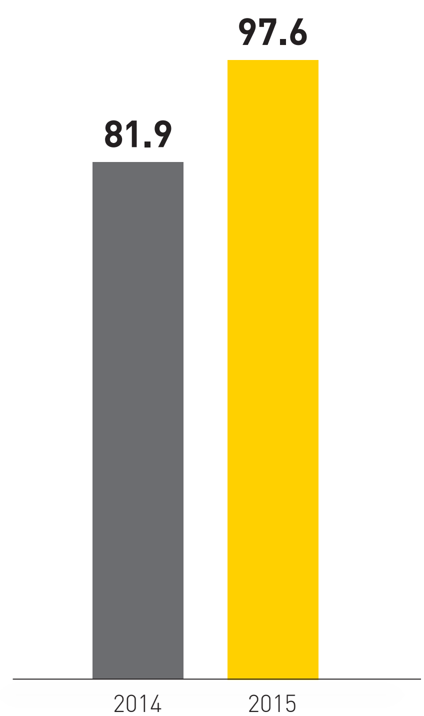
The growing complexity in the supply chain process with regard to unit handling has increased the need for processing, packaging and conveyor systems. Major customers of conveyor systems in the USA such as GA Pacific and Johnson & Johnson, among others, range across a multitude of manufacturing industries and sectors where goods are handled. These activities, along with the acceptance of energy-efficient conveyor components such as the Interroll RollerDrive have contributed to this rapid growth.

We continue to see a positive development in Brazil. After we had already signed a framework agreement with the Brazilian Post in November 2014 together with the US system integrator National Presort L.P. to deliver a total of six sorters from 2015 to 2017, an additional order for four more cross belt sorters followed in April 2015. Due to the magnitude of this framework contract, the regional Center of Excellence in Atlanta is working together very closely with the global Interroll Center of Excellence in Sinsheim, Germany.

The Interroll Portec site in Cañon City, Colorado, has been expanded into a global Center of Excellence for belt curves. With the introduction of the Interroll Production System and the modernisation of the entire production process, we were able to increase productivity at this site quite significantly. This enables faster processing of customer orders. In addition, we have revamped the IT infrastructure and expanded advanced training of employees.

+19.2 %

IN LOCAL CURRENCY +19.1 %



Sales development in the Americas region in CHF million

ASIA-PACIFIC

EXCELLENT SALES PERFORMANCE IN THE ASIA-PACIFIC REGION

Demand for high-quality internal logistics is unabated in Asia-Pacific. Thus, consolidated net sales in 2015 amounted to CHF 48.8 million (previous year: CHF 43.2 million). This represents an increase of 13.1 %.

New orders in Asia rose very strongly by 35.7 % and show that our increased expansion in the region is bearing fruit. We have received interesting orders in the area of Pallet & Carton Flow and Conveyor Rollers in Malaysia as well as Thailand and Indonesia. Due to the tense political situation, we recorded a decline in sales in Thailand, particularly in the 1st half-year of 2015.

In the meantime, Pert Engineering has been successfully integrated into the Interroll Group and the Shenzhen site in China has been expanded into a regional Center of Excellence for belt curves. We have invested in the renovation of the production facilities as well as additional machines such as an automatic belt cutting system and a laser machining center for steel parts. Together with the introduction of the Interroll Production System, this has led to a significant increase in productivity and capacity expansion, but also to significantly shorter delivery times for customers.

With yet another production hall in Suzhou, we will also be able to increase our capacity in China by approximately one third and at the same time significantly shorten our delivery times there.

We have continued to strengthen our market position in Asia-Pacific and were not only able to acquire interesting repeat orders from long-standing customers such as China Post or SF Express, but have also managed to expand our customer base with local customers even further.

The Nongshim Group, a well-known Korean manufacturer in the food industry, is building a new bottling plant for mineral water in China and will equip its new distribution center Baeksansu with Pallet Flow Modules and the appropriate safety equipment from Interroll through its system integrator Nongshim Engineering.

We officially presented our modular conveyor platform in Asia at CeMAT Asia in Shanghai in October 2015. This innovative solution is also arousing great interest in this region, and we expect to see a further rise in demand for our products.

We expect the boom in e-commerce and food processing in China to continue and ensure a steady increase in demand. Our sales in China have increased by 20.1 % compared to the previous year.

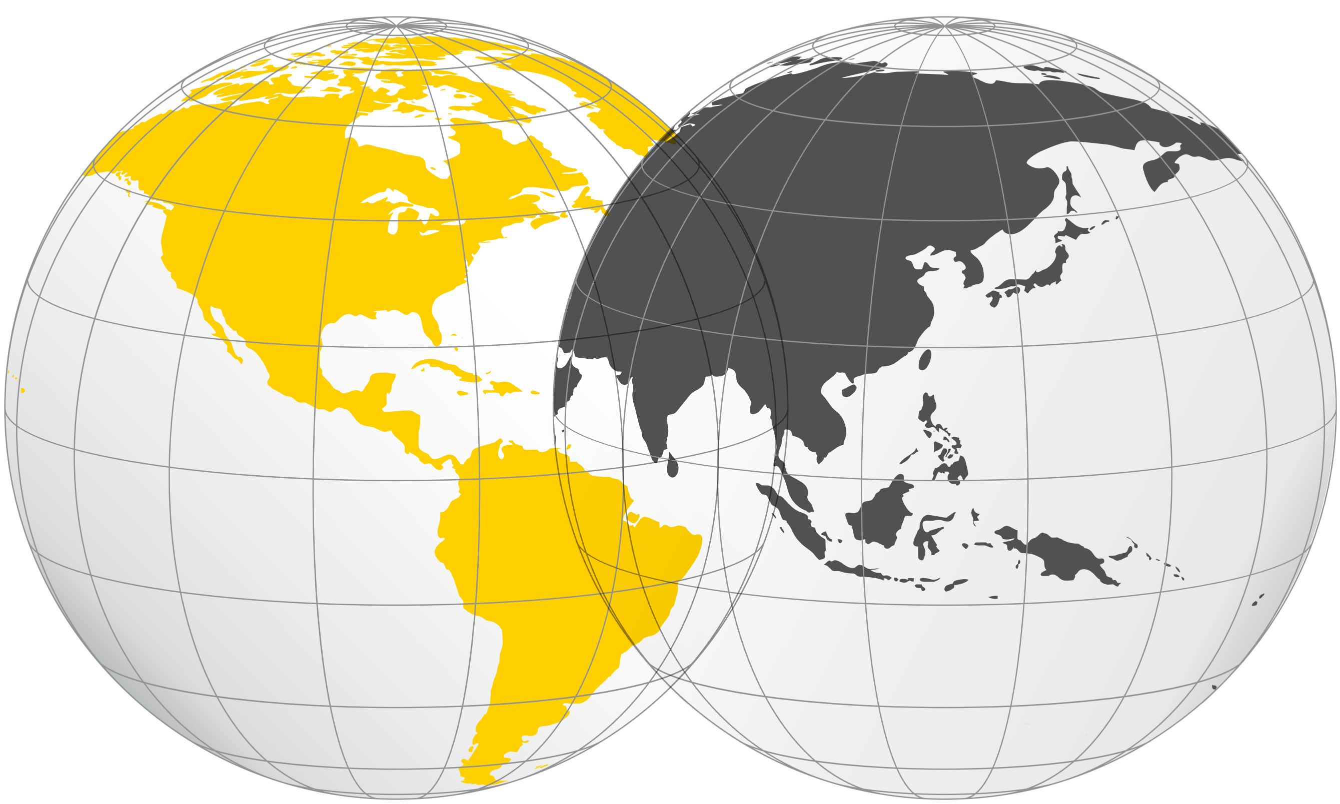
+13.1 %

IN LOCAL CURRENCY +14.1 %

Sales development in the Asia-Pacific region in CHF million

WE HAVE JUST BEGUN TO OPEN UP THE POTENTIAL IN AMERICA AND ASIA

Interview with
Tim McGill,
Executive Vice President Americas
and
Dr. Ben Xia,
Executive Vice President Asia



It's not Europe alone which offers promising business opportunities for the Interroll Group. With its global strategy the company is successfully progressing in the Americas and Asia during the last years. The aim is to increase the share of business attributable to these markets gradually to 50 % of Group sales in the coming years. We spoke to Tim McGill, Executive Vice President Americas, and Dr. Ben Xia, Executive Vice President Asia, both members of the Group Management, about recent trends, future challenges and the value of these regions for Interroll.

Mr. McGill, Dr. Xia, once again Interroll achieved significant increases in sales in the Americas and the Asia-Pacific region during 2015. Which were the main reasons for this success?

McGill: The basis for this success was the overall satisfaction of our customers and the upgrading of our own performance for both products and services – and I think in this respect I am talking also on Ben's behalf. We benefitted from an outstanding engagement and competence of our local and global teams. In the Americas, with a sales increase in North America of 25 % we are now starting to reap the fruits of the strategic decisions and investments we have made in this region during the last years: We completed our new operational setup in the US and Canada and strengthened our presence in Brazil. We successfully integrated Portec, a leading international curve manufacturer acquired in 2013. All these factors were pivotal for our success and improved our clout in the market.

Dr. Xia: An important reason for our continued success in Asia is our clear and consistent strategy. With our new headquarters in Shanghai and the enhancement of our production facilities in Suzhou and Shenzhen, the effectiveness and the clarity of our operations have been considerably optimized. Moreover, we have seen a marked and steady build-up of our local competencies in Asia regarding the range of products offered and their production. Following the Portec acquisition we successfully integrated Pert, a former joint venture of Portec in China. Another important factor was the successful implementation of the Interroll Production System (IPS), which allows our company to apply its quality standards across the Group and to regionally satisfy customer demands in Europe, America and China at precisely the same high level. One of these effects is the remarkable sales increase in Asia of 13.1 % in 2015 – and we have just begun to open up the potential of the Asian market.

What is the general state of the industry within your regions?

Dr. Xia: Asia-Pacific is a diverse and dynamic region which offers very promising opportunities for us. Let's take China as an example: Although the impressive economic growth rate of this country has recently slowed down, its ambition for the future is even higher than it was in the past. Official plans aim to double the gross domestic product and to double the average income of every Chinese wage earner by 2020, comparing to those of 2010. This means that a lot of opportunities are emerging for us. Our market will grow remarkably. At the same time, we will see new challenges. For example, we have to sharply increase our productivity to catch up with the expected development.

McGill: The economy in North America, especially in the US, remains strong. One reason is the the low price of oil, which leads to more industrial dynamics, an increased buying power of consumers and the creation of new jobs. These condition are favourable for our business as a producer of investment goods within the logistics sector. Additionally, we are experiencing a further acceleration of the E-Commerce business. Interestingly, this trend is not only driven by the strategy of established players like Amazon or others. Major retailers like Wal-Mart are now returning to this business and have high ambitions to capture an adequate market share during the years to come. Concurrently, the middle class in emerging markets like Brazil or Mexico is growing, and a broader interest in diversified consumer products puts new demands on warehouse and retail logistics. These are some of the factors which play into our hands.

Do Asian customers have specific expectations?

Dr. Xia: Some people looking from outside Asia still think that this continent is mainly characterised by the specifics of emerging economies and societies. Obviously, this is only partly true and will be less applicable in the future. Even if you put Japan, South Korea and Australia aside you see that decision makers within mostly all Asian countries are nowadays well-informed about state-of-the-art technologies and solutions the global market offers. Of course, this has a lot to do with internationalization and borderless exchange of information but it's based on a cultural factor too. Most people and countries in Asia that aim to reach the same level as traditional industrial societies want to speed up on this path by overleaping certain phases. Therefore, they are searching to get the best of what the global market can offer. That's one of the reasons why Chinese consumers like global brands. It's the same trend within the industrial field from which we as a worldwide leading company can clearly benefit. Just one example is our successful business partnership with China Post. This is a customer who is always asking for the best, the most efficient and the most challenging solution in the world. That's why we have won the orders.

"Thorough understanding of the markets and established business relations are driving our success in the Americas."

Tim McGill, Executive Vice President Americas

And what about the Americas?

McGill: Interroll has been present in North America for about 40 years. One effect of this long tradition is our thorough understanding of this market and an established business relationship with American partners. This position was further strengthened by the acquisition of Portec, a leading US-based manufacturer. During the current phase of accelerated globalization we recognize the continued trend that our customers with global operations want to keep their performance on the same level all over the world. They don't want to compromise on quality and they demand in every country the efficiency and reliability of the solutions they know. A good example is a global player like PepsiCo Foods which uses our solutions not only in its home market but globally as well. Moreover, we perceive a growing international interest of companies to use Mexico for onshoring as a base for production and distribution. That's why we intend to open an office in this country to be able to better serve this demand and to achieve a "climate of excellence" in our relationship with our customers. In Brazil we already applied this strategy successfully in the past: There we were able to get the largest single order Interroll ever won in its history. We have received multiple orders to deliver in total 10 sorters to Brazil Post in 2016 and 2017 – together with our partner and System Integrator NPI.

Where do you see new opportunities in the years to come?

Dr. Xia: Besides further intensifying our efforts to increase our existing business we want to gradually expand our activities to new industries and regions. One very promising example is the food industry. In Asia, food is not just nutrition, it's an integral part of daily lifestyle and culture. That's why, especially in urban areas and booming metropoles, freshness, diversity and hygienic considerations play a crucial role. Consumers, industry and regulators will certainly pay greater attention to these issues. Applying the right strategy, this trend will provide great opportunity for us. Drum motors and other products that we deliver fulfil the highest hygienic standards and allow very flexible and efficient operations. Additionally, we see large system integrators from outside the region enhancing their activities in Asia. This gives us new opportunities to serve them locally. At the same time, countries like Vietnam or Malaysia are progressing economically. Now even Myanmar has opened up its market. So, without a doubt, there is still a lot of work waiting for us.

Dr. Ben Xia, Executive Vice President Asia

"In Asia we are following a clear and consistent strategy."

McGill: US and Canada offer a lot of further opportunities. Higher expectations of consumers drive E-Commerce: Order and delivery within one day will be a must within this business in the near future. These services challenge logistical processes. Returns need to be efficiently handled. Respective concepts demand speed, intelligence, reliability and efficiency for internal logistics. These are exactly our strengths. Pharmaceutical distribution is another interesting industry where we can help the market with our competence. We already talked about Brazil and Mexico. Other countries in Latin America are expected to follow their examples.

What are your goals for the future?
Dr. Xia: Our aim and commitment is of course to further enhance our contribution to the Group as a whole and to support Interroll's ongoing international success. This relates to both sales and profitability. Tim will surely agree with this statement for his region too. In Asia, it is very important to manage our growth in the right way. The build-up of our business needs to be sustainable. Just to mention some important factors: We need to optimize our responsiveness because customers expect high-quality products and immediate support at the same time. We need to work on the brand because customers must be able to rapidly identify our solutions as world-class solutions. This will also internally help find and keep the right people. The competencies of our employees represent a real potential for the Group that we have to tap.

McGill: Yes, sustainable value creation is not merely a question of figures. They are crucial, but to stay on the right track in the medium-term, we have to ensure that the Group also benefits from the competencies and expertise of the employees in the individual regions. We have to increase our relevance in this respect, too. Within our worldwide organization, our staff develops additional competencies, creates new ideas and finds new solutions – every day and in every country where we are present. This asset, this capacity is available for the whole organization. As managers we have to leverage a mutual exchange of these competencies. Nothing should be invented twice, people should learn from the experiences and competencies of others. Within some areas, our colleagues in Europe and Asia already profit from our expertise, while in other fields we profit from the know-how available in Europe and Asia. Europe transfers its knowledge to Asia and vice-versa. We need to further expand our company as a global network of competencies. This adds a lot of value to our company.

CORPORATE RESPONSIBILITY

RESEARCH & DEVELOPMENT: INNOVATIVE TECHNICAL SOLUTIONS AS THE BASIS FOR SUCCESS

In order to optimally meet customer requirements, we invest considerable resources in research and development. We supplement our internal competencies with external partnerships with leading universities such as the RWTH Aachen or the Technical University Munich and industrial partners such as the EHEDG Institute (European Hygienic Engineering & Design Group).

The Interroll Research Center (IRC) in Germany is one of the most important institutions which we continually expand our leadership in innovation with.

Our IRC worked in 2015 in cooperation with the individual competence centers on important developments,.

One area of concentration were optimizations of our drum motors with regard to noise reduction and an expansion of its functional spectrum. Furthermore, the foundation was laid for a new drum motor platform with greater flexibility, a broader range of use and improved service options. The new platform is to be introduced to the market over the course of 2016 and 2017.

In the area of sorter applications, we are working on new solutions in order to reduce speed in various weight classes during unloading in a controlled manner. Also, additional innovations were developed that are currently registered for patent approval.

With MultiControl we developed a new method of controlling zero pressure conveyors. With this new network card, the expansion of an additional sensor or actor level can be omitted due to the direct integration of sensors and RollerDrive on the field bus level. The MultiControl is naturally also used worldwide for the new conveyor platform.

We expanded our proven RollerDrive with a freezer design. Safeguarding against failure is increased by a special form fit. Automatization in the freezer area is taking on an increasingly important role, and Interroll intends to expand its product palette in this area.

We were able to better connect the development and test laboratory areas physically by moving the Interroll Research Center into our new facility at the Baal / Hückelhoven site and bring the technical infrastructure up to the state of the art. In the new, modern facility there is more room available for the development team and for testing.

We protect many of our innovations through numerous patents and other property rights.

ENGAGED EMPLOYEES MAKE US STRONG

Around 2,000 employees worldwide make their contribution to the success of Interroll every day. Our employees are the decisive factor in our exciting the market with outstanding products and solutions, for remaining competitive through innovation, and for organizing our processes efficiently. We expect a high degree of engagement, ambition and loyalty. In return, we offer interesting, challenging tasks with the freedom of entrepreneurship to match.

Interroll is on an unabated course of growth. With our new facility at Baal / Hückelhoven, Germany, where the Interroll Academy has also been located since October 2015, Interroll continues to invest in the training and professional development of its employees. Now the modern facilities are available for various training sessions and practical instruction on Interroll products. These serve to strengthen the technical competence of our operation. Starting 2016 we are also offering courses and training for our customers in the new Interroll Academy.

Growth also means change. To be able to cope with change successfully, strong leadership and technical competence are indispensible. Employees must continually orient their thoughts and actions toward the company's goals. For this reason we launched our internal program "Culture for Growth" in 2015. With a focus on corporate culture, we want to contribute to better distinguishing ourselves from the competition and a greater identification of the employees with the company. Our employees serve as brand ambassadors in this regard.

Through "Culture for Growth" we want to familiarize each and every employee with the company's strategy – both globally and locally. We value the commitment of each individual and respect cultural differences. To this end, we launched a global program for (continued) development for over 200 managers in 2016.

In the coming year we will perform a worldwide survey of our employees. Constructive feedback on general satisfaction and the quality of leadership in the company and on topics such as awareness of values, cooperation and engagement is meant to help us implement concrete improvements. The survey will take place in about 12 languages.

Following its successfull launch in Europe and Asia, Interroll's new Modular Conveyor Platform will now also be produced in America.

MARKETING ACTIVITIES SUPPORT OUR PATH OF GROWTH

In 2015, we further refined our central marketing strategy, in order to increase familiarity worldwide with Interroll products, intensify customer relations and thereby contribute to the growth of the Interroll Group.

To achieve the greatest possible focus on customers, we align our marketing activities directly with local marketing conditions and customer habits.

An important part of our marketing strategy is our presence at technical trade fairs. In 2015, we were represented with our products and solutions at some 20 global and numerous local trade fairs. The introduction of our modular conveyor platform in Asia at the CeMAT Asia in Shanghai in October 2015 is particularly noteworthy in this regard. Within the scope of the World Fair in Milan, various specialized trade fairs such as Intralogistica took place in May. There we presented our extensive product portfolio and the modular conveyor platform to the Italian market.

The customer loyalty program "Rolling On Interroll", which we introduced in March of 2015, has been very successful. System integrators and OEM from all continents have already decided to join this program. By displaying the emblem on their products, participating partners express their confidence in the competence and technology of Interroll. We reward this loyalty, among other ways, with access to our training offering, support advertising and trade fair budgets, and offer joint seminars. It is our goal to establish an international community in which "best practices" can be shared in an open way, and partners are closely connected with one another in order to benefit from synergies.

The partnership with the Sauber F1-Team also offers us further opportunities to present our offering in a context in which logistics is among the deciding factors to success. In 2015, we also organized various seminars at the Sauber headquarters in Switzerland as well as various customer activities in cooperation with Sauber.

In 2016, our marketing will continue to be focused on the acquisition of new customers, positioning Interroll as an innovative company in the area of intralogistics as well as on demonstrating competitive advantages.

Customers rely on Interroll's competence and technological expertise.

SUSTAINABILITY IS A LONG-TERM SUCCESS FACTOR FOR US

The Interroll strategy was developed for long-term success and sustainable growth through a transparent business model. In this culture of growth, we consistently work at shaping our future and strive to positively influence the basic conditions for it accordingly.

Our approach to sustainability is based on the "Triple Bottom Line" concept (people, planet, profit), which, in addition to the social and ecological aspects of operational processes, also keeps an eye on the economic dimension.

A central factor for the realization of this concept is our Interroll Production System (IPS), which was launched in 2006. The essential core elements are our global organization of production, the implementation of the platform strategy, the innovation process and excellent processes. Through internal and external audits, all production processes are regularly evaluated and new goals are set. In this way, the level of our productivity – and therefore our contribution to sustainability, rises steadily. Beginning next year we will start a comprehensive rubric on the topic of sustainability. With this we intend to ensure the worldwide implementation of our concept. This will also include the list of requirements for investment decisions with the objective of increasing transparency and the degree of detail for criteria such as energy efficiency effects on the environment, and ergonomics.

The results of the IPS audits are very important to us. Our responsible parties use the information obtained in this way to achieve excellent processes, to compare these with other companies internally (through benchmarks) and to continually improve these (kaizen).

Through our regional presence, we can guarantee the global availability of our innovative products and serve our customers more efficiently and quickly.

As a leader in technology, we place great value in knowledge management for work materials. In addition to ensuring functionality and efficient material usage, we want to increasingly expand on our know-how with regard to recyclability and the use of healthy materials.

The topic of energy efficiency is at the very top of our list, not only in terms of our products. In accordance with DIN EN 16247-1 we have performed an energy audit at several sites. It was our aim to identify energy flows and potential areas for energy efficiency improvements. In a further step, we evaluated the various actions monetarily through investment and cost-effectiveness calculations. The improved energy efficiency achieved through the implementation of these actions will protect the environment and reduce the cost of our operations.

ROLLERS THAT MOVE THE WORLD

They are unbeatably reliable, durable and variable: For over 55 years, conveyor rollers have formed the foundation for the growth of Interroll into a leading worldwide manufacturer of key products in intralogistics. In addition to non-driven roller conveyors of all possible sizes and designs, highly-efficient drive rollers and intelligent control systems have also long been part of our innovative conveyor roller range of products. Support services and open data interfaces simultaneously ensure an even simpler integration in complex applications – even in future "Industry 4.0" concepts.

Just as does the wheel in street traffic, the conveyor roller has no alternative in many applications in intralogistics. In 2014, Interroll delivered its five hundred millionth roller in its tradition-steeped company history, with which a conveyor could theoretically be built around the globe – and production is continuing unchecked. In 2015, more rollers were manufactured in Interroll's factories than in any previous year. "In addition to our main plant in Wermelskirchen, where our global competence center for conveyor rollers and RollerDrive is also located, Interroll has also been producing for a long time in the USA and China – and is doing so with its usual, consistently high quality," according to Armin Lindholm, managing director of Interroll Engineering GmbH.

The Interroll MultiControl is a network card for controlling and integrating the RollerDrive EC310 into many conveyor technology applications such as zero-pressure accumulation, roller curves and transportation conveyors.

WE PRODUCE TO THE CUSTOMER'S UNIQUE SPECIFICATIONS

Due to the nearly 60,000 different designs of conveyor roller types, an unusually large number, as well as the often very small lots in the orders – about half of all orders involve order quantities of a maximum of ten rollers – Interroll places a great deal of importance on flexibility during production: Rather than produce for stock, Interroll manufactures its conveyor rollers exclusively "on demand", in other words upon the customer's request. That means that not a single roller is kept in inventory in Wermelskirchen or any other production site. This reduces costs substantially, and delivery times often of less than a week can still be adhered to without problem. The customers also spare themselves expenses and avoid quality risks that might arise through long storage times or possibly long and inefficient transport conditions.

For this on-demand manufacturing, the production segments are designed such that they can be adapted to the product variant to be produced, practically at once. Corresponding changeover procedures take place in each of the 13 production lines in Wermelskirchen approximately 60 to 70 times per day. It is just as efficient as a pit stop in Formula 1: For a changeover procedure, the responsible employees need 80 seconds on average.

"At Interroll, tempo and flexibility are not had at the expense of quality. We regularly perform internal and external audits in ongoing production, so that our zero-error strategy is maintained at all sites," says Armin Lindholm. The company-wide Interroll production system takes care of this, and is based on a lean production philosophy which fundamentally integrates all employees in the optimization process.

INNOVATIVE QUALITY SOLUTIONS FOR ALL APPLICATIONS

Our product palette is continuously being expanded and endowed with innovative additional value: In addition to non-driven conveyor rollers, Interroll also offers its customers the RollerDrive equipped with integrated 24 V motors. When using them, there is no need to utilize centrally-mounted gear motors with a technologically susceptible and energy-inefficient design. It is no wonder, then, that these drive rollers are increasingly replacing the systems frequently used earlier, with electro-pneumatic control of the individual accumulation sections.

Another example are intelligent control systems that enable the customers to realize particularly efficiently and flexible solutions. With these systems, not only individual RollerDrive, but also different conveying zones can be controlled as needed and independently of one another. But since some medium-sized companies and smaller systems integrators and plant engineers sometimes cannot efficiently realize the expertise required for connecting the necessary control systems to pre-existing warehouse software, the global competence center in Wermelskirchen has been offering its customers appropriate support with a team of application engineers since the beginning of 2015.

"Interroll bets on innovations with added value – not only in technology and production, but also in support. We advise and support systems integrators and manufacturers when they use our solutions. If needed, a series of highly-qualified engineers is available to attain optimal results from the interplay between our controls and the pre-existing warehouse software – and, if necessary, directly on site," according to Dr. Ralf Garlichs, Executive Vice President of Products & Technology and member of the Group Executive Board at Interroll.

EQUIPPED FOR THE FUTURE

After the steam engine, the conveyor belt, and data processing, experts believe that a fourth industrial revolution is now at hand. Under the heading of "Industry 4.0", production and logistical processes will be equipped in the future with their own intelligence, networked processes will run independently, and systems will become capable of learning. The buzzword is "smart logistics".

With these intelligent solutions, monitoring and control systems will be in a position to control and optimize value-added networks in real-time. The flow of material is integrated in the internet of things by means of corresponding sensors and made able to make decisions autonomously. Interroll is well-equipped for this development. Our control systems are already equipped with their own interfaces today, interfaces which make integration in highly complex system environments possible.

PRODUCTION WITHOUT BALLAST

Different than most of its competitors, Interroll does not produce conveyor rollers until a concrete order has been placed. Due to a particularly flexible production system, the production lines can be changed over in an instant to precisely the rollers that need to be manufactured for the current order. The delivery times are usually much less than a week.

This "on demand" production, which is performed at an identical level of quality in Europe, America and Asia, provides not only Interroll with decisive advantages: The customers also avoid high storage and transport costs. Additionally, quality problems are eliminated that may arise due to adverse transport conditions. They receive precisely the products that they need for the realization, reshaping or completion of their conveyor solutions.

GO WEST!

Customers who are active in the American markets will be especially pleased with the news: After being successfully introduced in Europe and Asia, Interroll's new modular conveyor platform will now also be produced in the United States.

A powerful, future-proof solution is now available to US systems integrators and their customers interested in achieving especially efficient material flow. This is because our new modular conveyor platform excels due to its unique flexibility, low operating costs, open data interfaces, and the greatest ease of installation and maintenance.

After all, those who want to implement powerful material flow solutions have to expect constantly changing tasks in the dynamic market of intralogistics that such a system has to fulfill during its long service life. Ultimately, users have to be able to flexibly react to short-term changes in the order structures and the range of products. Rigid mass processing of identical goods has become the exception to the rule. Having to deal with shorter order cycles and quick packaging size and weight changes is becoming increasingly more frequent. At the same time, the solution must also be able to be easily incorporated into tomorrow's changing IT environments, which is known as "Industry 4.0."

STRONG INTEREST FROM THE MARKET

"In order to meet theses requirements for maximum flexibility, we developed a completely new conveyor platform that we have been providing our customers since the second half of 2014. It is an industry-first which integrates our proven plug & play module and standard components, feature a fully modular design," explains Michael Kuhn, Managing Director of Interroll Automation GmbH in Sinsheim, Germany. There is strong interest in this solution: Interroll has already received about 250 orders from system integrators and manufacturing plants.

The sizes range from small systems to large applications that involved implementing conveyors up to four kilometers in lenght. Given the high demand and the complexity of the projects, it is therefore no wonder that the platform's development required the highest amount of internal interaction between supplier logistics, production processes, and assembly, especially since it involved introducing an entirely new product. Teamwork, learning ability, responsiveness, and close cooperation with the customers were necessary in order to rise to these challenges. Through the close cooperation of all parties, the inevitable start-up complications were quickly corrected. The internal organizational structure was also unified and adjusted to the changed market needs.

The platform is now being used in practically all sectors that Interroll is focused on, from production plants and e-commerce to traditional mail order and distribution. One of the most well-known users with a rather unusual application – in a packaging plant in Milan – is Swiss luxury watch manufacturer Rolex.

MODULAR SOLUTION FOR EASY CONFIGURATION AND INSTALLATION

The reasons for this broad interest are many and varied. They certainly include the solution's universal design, which can handle material that weighs up to 50 kg and package sizes starting at 200 mm × 150 mm. If desired, systems can even be designed to easily handle transporting polybags. Customers can choose 24V or 400V drives for maximum energy efficiency or conveyor capacity. Electro-mechanical diverters also facilitate high sorting performance. In order to meet high energy efficiency requirements and ensure a low noise working environment, Interroll generally refrained from using pneumatic actuators in the new conveyor platform. But that is still not enough: Just as important as the feasible range of applications is the modularity of the platform, which – similar to the LEGO brick principle – can be flexibly configured and expanded using standard components. This not only makes installation and maintenance easier, but it also provides short delivery times and gives system integrators key benefits as soon as the planning phase. Thanks to the user-friendly planning software that Interroll provides free of charge, customers can quickly and easily configure conveyor solutions themselves. As a result, customers immediately have an extensive parameterized conveyor list at their disposal that provides all the necessary data for their engineering process. "… And for demanding applications, we made sure our platform can be connected to higher-level IT systems through pre-cabled fieldbus technologies such as EtherCat, Profinet, or EtherNet/IP," says Kuhn.

AFTER EUROPE AND ASIA NOW ALSO LAUNCHED IN THE US

Through the consistent application of the group-wide Interroll production system (IPS), which is based on the Japanese Kaizen philosophy thereby ensuring that the company's solutions are manufactured around the world in the same quality, the modular conveyor platform is now also being produced in the US, namely in the regional Center of Excellence in Wilmington, North Carolina.

After Sinsheim in Germany and Suzhou in China, Wilmington is the world's third production site for the new conveyor platform. Thanks to the intensive preparation and extensive exchange of knowledge by the experts in the global Center of Excellence in Sinsheim, nothing stands in the way of production. The US launch is an important milestone in Interroll's internationalization strategy. After all, local system integrators everywhere aren't the only ones to have access to the industry's leading conveyor platform now; internationally operating system integrators can now also reliably offer their customers a standardized quality solution in all of the world's important regions.

"In order to meet the requirements for maximum flexibility, we developed an entirely new conveyor platform."

Michael Kuhn
Technical Director at Interroll Automation GmbH
in Sinsheim, Germany.

RULE OF THREE FOR THROUGHPUT: MORE THAN THE SORTER ALONE

The globalisation of the economy, ever faster innovation cycles and higher market transparency require constantly more efficient delivery chains and optimised business processes. Products such as textiles and electronics are predominantly imported from overseas, enter interim storage and from there are distributed, sorted and transported as automatically as possible. Besides shorter delivery times, this is at the same time intended to achieve substantially higher sorting volumes. Speed, reliability and efficiency are therefore the decisive success factors in today's market.

New technologies play an important role in optimising processes. In the field of identification technology in particular there have been decisive new developments in recent years. These include, for example, camera solutions in the most varied forms for reading barcodes. Further examples are bus technologies. The following, however, remains true: when one speaks of success factors in sorting, these are still availability, sorting accuracy and flexibility.

For Interroll, as a manufacturer of crossbelt sorters and other conveying technology, this means that planning and engineering have to be done in ever shorter timeframes. The art here is to develop a solution adapted to the customer's individual needs using platform-based elements and flexible adaptation. Customers expect a very high availability for their plant as a whole. Therefore the fault probability of a conveyor must be as low as possible. Here Interroll offers a functional reliability of 99.9 %.

Limits in sorting are often apparent at points of input and output. Today, firms have to master a growing product mix. On one side, shoes or clothes enter the sorting system, then come perhaps 25 kg sacks of animal feed. If the transport goods are very diversely mixed, the input and output points cannot deal with them. Since these two points, however, account for roughly a third of the total investment in the sorting installation, we have to ask whether everything has to be automated.

Dr.-Ing. Heinrich Droste
Director at Interroll Automation GmbH
in Sinsheim, Germany.

As an independent supplier, Interroll offers a product portfolio tailored perfectly to value creation and the requirements of system integrators. Globally the company, together with its partners, has installed more than 200 sorters, including more than 20 in 2015.

For example, Interroll has, with a partner, built an interesting installation working with very small parts which cannot be sorted and cannot be separated at the output point. At the same time, it conveys large heavy parts. In this case the solution was to concentrate the goods in the input area via a so-called put-to-light system and to convey them later to the output points in containers via the sorter. Although this means increased manual work, one can support these processes technologically. The task is to find the technological compromise: a simple investment calculation.

Interroll crossbelt sorters work on a mechanical basis and are therefore especially robust and economical. The number of electronic components has deliberately been kept as low as possible. There is therefore no need either for complex control systems of for specially trained electricians for installation or maintenance. The simple modular construction of the sorter and its input and output points simplifies the storage of components or the reconfiguration of existing systems. The patented Interroll crossbelt sorter technology also guarantees extremely economical sorting procedures, even at throughput rates of only 2,000 pieces per hour. Higher throughput rates of up to 15,000 pieces are possible, depending on the sorter.

The relative importance of investment costs and operating costs varies from firm to firm. In sorting projects, besides purchase price, conditions of payment and running costs, one should also pay attention to cost factors such as maintenance, installation and training.

"As an independent supplier, Interroll offers a product portfolio tailored perfectly to value creation and the requirements of system integrators."

Sorters by Interroll offer speed, reliability, and efficiency.

OUR PRODUCTS AND SOLUTIONS ENABLE COMPANIES TO DO BUSINESS MORE PROFITABLY, REDUCE THEIR ENVIRONMENTAL FOOTPRINT AND GENERATE SUSTAINABLE GROWTH.

CORPORATE GOVERNANCE

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1 INTRODUCTION

Basis of the of the corporate governance report
The corporate governance report 2015 of the Interroll Group refers to the official guideline of the SIX Swiss Exchange on Corporate Governance, best practice related to the Minder initiative as well as to the regulations of the "Swiss Code of Best Practice for Corporate Governance".

Cross references
In order to minimise repeated comments, certain sections cross refer to other sections, especially to the financial report.

2 GROUP STRUCTURE AND SHAREHOLDERS

Group structure
The operational management structure is disclosed in chapter 4 of this report.

Mother company and stock listing
The holding company of the Group, Interroll Holding Ltd., is headquartered in Sant'Antonino/TI, Switzerland. Its registered shares are traded in the main segment of the SIX Swiss Exchange under the security number 637289. Further notes to the listing can be found in chapter "Interroll on the Capital Market" on page 4 of the annual report.

Consolidation range
Subsidiaries belonging to the consolidation range of the Interroll Group are disclosed in note 8.4 of the Group's financial statements. There are no other equity instruments publicly traded except those of Interroll Holding Ltd.

Significant shareholders
All significant shareholders holding a reportable share are disclosed in note 3.5 ("Significant shareholders") of the financial statements of Interroll Holding Ltd.

Cross shareholdings
The Interroll Group maintains neither capital nor voting rights with other entities.

3 CAPITAL STRUCTURE

Share capital and voting rights
The share capital of Interroll Holding Ltd. amounts to CHF 854,000 and is made up of 854,000 fully paid registered shares with a par value of CHF 1 each. Each share has one voting right.

Authorised or conditional capital
There is no authorised or conditional capital.

Other equity or participation instruments
Furthermore, there are no other equity-like instruments such as profit-sharing rights or participation certificates.

Changes in capital
In the year under review, the nominal value per share was reduced from CHF 10 to new CHF 1. The total share capital reached CHF 854,000 (previous year: CHF 8.5 million).

Limitations on transferability and nominee rights
Information about limitations on transferability and other nominee rights of the shareholders is disclosed in chapter 10 ("Shareholders' participation rights") of this report on corporate governance.

Further information on shareholders' equity
Additional information on equity is disclosed in the financial statements of the Group (see 1.5 "Consolidated statement of changes in equity") and in the respective notes.

4 OPERATIONAL MANAGEMENT STRUCTURE

Functional organisational structure

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through local sales organisations. Interroll caters to the needs of its customers (Original equipment manufacturers, system integrators, end users) by offering a tailor-made product portfolio and expert consultancy. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range for their local markets. The Interroll Research Centre (IRC), which is centrally located, researches new application technologies and develops new products. Global Centers of Excellence continue developing the product range they focus on.

Management structure

The Group Management and the Interroll management structure are organized by functions (Overall Management, Products & Technology, Global Sales & Service, Corporate Marketing, Corporate Finance). The financial management of the Group by the Board of Directors is, on the one hand, based on turnover of the product groups and geographical markets and, on the other hand, on the reporting of the consolidated financial statements. In addition, Group Management assesses the achievement of financial and qualitative targets and other key performance indicators of all subsidiaries.

The Interroll Group has no advisory body.

Board of Directors

CHAIRMAN
Kurt Rudolf

VICE CHAIRMAN
Urs Tanner

AUDIT COMMITTEE
Philippe Dubois
Paolo Bottini

COMPENSATION COMMITTEE
Kurt Rudolf
Prof. Dr. Horst Wildemann

OTHER MEMBERS
Stefano Mercorio
Ingo Specht

Group Management

CHIEF EXECUTIVE OFFICER
Paul Zumbühl

CHIEF FINANCIAL OFFICER
Daniel Bättig

SENIOR VICE PRESIDENT CORPORATE MARKETING & CULTURE
Jens Karolyi

EXECUTIVE VICE PRESIDENT GLOBAL SALES & SERVICE
Dr. Christoph Reinkemeier

EXECUTIVE VICE PRESIDENT PRODUCTS & TECHNOLOGY
Dr. Ralf Garlichs

REGIONS	
Executive Vice President Americas	Tim McGill
Executive Vice President Asia	Dr. Ben Xia

Interroll Research Centre (IRC), Global Product Management

The Interroll Research Centre (IRC) develops new products, techniques and technologies in close cooperation with the Centres of Excellence, Global Product Management and Global Sales.

FUNCTIONAL UNIT	MANAGED BY	COMPANY
Research & Development	Helmut Maiwald	Interroll Holding GmbH, Wermelskirchen (DE)
Global Product Management	Dietmar Hager	Interroll Holding GmbH, Wermelskirchen (DE)

Global Centres of Excellence

Since 1 October 2015 Interroll Engineering West, Inc. acts as the Global Centre of Excellence for Belt curves. As per 1 January 2016, the two separate Centres Conveyor modules and Subsystems in Sinsheim were merged into one Global Centre of Excellence named Conveyors and Sorters. The seven Interroll Centres of Excellence are responsible worldwide for product development, strategic purchasing and the application and development of production technologies for specific product ranges. Furthermore, they produce and supply semi-finished goods to Group companies. The global Centres of Excellence of the Interroll Group are managed by the following persons:

FUNCTIONAL UNIT	MANAGED BY	COMPANY
Rollers, RollerDrive	Armin Lindholm	Interroll Engineering GmbH, Wermelskirchen (DE)
Industrial Drum Motors	Dr. Hauke Tiedemann	Interroll Trommelmotoren GmbH, Baal (DE)
Supermarket products	Dr. Anders-Staf Hansen	Interroll Joki A/S, Hvidovre (DK)
Dynamic storage products	Bertrand Reymond	Interroll SAS, La Roche-sur-Yon (FR)
Conveyors and Sorters	Bernhard Kraus	Interroll Automation GmbH, Sinsheim (DE)
Belt curves	Mark Means	Interroll Engineering West Inc., Cañon City (US)
Techno-polymers	Ingo Specht	Interroll AG, Sant'Antonino (CH)

Worldwide sales and production companies

Regional Centres of Excellence (RCoE)

Regional Centres of Excellence produce for the Americas and Asia-Pacific. These centres assume the full product programme of the global Centres of Excellence and serve the regional sales and service subsidiaries with finished products and the assembly sites with unfinished goods.

Production companies and local assemblies

Guided by the production processes and production technology by the Interroll Centres of Excellence, local production companies manufacture and assemble products for regional markets. They concentrate on specific product groups within the full product range.

Sales and service subsidiaries

Interroll sales companies concentrate on specific market and customer segments offering the full range of Interroll products and 24-hour repair service.

Management of the operational subsidiaries

The management of the above companies was delegated to the following persons:

EUROPE–MIDDLE EAST–AFRICA

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
Sales, service	Central Europe	J. Mandelatz	Interroll Fördertechnik GmbH, Wermelskirchen (DE)
Sales, service	France	G. Calvez	Interroll SAS, Saint-Pol-de-Léon (FR)
Sales, service	Northern Europe	E. Kaiser	Interroll Nordic A/S, Hvidovre (DK)
Sales, service	Great Britain, Ireland	Ch. Middleton	Interroll Ltd., Corby (GB)
Sales, service	Iberic peninsula	R. Rovira	Interroll España SA, Cerdanyola del Vallès (ES)
Sales, service	Czech Rep., Balkans, Hungary	F. Ratschiller	Interroll CZ s.r.o., Breclav (CZ)
Sales, service	Poland, Russia, Ukraine	F. Ratschiller	Interroll Polska sp. z o.o., Warsaw (PL)
Sales	Turkey, Middle East	F. Ratschiller	Interroll Lojistik Sistemleri Ticaret Limited, Istanbul (TR)
Sales, service	Italy	F. Ratschiller	Interroll Italia Srl (IT)
Sales, assembly, service	Africa	H. Campbell	Interroll SA (Proprietary) Ltd., Johannesburg (ZA)

AMERICAS

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
RCoE, sales, service	USA	S. Page	Interroll Corporation, Wilmington/NC (US)
RCoE, sales, service	USA	R. Keely	Interroll Atlanta LLC, Hiram (US)
CoE, sales, service	USA	M. Means	Interroll Engineering West Inc., Cañon City (US)
Sales, assembly, service	Canada	S. Gravelle	Interroll Canada Ltd., Newmarket/Toronto (CA)
Sales, assembly, service	Brazil, Argentina	M. Gaio	Interroll Logística Ltda., Jaguariuna/São Paulo (BR)

ASIA-PACIFIC

FUNCTION	REGION/COUNTRY	MANAGED BY	COMPANY
RCoE	China	T. Zhang	Interroll (Suzhou) Co. Ltd., Suzhou (CN)
RCoE	China	MK Lo	Interroll Shenzhen Co. Ltd., Shenzhen (CN)
Sales, service	China	L. Zhi	Interroll Holding Management (Shanghai) Lo. Ltd.
Sales, service	South Korea	S. Jeong	Interroll Korea Corp. Seoul (KR)
Sales, service	Japan	G. W. Seng	Interroll Japan Co. Ltd., Tokyo (JP)
Sales, assembly, service	Thailand	N. Grisorn	Interroll (Thailand) Co. Ltd., Panthong (TH)
Sales, service	Singapore, South East Asia	G. W. Seng	Interroll (Asia) Pte. Ltd., Singapore (SG)
Sales, assembly, service	Australia	P. Cieri	Interroll Australia Pty. Ltd., Melbourne (AU)

5 BOARD OF DIRECTORS

Members of the Board of Directors

From left to right

back row: Stefano Mercorio, Ingo Specht, Prof. Dr. Horst Wildemann, Philippe Dubois, Paolo Bottini

front row: Urs Tanner, Kurt Rudolf

Election principles and terms of office

The Board of Directors is composed of at least six members. These members are elected individually at the General Meeting of the shareholders for a one-year term. The shareholders Dieter Specht and Bruna Ghisalberti or their direct first-generation descendants are entitled to nominate two representatives (one representative per family) in total, as long as they hold at least 10 % each of the share capital.

PROFESSIONAL BACKGROUND AND VESTED INTERESTS OF THE BOARD OF DIRECTORS

KURT RUDOLF
(born 1942, Swiss)

Dipl.-Ing. ETH, served as Managing Director of LGZ Landis & Gyr Zug AG and Chief Executive Officer of Portescap Group. He was a member of the Board of Directors of Medela Group and a member of the foundation board of the Olle Larsson-Rosenquist Stiftung. Mr. Rudolf has been Chairman of the Board of Directors of Interroll Holding AG since 2006 and has been a member since 2001, where he served as its Deputy Chairman. Since 2006 Mr. Rudolf has also been part of the Compensation Committee.

URS TANNER
(born 1951, Swiss)

Executive MBA University St. Gallen, AMP Harvard, served as CEO of Medela Group, Managing Director of the Tools & Plastics business segment of Mikron Group and held leading positions with Styner & Bienz AG (Adval Tech). Currently he is a co-owner of Halcyon Associates Inc. in the USA as well as a member of the Board of Directors of Belimed AG and Neutrik AG. Mr. Tanner has been a member of the Board of Directors of Interroll Holding AG since 2008 and has been its Vice Chairman since 2009.

PAOLO BOTTINI
(born 1965, Swiss)

lic. iur., lawyer and tax specialist (Eidg. Dipl.) held various positions within the law firm Bär & Karrer and currently is the Managing Partner of the firm in Lugano. Mr. Bottini has been a member of the Board of Directors of Interroll Holding AG and a member of the Audit Committee since 2003.

PHILIPPE DUBOIS
(born 1950, Swiss)

lic. iur. and lic. oec., was responsible for the IPO of Interroll Holding AG while working for UBS Warburg. He also held senior Investment Banking positions at the bank Julius Bär. Currently he is an independent management and financial consultant for M&A, corporate finance and management coaching. Mr. Dubois has been a member of the Board of Directors of Interroll Holding AG and a member of the Audit Committee since 2003.

STEFANO MERCORIO
(born 1963, Italian)

holds a degree in economics. He is currently working as a Legal Auditor and is the founder and Senior Partner of Studio Castellini Mercorio & Partners. Since 1987 he has been Dottore Commercialista iscritto all "Albo dei Dottori Commercialisti e degli Esperti contabili di Bergamo". Mr. Mercorio has been a member of the Board of Directors of Interroll Holding AG since 2013.

INGO SPECHT
(born 1964, German)

holds a professional qualification as Industrial Business Manager of Chamber of Commerce and Industry Cologne, Germany. He was owner and Managing Director of Luxis, Locarno, and held various senior positions in IT, Marketing and Business Development within the Interroll Group. Currently, he is serving as Managing Director of Interroll SA. Mr. Specht has been a member of the Board of Directors since 2006.

PROFESSOR DR. HORST WILDEMANN
(born 1942, German)

Dipl.-Ing. in mechanical engineering and Dipl.-Kfm. in business administration, Prof. of university Dr. Dr. h.c. mult., serves as Managing Director of TCW Transfer-Centrum for Production Logistics and Technology Management GmbH & Co. KG, Head of the research institute for management, production and logistics at the Technical University of Munich and a honorary professor at the universities of Klagenfurt, Passau and Cottbus. He is currently Chairman of the Advisory Board of Möhlenhoff GmbH and Rudolf GmbH as well as a member of the Advisory Board of Hamberger Industriewerke AG. He is also a member of the Board of Directors of Sick AG and Zeppelin GmbH. Prof. Dr. Wildemann has been a member of the Board of Directors of Interroll Holding AG and a member of the Compensation Committee since 1999.

6 INTERNAL ORGANISATION

Constitution and committees of the Board of Directors

The Board of Directors consists of the Chairman, the Deputy Chairman and the other Members. The Board of Directors is assisted by two permanent committees within the areas of auditing (Audit Committee) and remuneration policy (Compensation Committee).

Audit Committee

The Audit Committee receives the audit reports prepared by the local external auditors and by the Group auditor. It prepares the respective reporting on them to the Board of Directors. In particular, it ensures that the Group companies are also being audited on a regular basis. The Audit Committee mandates the internal audit department to execute internal audits and revises respective audit reports.

At least once a year, the Audit Committee also commissions a report on audits undertaken and planned as well as on any proposals to improve the auditing function. The Audit Committee submits its proposals to the Board of Directors for decision.

Compensation Committee

The Compensation Committee submits its proposals for the salary and bonus of the CEO, the members of Group Management, and the compensation of the Board of Directors to the Board of Directors for decision. At the beginning of the year, it defines the targets to be attained for bonus payments to become applicable. In addition, the Compensation Committee is responsible for establishing the terms of the share ownership scheme.

Mode of collaboration of the Board of Directors and its committees

The Board of Directors meets as often as business requires, but at least four times per year. The meetings are convened by the Chairman of the Board of Directors. Each member of the Board of Directors may demand that a meeting be convened, specifying the item on the agenda to be discussed. The CEO participates in the meetings of the Board of Directors. The Executive Vice Presidents of the respective functional units and the Vice Presidents of the Corporate Functions as well as other members of management are invited to attend meetings when necessary.

The Board of Directors is deemed quorate if an absolute majority of its members is present in person. Resolutions are adopted on the basis of an absolute majority of votes present. In the event of an equal division of votes, the Chairman casts the deciding vote. All resolutions are recorded in the minutes.

Both committees of the board meet as necessary. Any member is entitled to convene committee meetings. In the business year 2015, the Board of Directors met on five occasions, the Audit Committee three times and the Compensation Committee twice for regular scheduled meetings.

7 COMPETENCE REGULATIONS

Statutory base for the competence regulations

All basic competencies and tasks of the organs are lined out in the Articles of Association of Interroll Holding Ltd. Responsibilities and duties that cannot be transferred to third parties are defined in these articles.

Responsibility of the Board of Directors

The Board of Directors is responsible for the Group's strategy and governs the overall management, supervision and control over the operational management of the Interroll Group. The Board of Directors has exercised its statutory authority to delegate management to third parties who need not be shareholders (Group Management).

Management and organisational regulations

In the provisions of the organisational regulations, the Board of Directors has delegated the management of ongoing business to a Chief Executive Officer (CEO). The CEO is responsible for the overall management of the Interroll Group and for all matters not falling under the purview of another governing body, as specified by law, the Articles of Association or the organisational regulations. In particular, the CEO is responsible for the operational management of the company as a whole. Competencies and controls are specified within a set of organisational regulations.

8 INFORMATION AND CONTROL INSTRUMENTS

Reporting to the Board of Directors

At each meeting, the CEO informs the Board of Directors of the course of business, the principal events within the Group and the discharge of duties delegated to Group Management.

Management information system

The Management Information System (MIS) of the Interroll Group consolidates the balance sheet, income statement and cash flow statement, as well as financial data pertaining to the subsidiary companies, on a monthly basis and compares the current figures with those of the previous year and the budget. On the basis of the quarterly financial statements, the budget is assessed in the form of a forecast as to whether it is attainable with regard to each entity and also for the consolidated group. The financial reports are discussed during the meetings of the Board of Directors.

Internal audit and control instruments
On behalf of the Audit Committee, internal audits are performed annually at selected subsidiary companies. The focal points of the audit are defined according to the risk profile of the respective entity. The reports of the Audit Committee are discussed with the local management.

Extraordinary occurrences and decisions of material importance, as specified in the organisational regulations, are immediately brought to the attention of all members of the Board of Directors in writing.

9 GROUP MANAGEMENT

The Group Management of Interroll Group had the following members as of the end of 2015:

NAME/ YEAR OF BIRTH	NATIONALITY	FUNCTION	MEMBER SINCE
Paul Zumbühl (1957)	Swiss	Chief Executive Officer (CEO)	January 2000
Daniel Bättig (1964)	Swiss	Chief Financial Officer (CFO)	March 2013
Dr. Ralf Garlichs (1962)	German	Executive Vice President Products & Technology	July 2006
Dr. Chr. Reinkemeier (1966)	German	Executive Vice President Global Sales & Service	January 2011
Jens Karolyi (1970)	German	Sen. Vice President Corporate Marketing & Culture	January 2011
Tim McGill (1955)	English	Executive Vice President Operations Americas	January 2011
Dr. Ben Xia (1966)	Chinese	Executive Vice President Operations Asia	June 2013

10 SHAREHOLDERS' PARTICIPATION RIGHTS

Representation and restriction of voting rights
Rights governing shareholder participation are in accordance with the requirements specified within the Swiss Code of Obligations. Each share issued has one vote. A shareholder's voting rights are restricted to a maximum of 5 % of the total number of votes. Individual nominees, however, are entitled to exercise more than 5 % of the total votes if they disclose the identity of the beneficiaries they represent and if the respective beneficiaries as a whole do not exercise more than 5 % of the voting rights. This restriction of voting rights does not apply to the founding families, insofar as the individual families hold at least 10 % of the share capital.

Registered shares of nominees that exceed 2 % of the shares outstanding are only listed in the share register as shares furnished with voting rights if the nominee has provided written consent to the possible disclosure of names, addresses and shareholdings of those persons for whom the said nominee holds 0.5 % or more of the shares outstanding.

Statutory quorum
Subject to contrary statutory or legal provisions, the General Meeting of Shareholders is quorate irrespective of the number of shareholders present and the shares represented by proxy.

Convocation of General Meeting of Shareholders
The invitation to the General Meeting of Shareholders is issued at least twenty days prior to the Meeting and is legally effective upon inclusion in the Company's chosen vehicle of communication ("Schweizerisches Handelsamtsblatt"). In addition, the Board of Directors sends a written invitation to those registered shareholders listed in the share register.

Agenda and registration in the share register

The invitation to the General Meeting of Shareholders shall include all items on the agenda as well as all motions put forward by the Board of Directors and, if applicable, by the shareholders who have called for a General Meeting or the inclusion of an item on the agenda. No resolutions shall be passed on motions relating to items which have not been announced in the requisite manner, with the exception of those motions relating to the convocation of an Extraordinary Meeting of Shareholders or the execution of a special audit. No entries are made into the share register less than ten days prior to a General Meeting of Shareholders up to the day subsequent to the General Meeting of Shareholders.

11 CHANGE IN CONTROL AND DEFENCE MEASURES

Obligation to make an offer

There are no statutory regulations regarding opting up and opting out.

Change in control clauses

There are no agreements for severance pay, other agreements and plans in the event of a change in control or upon termination of a contract of employment.

12 AUDITOR

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

By decision of the General Assembly of 8 May 2015, Interroll Holding Ltd. has appointed Pricewaterhouse-Coopers (PwC) for another term of one year as its auditing company. PwC has been the Group Auditor of Interroll Group since 2011. Mr. Patrick Balkanyi has been the lead auditor with audit responsibility since 2012.

Audit fees

The audit fees charged by PwC to subsidiaries of Interroll Group in the business year 2015 amounted to CHF 0.4 million. The audit fees charged by PwC in 2014 amounted to CHF 0.4 million.

Supervisory and control instruments pertaining to the audit

The Audit Committee is responsible for evaluating the external audit. The external auditors prepare an audit report to be submitted to the Board of Directors. At least two consultations are held each year between the external auditors and the Audit Committee. Material findings for each entity (Management Letters) as well as for the consolidated accounts are presented in the "Comprehensive Auditor's Report to the Board of Directors", which is discussed in detail.

13 INFORMATION POLICY

Contact person

Interroll is committed to providing swift, transparent and synchronous information to all stakeholders. To ensure that, the CEO is available as a direct contact person.

Published reports on the course of business

Interroll Group publishes comprehensive financial results twice a year: for the first half and for the financial year as a whole. In addition to the financial results that are carried out in accordance with IAS/IFRS, shareholders and financial markets are regularly informed of significant changes and developments.

Source of information

Further relevant information and financial reports are available on www.interroll.com/investor-relations, where reports can be downloaded. Shareholders recorded in the share register may request to receive the Annual Report in printed form and register for automatic delivery of the Annual Report with the Investor Relations department.

REMUNERATION REPORT

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The remuneration report provides information about the principles of Interroll's remuneration policy, the management process and the remuneration of the Board of Directors and Group Management. It complies with the requirements of Sections 14 to 16 of the Swiss ordinance against excessive compensation in listed stock companies dated 20 November 2013 (VegüV), the guidelines on corporate governance information of SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, which came into force on 30 June 2014.

BASIC REMUNERATION PRINCIPLES

A fair, systematic and transparent remuneration system is aimed at contributing to the long-term development of the Interroll Group and to securing its business success. The Interroll Group's remuneration system is in line with its corporate strategy and based on appropriately rewarding short-term and long-term targets which have been achieved. It is aimed at putting Interroll in a position to attract, develop and retain the best people in its particular field and sector.

The Interroll Group's remuneration policy features the following aspects:

– Directors' compensation exclusively comprises fixed remuneration. In this way, Interroll ensures the corporate body's independence in its supervision of Group Management.
– The ratio of fixed to variable remuneration for members of Group Management is appropriate and the level of the respective elements does not fluctuate excessively in order to prevent excessive variable remuneration components from negatively influencing individuals' willingness to take risks or resulting in a short-term approach.
– Remuneration must be commensurate with the responsibility, quality of the work and individual workload of the relevant role.
– In addition, remuneration is to ensure appropriate and competitive compensation based on the value contribution, the role and individual performance.
– As a component of the remuneration for members of Group Management, share plans are aimed at rewarding the achievement of long-term Group targets in the interests of shareholders and promoting long-term corporate performance.

The Board of Directors is responsible for the principles of the Group's remuneration policy and management process and is supported by the Compensation Committee in the fulfilment of this responsibility. The Board of Directors decides on the total remuneration for the Board of Directors as well as Group Management and presents a proposal to the Annual General Meeting for approval, starting with financial year 2015. On behalf of the Board of Directors, the Compensation Committee prepares all proposals and the basis for remuneration decisions to be taken.

The Compensation Committee's key duties are as follows:

– Propose and regularly review Interroll Group's remuneration policy
– Propose and develop remuneration regulations for the Board of Directors and Group Management
– Propose and specify the remuneration principles for the following financial year
– Propose the remuneration for members of the Board of Directors
– Propose the remuneration for the CEO and, at the CEO's request, the remuneration of the other members of Group Management
– Propose employment terms and conditions, material amendments to existing contracts of employment with members of Group Management as well as other strategic HR decisions

At the Annual General Meeting of Interroll Holding AG on 13 May 2016, the Board of Directors will propose the total remuneration of the Board of Directors for the period up to the 2017 Annual General Meeting and the total remuneration for Group Management for the financial year 2016 for approval. The voting rules authorising the remuneration of Board of Directors and Group Management are included in the Articles of Association of the Company approved during the last Annual General Meeting.

REMUNERATION OF THE BOARD OF DIRECTORS

Principles and specifying the remuneration

Remuneration paid to members of the Board of Directors is fixed, commensurate with their responsibilities and paid in cash. No variable components are included. In this way, Interroll ensures the independence of the Board of Directors in its supervision of Group Management. The remuneration depends on the workload and responsibilities of the Board of Directors. It takes into account market conditions and is based on the comparative values from other listed Swiss medium-sized industrial companies with international activities.

All remuneration paid to members of the Board of Directors of Interroll Holding AG by Interroll Holding AG and the subsidiaries over which it has direct or indirect control is decisive in determining annual remuneration.

Every year, the Board of Directors determines the fixed remuneration of the members of the Board of Directors of Interroll Holding AG for the period of time up to the next Annual General Meeting of Interroll Holding AG on the basis of the remuneration regulations and at the Compensation Committee's request, subject to approval by the Annual General Meeting. No separate remuneration is paid to members of committees. Extraordinary efforts that go beyond the normal duties of the Board of Directors may be additionally compensated. All social security contributions are made by the employer.

Fixed-term contracts of employment and mandate agreements for members of the Board of Directors may be for a fixed contractual term of up to one year.

Total remuneration for 2015 (audited)

Compensation paid to members of the Board of Directors is disclosed in accordance with VegüV and OR 663c as follows:

in thousands CHF		Cash	Shares/ Options	Social Security*	Other Benefits	Total Compensation	Shares held as of 31.12.	Voting Rights in %
Kurt Rudolf								
2015	P, CC	150		18		**168**	400	0.05
2014	P, CC	150		18		**168**	500	0.06
Urs Tanner								
2015	VP	75		12		**87**		0.00
2014	VP	75		12		**87**		0.00
Paolo Bottini								
2015	AC	57		9		**66**	20	0.00
2014	AC	50		8		**58**	20	0.00
Philippe Dubois								
2015	AC	57		9		**66**	100	0.01
2014	AC	50		8		**58**	100	0.01
Horst Wildemann								
2015	CC	57		5		**62**		0.00
2014	CC	50		4		**54**		0.00
Stefano Mercorio								
2015		57		12		**69**		0.00
2014		50		10		**60**		0.00
Ingo Specht								
2015		57		9		**66**	82,340	10.43
2014		50		8		**58**	86,695	11.17
Total Board of Directors								
2015		**510**		**74**		**584**	**82,860**	**10.49**
2014		**475**		**68**		**543**	**87,315**	**11.25**

P: Chairman of the BoD; AC: Audit Committee; VP: Vice Chairman of the BoD; CC: Compensation Committee
* Social Security costs consist of employers' and employees' contributions to the state-run Swiss social security system.

The Board of Directors holds no stock options with respect to Interroll Holding AG shares.

Valuation of total remuneration for 2015

In the reporting year, the remuneration of the Board of Directors comprised no non-recurring effects. No change has occurred compared with the previous year. At the 2015 Annual General Meeting, the Board of Directors will propose the same remuneration as in the past period.

Other remuneration (audited) and additional information

No further payments in cash or in kind are made or other remuneration, e.g. commission for the takeover or transfer of companies or parts thereof, is paid to members of the Board of Directors.

Severance pay for members of the Board of Directors is not permitted, whereby remuneration due to members up to the end of the contractual term does not constitute severance pay.

Loans (audited)

Interroll Holding AG and its subsidiaries granted no loans and advances to members of the Board of Directors in the two reporting years. There were no loans from past years.

REMUNERATION OF GROUP MANAGEMENT

Principles and specification of total remuneration

For each Group Management member an individual remuneration agreement exists, the projected total remuneration, which is based on the criteria specified below for determining the remuneration and market conditions in the relevant country. The projected total remuneration comprises a fixed and a variable remuneration component and may be exceeded as a result of excellent performance. The Group Management's actions must always focus on achieving a long-term sustained increase in value rather than pursuing short-term profit maximisation. The composition of total remuneration for the members of Group Management in general and the CEO in particular is based on this aim.

Total remuneration is determined on the basis of key criteria, such as global responsibility in the relevant role, individual actual performance contributing to the Group's long-term strategic development, the complexity of the area of responsibility and the personal results achieved on behalf of the Group.

External consultants may additionally be involved in determining the structure and level of remuneration on a case-by-case basis. As part of the Group's reorganisation and the appointment of a new Group Management in 2011–2013, market comparisons were made with the help of the relevant recruitment consultants and used in determining the level of remuneration when recruiting staff in Europe, America and Asia. Furthermore, comparisons were made on the basis of a detailed up-to-date Kienbaum salary study and a Towers Watson salary survey.

In determining the annual total remuneration, all remuneration paid to members of Group Management by Interroll Holding AG and the subsidiaries over which it has direct control is taken into account, irrespective of whether global or local activities for one or more subsidiaries in Switzerland or abroad (based on a separate contract of employment) of the respective member of Group Management are compensated.

On the basis of the remuneration regulations and at the Compensation Committee's request, the Board of Directors specifies the total remuneration of Group Management every year, subject to approval from the Annual General Meeting from 2015 onwards. The Compensation Committee works out the CEO's total remuneration. The CEO works out the total remuneration of the other members of Group Management and submits his proposal to the Compensation Committee every year for approval by the Board of Directors. At the Annual General Meeting of Interroll Holding AG on 13 May 2016, the Board of Directors will present for the first time a proposal for total remuneration of Group Management for financial year 2016 for approval.

Fixed remuneration

The fixed remuneration component of total remuneration is contractually stipulated and generally remains unchanged for three to four years if the job does not change. Adjustments may be made on the basis of the assessment of individual performance and in the event of changes to the area of responsibility.

Variable remuneration

The maximum possible share of variable remuneration amounts to approx. 60 % of total remuneration for members of Group Management in an operating managerial role and approx. 30 % for members in a centralized holding role. In the reporting year, the variable share in relation to total remuneration of Group Management amounted to 40 %.

The calculation basis for variable remuneration includes the measurable sustained financial success (of the company or a part thereof) and annual individual targets, which must be measurable and of considerable strategic significance.

The company's financial success used to calculate the financial success component of variable remuneration is measured in terms of the key figures listed below, compared with the previous year and a rolling 3-year plan:

Operating profit (EBITDA), operating profit margin (EBITDA in % of sales), gross margin (in % of sales), sales growth (growth compared with forecast and/or previous year) and return on net assets (RoNA).

Specific key figures may be weighted differently or disregarded, depending on the company's strategic position or the role of each member of Group Management.

As a rule, the weighting of the *financial success* component in variable remuneration amounts to at least 66 % for members of Group Management in an operating managerial role and at least 33 % for members of Group Management in a centralized holding role.

For the *individual targets* component, between 3 and a maximum of 5 individual measurable targets are agreed every year, with either the same or a different weighting. These targets must make an important contribution to the current or long-term success of the Group or parts thereof. They relate, for example, to new products, gaining market share, developing new markets, the successful integration of a business acquired, successful strategic projects, the achievement of inventory reduction targets etc.

Using the plan for several years as the basis of variable remuneration (rather than the budget) motivates members of Group Management to think long-term. It means that the relative improvement is measured compared with the previous year, and short-term cost-cutting is prevented in the areas of market development and innovation etc. which could otherwise hamper the long-term development of Interroll.

The Compensation Committee may deviate from the agreed variable remuneration in favour of a Group Management member if failure to achieve specific targets was solely attributable to external factors, or if an exceptional one-off performance was delivered. In the two reporting years, no deviation from the agreement occurred.

Allotment of shares

The Interroll shares granted as part of fixed (CEO) and variable remuneration to members of Group Management are blocked for four to eight years. The blocking period is aimed at motivating Group Management to perform its duties in the interests of the Interroll Group's long-term sustainable development rather than short-term profit maximisation.

Based on their commitment and influence, Group Management members are to participate long-term in the Group's increased value and also share the business risk as shareholders (and equity co-investors). In this sense, the share plan for Group Management represents a long-term performance incentive and is intended to promote identification with and loyalty to Interroll in the long run.

The conversion rate for variable remuneration applicable to the number of Interroll shares allotted is the relevant share price on 31 December of the financial year ended less the deduction permitted for tax purposes, depending on the length of the blocking period. The members of Group Management decide by 15 December of the relevant financial year ended on the percentage of variable remuneration which they wish to receive in the form of Interroll shares (min. 20 % of variable remuneration). In the financial year ended, Group Management members held no stock options entitling them to acquire Interroll Holding AG shares.

Total remuneration for 2015 (audited)

Compensation paid to members of Group Management is disclosed in accordance with the requirements of Sections 14 to 16 of the Swiss ordinance against excessive compensation in listed stock companies dated 20 November 2013 (VegüV), the guidelines on corporate governance information of the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, which came into force on 30 June 2014 as follows:

	Remuneration (net)		Equity-based compens.				
in thousnads CHF	Fixed	Variable*	Shares**	Options	Social Security***	Other Benefits	**Total Compensation**
CEO (highest)							
2015	661	856	389		520	43	**2,469**
2014	663	792	390		508	43	**2,396**
Other members							
2015	1,347	407	341		258	118	**2,471**
2014	1,429	471	226		262	94	**2,482**
Total Group Management							
2015	**2,008**	**1,263**	**730**		**778**	**161**	**4,940**
2014	**2,092**	**1,263**	**616**		**770**	**137**	**4,878**

* The difference between provisions made in the previous year and the actually paid-out bonuses is netted with the variable compensation planned for the year under review.

** In the period under reivew 2,043 (previous year: 1,769) own shares were attributed. 2,043 of these shares (previous year: 1,769) may not be sold for a period of four to eight years as of grant date. Share-based payments correspond to tax values.

*** Social security costs consist of employers'- and employees' contributions to the state-run Swiss social security system.

Explanations regarding the calculation method

The calculation method under IFRS differs in two aspects from the calculation of remuneration and shareholdings of members of the Board of Directors and Group Management in accordance with OR 663 (bis) and OR 663c:

- Compensation for company cars under IFRS is based on the expenses including depreciation and lease instalments stated in the annual accounts. Under the OR, a rate of 0.8 % per month of the acquisition cost of the vehicles is used.
- Under IFRS, share-based remuneration is determined at market value on the allotment date. Under the OR, shares are valued at their taxable value, which is derived from the market value. As a result of the blocking period, the taxable value decreases compared with the market value according to the blocking period defined.
- The difference of CHF 0.39m (previous year: CHF 0.32m) related to company cars – CHF 0.07m (previous year: CHF 0.08m) – and share-based remuneration – CHF 0.32m (previous year: CHF 0.24m).

Valuation of total remuneration for 2015

Due to the high achievement of financial and individual objectives total remuneration to Group Management in the reporting year was higher than in the previous year in local currencies, but about equal to the previous year expressed in Swiss francs. However, it was significantly lower than the maximum total compensation of CHF 5.8 million approved during the Annual General Meeting in 2015 (incl. share-based compensation at market and at tax value at the granting date).

Total remuneration of the last 10 years

The table below indicates total remuneration of Group Management from 2006 to 2015:

in CHFm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Executive	5.8	5.2	4.4	4.3	4.9	5.0	5.2	4.7	4.9	4.9

* Source: Annual Reports 2006 – 14, according to figures in column "Total Compensation" e.g. incl. all pension and other services.

Group Management and the total remuneration of Group Management remained at a steady level since 2006. During these 10 years, Interroll has advanced to become the global market leader for key products in the internal logistics business and market capitalisation was increased by 3 times.

Outlook for total remuneration in 2016

As in the last years, in 2016 total remuneration and its payment depend on target achievement. With two members of the Group Management the fixed remuneration increased a bit in 2016 after 3 – 4 years of service. Total achievable remuneration presented to the Annual General Meeting in 2016 assumes maximum target achievement and comprises a reserve for currency fluctuations. The actual amount paid is usually lower than than the amount approved by the Annual General Meeting.

Other remuneration (audited) and additional information

The regulations on expenses and pensions are specified in the applicable local employment terms and conditions as well as the relevant statutory and prevailing market conditions of the countries concerned, in particular Germany, the USA and China as well as Switzerland.

In Switzerland, each Group Management member contributes a quarter to a third of the "savings element" to the pension fund. The rest is paid by the employer.

A company car and mobile phone are made available to the members of Group Management for business and private use. Alternatively, the corresponding amount is paid as a monthly flat rate. The maximum permitted limits in terms of the value of company cars are regulated in-house.

No further payments in cash or in kind are made or other remuneration, e.g. commission for the takeover or transfer of companies or parts thereof, is paid to members of Group Management.

Severance pay for members of Group Management is not permitted, whereby remuneration due to members up to the end of the contractual term does not constitute severance pay.

The notice periods for members of Group Management range from three to twelve months.

Loans (audited)

Interroll Holding AG and its subsidiaries granted no loans or advances to members of Group Management in the two reporting years.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING

INTERROLL HOLDING LTD
Sant'Antonino

We have audited the remuneration report of Interroll Holding AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 52 to 57 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

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

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

Opinion
In our opinion, the remuneration report of INTERROLL HOLDING LTD for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi Audit expert Auditor in charge	Remo Zenegaglia

Zürich, 3 March 2016

FINANCIAL REPORT OF INTERROLL GROUP

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1 CONSOLIDATED FINANCIAL STATEMENTS OF INTERROLL

1.1 Consolidated statement of financial position

in thousands CHF	see notes*	31.12.2015	in %	31.12.2014	in %
ASSETS					
Property, plant and equipment	6.1	90,374		85,969	
Intangible assets	6.3	43,160		49,874	
Financial assets		626		626	
Deferred tax assets	7.6	3,959		4,150	
Total non-current assets		**138,119**	**47.1**	**140,619**	**50.6**
Inventories	6.5	44,833		42,273	
Current tax assets		1,360		457	
Trade and other accounts receivable	6.6	76,989		70,428	
Cash and cash equivalents	6.7	31,654		24,380	
Total current assets		**154,836**	**52.9**	**137,538**	**49.4**
Total assets		**292,955**	**100.0**	**278,157**	**100.0**
EQUITY AND LIABILITIES					
Share capital		854		8,540	
Share premium		6,519		6,416	
Reserve for own shares		–1,623		–2,008	
Translation reserve		–55,227		–41,104	
Retained earnings		257,123		228,486	
Total equity	6.10	**207,646**	**70.9**	**200,330**	**72.0**
Non-current financial liabilities	6.12	8		153	
Deferred tax liabilities	7.6	4,505		5,286	
Pension liabilities	6.15	6,324		5,766	
Provisions	6.14	5,893		6,000	
Total non-current liabilities		**16,730**	**5.7**	**17,205**	**6.2**
Current financial liabilities	6.12	296		317	
Current tax liabilities	7.6	11,784		8,029	
Trade and other accounts payable	6.16	56,499		52,276	
Total current liabilities		**68,579**	**23.4**	**60,622**	**21.8**
Total liabilities		**85,309**	**29.1**	**77,827**	**28.0**
Total liability and shareholder's equity		**292,955**	**100.0**	**278,157**	**100.0**

* See notes to the consolidated financial statements, which are an integrated part of this year's financial statement.

1.2 Consolidated income statement

in thousands CHF	see notes*	2015	in %	2014	in %
Sales		**360,738**	**100.0**	**335,306**	**100.0**
Material expenses		–149,900	–41.6	–143,585	–42.8
Personnel expenses	6.15 & 7.1	–105,099	–29.1	–103,507	–30.9
Increase/(Decrease) in work in progress, finished products and own goods capitalized		4,194	1.2	1,825	0.5
Other operating expenses	7.3	–54,057	–15.0	–55,112	–16.4
Other operating income	7.4	2,358	0.7	9,178	2.7
Operating result before depreciation and amortization (EBITDA)		**58,234**	**16.1**	**44,105**	**13.2**
Depreciation	6.1	–10,597	–2.9	–10,919	–3.3
Amortisation	6.3	–7,830	–2.2	–7,805	–2.3
Operating result (EBIT)		**39,807**	**11.0**	**25,381**	**7.6**
Finance expenses		–138	–0.0	–954	–0.3
Finance income		74	0.0	993	0.3
Finance result, net	7.5	**–64**	**–0.0**	**39**	**0.0**
Result before income taxes		**39,743**	**11.0**	**25,420**	**7.6**
Income tax expense	7.6	–10,440	–2.9	–6,232	–1.9
Result		**29,303**	**8.1**	**19,188**	**5.7**
Result attributable to:					
– non-controlling interests				120	0.0
– owners of Interroll Holding AG		29,303	8.1	19,068	5.7
Values per share (in CHF)					
Non-diluted earnings (result) per share	6.11	34.51		22.45	
Diluted earnings (result) per share	6.11	34.51		22.45	
Face value reduction/Distribution out of reserves from capital contributions		9.00		8.80	

* See notes to the consolidated financial statements, which are an integrated part of this year's financial statement.

1.3 Consolidated statement of comprehensive income

in thousands CHF	see notes*	2015	in %	2014	in %
Result		**29,303**		**19,188**	
Other comprehensive income					
Items that will not be reclassified to income statement					
Remeasurements of pension liabilities	6.15	–840		–3,009	
Income tax		174		605	
Total items that will not be reclassified to income statement		**–666**		**–2,404**	
Items that may be subsequently reclassified to income statement in the future					
Currency translation differences		–14,123		4,359	
Total items that may be subsequently reclassified to income statement in the future		**–14,123**		**4,359**	
Other income		**–14,789**		**1,955**	
Comprehensive income		**14,514**		**21,143**	
Result attributable to:					
– non-controlling interests				120	0.0
– owners of Interroll Holding AG		14,514	4.0	21,023	6.3

* See notes to the consolidated financial statements, which are an integrated part of this year's financial statement.

1.4 Consolidated statement of cash flows

in thousands CHF	see notes*	2015	2014
Result		**29,303**	**19,188**
Depreciation, amortization and impairment	6.1 & 6.3	18,427	18,724
Loss/(gain) on disposal of tangible and intangible assets	6.2, 7.3 & 7.4	–453	–197
Financial result, net	7.5	64	–39
Income tax expense	7.6	10,440	6,232
Changes in inventories		–6,167	–2,612
Changes in trade and other accounts receivable		–12,077	–8,958
Changes in trade and other accounts payable		8,175	3,889
Changes in provisions, net	6.14	–1,451	452
Income tax paid		–7,807	–8,148
Personnel expenses on share-based payments	7.1	972	926
Other non-cash expenses/(income)		764	–1,701
Cash flow from operating activities		**40,190**	**27,756**
Acquisition of property, plant and equipment	6.1	–21,179	–13,750
Acquisition of intangible assets	6.3	–3,134	–1,645
Acquisition of financial assets		–46	–20
Proceeds from disposal of property, plant and equipment	6.2	1,344	1,165
Settlement of loans receivable		14	156
Acquisition of subsidiaries, net of cash acquired	4		–1,430
Interests received		74	107
Cash flow from investing activities		**–22,927**	**–15,417**
Distribution out of reserves from capital contributions		–7,661	–7,493
Purchase of shares of subsdiaries	4		–367
Purchase of own shares		–900	–1,123
Sale of own shares		381	
Proceeds from financial liabilities		13	33
Repayment of financial liabilities		–156	–382
Interests paid		–32	–42
Cash flow from financing activities		**–8,355**	**–9,374**
Translation adjustments on cash and cash equivalents		–1,634	618
Changes in cash and cash equivalents		**7,274**	**3,583**
Cash and cash equivalents at 1 January		24,380	20,797
Cash and cash equivalents at 31 December	6.7	**31,654**	**24,380**

* See notes to the consolidated financial statements, which are an integrated part of this year's financial statement.

1.5 Consolidated statement of changes in equity

in thousands CHF	see notes*	Share Capital	Share Premium	Reserve for own shares	Translation Reserve	Retained Earnings	Non-controlling interests	Total equity
Balance at 1 January 2014		**8,540**	**13,740**	**–1,641**	**–45,463**	**211,924**	**145**	**187,245**
Result						**19,068**	**120**	**19,188**
Other comprehensive income, net of taxes					**4,359**	**–2,404**		**1,955**
Total comprehensive income					**4,359**	**16,664**	**120**	**21,143**
Distribution from reserves from capital contributions, net			–7,493					**–7,493**
Share-based payments	7.1		169	756				**925**
Sale of own shares incl. tax effects	6.10							
Purchase of own shares incl. tax effects	6.10			–1,123				**–1,123**
Acquisition of non-controlling interests							–265	
Balance at 31 December 2014		**8,540**	**6,416**	**–2,008**	**–41,104**	**228,486**		**200,330**
Result						**29,303**		**29,303**
Other comprehensive income, net of taxes					**–14,123**	**–666**		**–14,789**
Total comprehensive income					**–14,123**	**28,637**		**14,514**
Face value reduction, net		–7,686		25				**–7,661**
Share-based payments	7.1		–15	987				**972**
Sale of own shares incl. tax effects	6.10		118	273				**391**
Purchase of own shares incl. tax effects	6.10			–900				**–900**
Balance at 31 December 2015		**854**	**6,519**	**–1,623**	**–55,227**	**257,123**		**207,646**

* See notes to the consolidated financial statements, which are an integrated part of this year's financial statement.

2 GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

2.1 Convention of preparation

General notes on the convention of preparation
The 2015 consolidated financial statements of Interroll Group are based on the annual financial statements of Interroll Holding Ltd., Sant'Antonino and its subsidiaries as of 31 December 2015, drawn up according to uniform Group accounting principles. The consolidated financial statements present a true and fair view of the financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

The consolidated financial statements are based on historical cost except for marketable securities, investments not involving significant influence and derivative financial instruments, which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments, estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the given circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next years are disclosed under "2.2 – Critical accounting estimates and judgments."

New and amended IAS/IFRS standards and interpretations coming into effect in 2015
The Group's results are in line with IAS/IFRS standards and interpretations. Thus, the Group regularly monitors the amendments and new standards published by the International Accounting Standards Board (IASB).

As per 1 January 2015 the Interroll Group has adopted new IASB standards and interpretations (IAS 19 and the annual improvement project). There was no significant impact on the disclosure and reporting from these on the annual financial statements.

Future new or revised IAS/IFRS standards and interpretations
The following new or revised standards and interpretations were enacted before the balance sheet date but will come into force later. Interroll does not early adopt these standards and interpretations in its consolidated financial statements.

The IASB has published new and revised standards and interpretations. These come into force on or later than 1 January 2016 and are not early adopted in this financial statement. The impact of the introduction / amendment of IFRS 9 (Financial Instruments), IFRS 10 and IAS 28 (Group closing and investments into associated companies and joint ventures), IFRS 11 (Joint Arrangements), IFRS 15 (Revenue Recognition) as well as IAS 16 and IAS 38 (Clarification on acceptable depreciation methods) cannot yet be assessed with sufficient certainty.

Therefore, Group Management analyzes potential effects of other new or amended standards and interpretations on the consolidated financial statement. Interroll Group closely follows discussions on IAS/IFRS standards and checks potential effects on group financial statement or disclosure requirements. At the time being, the Group expects only minor impacts in the presentation of the financial statements and no material impact on the annual financial statements except regarding IFRS 15, revenue from contracts with customers.

The new standard on the recognition of revenue (IFRS 15) applies to all contracts with customers exept those that are financial instruments, leases or insurance contracts. IFRS 15 is based on a five step approach: 1) Identify the contract with the customer, 2) Identify the separate performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to separate performance obligations, 5) Recognize revenue when a performance obligation is satisfied. To what extent IFRS 15 will require Interroll to redefine the revenue recognition, to adjust the invoicing and accounting systems and to renegotiate contracts with the clients and the overall impact on the consolidated financial statements of Interroll is being assessed at the moment.

2.2 Critical accounting estimates and judgments

When preparing the consolidated financial statements, Group Management and the Board of Directors must make estimates and assumptions concerning the future. The resulting accounting estimates have an impact on the Group's assets, liabilities, income and expenses. Also, these estimates have an impact on the presentation of financial statments. Estimates made are assessed continuously and are based principally on historical experiences and other factors. The resulting accounting estimates can, by definition, deviate from the actual outcome.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial years are discussed below:

a) Income tax expense

The Holding company and its subsidiaries are subject to income taxes in various countries. Significant judgment is required in determining the required worldwide provision for current and deferred income taxes and the realization of tax losses carried forward. There are many transactions and calculations made for which the final tax determination is uncertain in the year under review. In case final tax assessments or tax audits of such matters are different from the amounts that were initially recorded, such differences may materially impact income tax expenses of the current period. The assessment of deferred tax assets is done with reference to business plans. Capitalized effects of losses carried forward are subject to annual review. Losses carried forward are only capitalized if they are usable under valid fiscal law in respective countries. The relevant figures are outlined in note 7.6.

b) Recoverable amount of goodwill, patents and licenses

The assessment of the recoverable amount of goodwill and other intangible assets is, by definition, subject to uncertainties regarding expected future cash flows. It requires making adequate assumptions and calculating parameters. We refer to comments made under note 6.3 that also includes the relevant carrying amounts.

c) Provisions

Liabilities from warranty are a result of the operational business of the Group. These provisions are accrued at balance sheet date based on historical experience. The actual cash flow can be lower or higher, or specific requests can be covered by insurance. The assessment of provisions and pension liabilities is, by definition, subject to uncertainties regarding future cash flows. It requires making assumptions and determining parameters, whose adequacy will only become clear in the future. We refer to comments made under notes 6.14 and 6.15, which also include the relevant carrying amounts.

2.3 Principles of consolidation and valuation

General notes on the principles of consolidation
The consolidated financial statements of Interroll Holding Ltd. include the parent company's financial statements and the financial statements of all directly or indirectly held Swiss and foreign subsidiaries where the parent company holds more than 50 % of the voting rights or effectively exercises control through other means.

The full consolidation method is applied, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to minority shareholders is presented separately as non-controlling interests in the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income. Accounts payable to, accounts receivable from, income and expenses between the companies included in the scope of consolidation are eliminated. Intercompany profits included in inventories of goods produced are also eliminated.

Subsidiaries acquired during the year are included in the consolidated financial statements from the date on which control is obtained, while subsidiaries sold are excluded from the consolidated financial statements from the date on which control is given up. The capital consolidation at acquisition date is carried out using the purchase method. The acquisition price for such a business combination is defined by the sum of assets and liabilities acquired or incurred, measured at fair value, and of the sum of equity instruments issued. Transaction costs related to a business combination are expensed. The goodwill resulting from such a business combination is to be recognized as an intangible asset. It corresponds to the excess of the sum of the acquisition price, the amount of non-controlled interests of the entity acquired, the fair value of equity instruments already held, liabilities and contingent liabilities at fair value. For the valuation of non-controlled interests there are options per transaction. Either the non-controlled interests is valued at fair value or based on the proportion of the net assets acquired at fair value related to the non-controlled interests. Any negative goodwill is immediately recognized in the income statement after review of the fair value of the net assets acquired and set off against the purchase price. The goodwill is subject to a yearly impairment test or even earlier, if indications for an early impairment test exist.

Changes in the amount of holding which do not result in a loss of control are considered to be transactions with equity holders. Any difference between the acquisition price paid or the consideration received and the amount by which the non-controlled interests value is adjusted, is recognized in the equity.

Investments in associates are investments where the parent company is either (directly or indirectly) entitled to 20 % – 50 % of the voting rights or has considerable influence through other means. Investments in associates are accounted for by applying the Equity Method. Under this method, the investment is initially recorded at the purchase price and subsequently increased or decreased by the share of the associate's profits or losses incurred after the acquisition, adjusted for any impairment losses. The Group's share of results of associates is recognized in the income statement and in the statement of comprehensive income under share of profit and loss of associates. Goodwill included in the purchase price, representing any excess of consideration over the Group's share in net assets of the associate, is recognized as part of the investment's carrying amount. Dividends received during the year reduce the carrying amount of such investments.

Investments of which the Group does not hold a significant position of voting rights or of which the Group holds less than 20 % are not consolidated but stated at their estimated fair value. Such investments are presented under financial assets at their estimated fair value. Any fair value adjustments are recognized in retained earnings. Fair value adjustments are recycled through the income statement at the date of disposal.

Foreign currency translation
The consolidated financial statements are presented in Swiss Francs (CHF). All assets and liabilities of the consolidated foreign subsidiaries are translated using the exchange rates prevailing at the closing date. Income, expenses and cash flows are translated at the average exchange rates for the year under review. The foreign currency translation differences resulting from applying different translation rates to the statement of financial position, the income statement and the statement of comprehensive income are added to or deducted from the line translation reserve of the equity. The same principle is applied for those resulting from the translation of the subsidiaries' opening net asset values at year end rates and those arising from long term intercompany loans (net investment approach).

Transactions in consolidated entities where the transaction currency is different from the functional currency of the entity are recorded using exchange rates prevailing at the time of the transaction. Gains or losses arising on settlement of these transactions are included in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at year end (closing date). Any gains or losses resulting from this translation are also recognized in the income statement.

The following most important exchange rates were used for the translation of financial statements denominated in foreign currencies:

		Income Statement (average rates)			Balance sheet (Year end rates)		
		2015	**2014**	Change in %	**31.12.2015**	**31.12.2014**	Change in %
1	EUR	1.065	1.213	–12.2	1.084	1.202	–9.8
1	USD	0.964	0.920	4.9	0.995	0.990	0.5
1	CAD	0.748	0.829	–9.9	0.717	0.855	–16.2
1	GBP	1.470	1.511	–2.7	1.476	1.544	–4.4
1	SGD	0.700	0.724	–3.3	0.703	0.749	–6.1
1	CNY	0.153	0.149	2.9	0.153	0.160	–3.8
1	JPY	0.008	0.009	–7.0	0.008	0.008	0.0
1	PLN	0.254	0.289	–12.2	0.254	0.281	–9.7
1	THB	0.028	0.028	–1.1	0.028	0.030	–8.3
1	ZAR	0.075	0.085	–11.3	0.064	0.086	–25.4
1	DKK	0.143	0.163	–12.3	0.145	0.162	–10.1
1	AUD	0.718	0.824	–12.9	0.727	0.811	–10.3
1	CZK	0.039	0.044	–11.4	0.040	0.043	–7.6
1	BRL	0.288	0.390	–26.2	0.251	0.373	–32.7
100	KRW	0.085	0.087	–2.6	0.085	0.091	–6.8

Current / Non-current distinction
Current assets are assets expected to be realized within one year or consumed in the normal course of the Group's operating cycle, or assets held for trading purposes. All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle or liabilities due within one year from the reporting date. These also include short-term borrowings made as part of credit limits granted for an indefinite period, but subject to a termination period of less than one year from reporting date. All other liabilities are classified as non-current liabilities.

Segment reporting
Since 1 January 2011, Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective local sales organizations. The customer groups that are OEM's (original equipment manufacturers), system integrators and end users are taken care of with tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range for their local markets. The Interroll Research Center, which is centrally located, develops new application technologies and new products for all product groups. The manufacturing units continuously refine the current product ranges they are focused on.

Group Management and the Interroll management structure are organized by functions (Overall Management, Products & Technology, Global Sales & Service, Corporate Marketing and Corporate Finance). The financial management of the Group by the Board of Directors is effected on one hand by turnover according to product groups and geographical markets and on the other hand by the reporting of the consolidated financial statements. Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

Based on the current management structure, financial reporting to the chief operating decision makers is carried out in one reportable segment which is equal to the consolidated statements of the Group.

Statement of cash flows
The statement of cash flows presents, net of any foreign exchange rate effects, changes in cash flows during the year classified by operating, investing and financing activities, thereby providing information about the changes of cash and cash equivalents during the reporting period. Cash equivalents are held for the purpose of meeting the Group's short-term cash commitments rather than for investment or any other purposes. The effect of foreign exchange rate changes on cash and cash equivalents in foreign currencies is disclosed separately.

Net cash from operating activities is determined using the indirect method, whereby the net result for the year is adjusted for:

a) effects of transactions of non-cash nature;

b) deferrals or accruals of past or future operating cash receipts or payments;

c) items of income or expense associated with investing or financing cash flows.

Impairments
The carrying value of long term non-financial assets except assets from retirement benefits and assets from deferred taxes are assessed at least once a year. If indications for an impairment exist, a calculation of the recoverable amount is performed (impairment test). For goodwill, other intangible assets with an indefinite useful lifetime and intangible assets which are not yet available for use, the recoverable amount is calculated regardless of the existence of indications of a decrease in value. If the carrying value of such an asset or the cash generating unit to which such an asset belongs is to exceed the recoverable amount, an adjustment is recognized through the income statement. Impairments on a cash generating unit or a group of cash generating units are first adopted on the goodwill and are thereafter proportionally split onto the other assets of the unit (or the Group).

The recoverable amount is the higher value of fair value less selling costs and value in use. The estimated future discounted cash flows are evaluated to determine the value in use. The discounting rate applied corresponds to a pre-tax rate which reflects the risk related to the assets. If an asset does not largely generate independent cash flows, the recoverable amount of the cash generating unit is calculated to which the asset concerned belongs to.

Impairments on the remaining assets are reversed if the estimations made in the calculation of the recoverable amount have changed and either has resulted in a reduction of the impairment amount or no impairment is required anymore. An appreciation in value of the goodwill may not be performed.

Derivative financial instruments
Derivative financial instruments are stated at fair value. The method of recognizing gains or losses depends on the type of the underlying transaction. The Group designates certain transactions with derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges) or hedges of highly probable forecasted financial transactions (cash flow hedges). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items within the context of its risk management objective and strategy. The Group also documents its assessment of the effectiveness of the derivatives at acquisition and during its term in relation to both, the values hedged or also in view of future cash flows.

Changes in fair value are recognized as follows:

a) Fair value hedges
Changes in the fair value of derivatives designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities.

b) Cash flow hedges
Changes in fair value of derivatives designated and qualified as cash flow hedges are recognized in equity. Amounts accumulated in equity are recycled to the statement of comprehensive income in the periods when the hedged item will affect profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the initial transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

c) Other securities or financial instruments
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of such hedging instruments are recognized immediately in the income statement. The fair value of derivatives traded in public markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair value of derivatives which are not traded publicly (for example, "over-the-counter" derivatives) is determined by a valuation provided by the financial institution from which the derivative has been acquired.

2.4 Accounting principles: statement of financial position

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Non-current assets acquired by way of finance leases are recognized at the lower of the present value of future minimum lease payments and fair value, and depreciated accordingly. The related leasing liabilities are presented at their present value.

Depreciation is recognized on a straight-line basis over the estimated useful life and considering a potential residual value. The following useful economic life terms apply to the Group's main asset categories:

Buildings	25	years
Machinery	10	years
Vehicles	5	years
Office machines and furniture	5	years
Tools and moulds	5	years
IT infrastructure	3	years

Land is not depreciated.

Components of major investments in fixed assets with different estimated useful lives are recognized separately and depreciated accordingly. Estimated useful lives and estimated residual values are revised on a yearly basis as per reporting date and resulting adjustments are recorded in the income statement.

Assets under construction which completion has not yet been concluded or which cannot be used yet are capitalized based on incurred costs as per closing date. Respective depreciation is recognized when the construction can be used.

Interests directly related to the acquisition or construction of property, plant and equipment is capitalized and allocated to the related asset.

Intangible assets
Intangible assets include goodwill, intangible assets purchased in the course of business combinations (patented and unpatented technology, customer relationship), licenses and patents and similar rights acquired from third parties as well as software acquired from third parties. These assets are stated at cost value and are amortized on a straight-line basis over the following, expected useful lifetime:

Standard software	3	years
ERP software	8	years
Customer relationship	5–10	years
Patents, technology and licenses	6	years

Acquired customer relationships are customer values identified within the scope of IFRS 3. They are amortized based on their estimated melt-off time being a period of 5 to 10 years. In markets in which Interroll holds a solid market position, customer value is amortized over 10 years. A shorter amortization period is defined in markets with stiff competition.

Patents and technical know-how are amortized over their expected useful life. In view of the innovative market and competitive environment the amortization period has been determined to be 6 years.

Furthermore, intangible values acquired within business combinations may be identified. Such result from individual contractual agreements. These values are amortized over the period derived from the contractual agreement.

Goodwill with an indefinite useful life is allocated to specific cash generating units in order to allow the identification of possible impairment. Such impairment tests are carried out on an annual basis and any impairment is recognized in the income statement. Goodwill arising from the acquisition of a foreign entity is attributed to that entity's net assets and reported in the functional currency of that entity being translated to the Group's reporting currency at the year end rate.

Financial assets
Financial assets mainly comprise loans receivable that are stated at amortized cost less any valuation allowance. The recognition of interest income is based on the effective interest rate method.

Non-current assets held for sale
Tangible assets or a group of assets are classified as "non-current assets held for sale" if their carrying value will most probably be realized in a divestment transaction rather than by being used in the normal course of business. Such assets are brought actively onto market and should be sold within one year. Non-current assets held for sale are presented at the recoverable amount, which is the lower of book value or fair value less costs to sell.

Inventories
Inventories are stated at the lower of cost (purchase price or Group production cost) and net realizable value. The cost of inventories is calculated using the weighted average method. Production overheads are allocated to inventories on a proportional basis. Slow moving goods and obsolete stocks are impaired. Intercompany profits included in inventories are eliminated by affecting net result.

Trade and other accounts receivable
Trade and other accounts receivable are stated at amortized cost, generally equalling nominal value. The amount of valuation adjustments corresponds to the difference between the carrying amount and the net present value of the future estimated cash flow. The valuation adjustments include individual impairment for specifically identified positions, where indication exists that the outstanding amount might not be fully recovered.

Collective impairment covers expected losses that cannot be excluded based on historical data and payment statistics. As soon as sufficient evidence is available that the receivable will definitively not be recovered, the related amount is directly written off and offset with the specific individual impairment respectively.

Marketable securities
Marketable securities are stated at their fair value as of balance sheet date. Unrealized gains and losses are included in the financial result.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, postal and bank accounts, as well as credit balances payable on demand and deposits with a residual maturity of not more than 90 days at acquisition date. These balances are stated at nominal value.

Shareholders' equity
Shareholders' equity is categorized as follows:

a) Share capital
The share capital contains the fully paid in registered shares.

b) Share premium
Share premium comprises payments from shareholders that exceed the par value as well as realized gains / losses including tax on transactions with own shares.

c) Reserve for own shares
The acquisition price of own shares is disclosed as a reduction of shareholders' equity. Realized gains and losses on transactions with own shares are recognized in share premium. Compensation and cash inflows resulting from the issue and subsequent possible exercise of share options are credited to the Groups' reserves.

d) Translation reserve
Translation reserve consists of accumulated translation differences resulting from translation of group subsidiaries' financial statements with a functional currency other than Swiss Franc and of equity-alike intercompany loans. The changes in currency differences is presented in the consolidated statement of comprehensive income.

e) Retained earnings
Retained earnings contain non-distributed profits.

Financial liabilities
Loans payable and overdrafts are stated at amortized cost. The recognition of interest expenses is based on the effective interest rate method.

Provisions
Provisions relate to product warranties and impending losses whose amount and timing is uncertain. They are recognized if the Group has an obligation based on past occurrences at balance sheet date or a cash drain is probable and can be reliably determined. The amounts recognized represent management's best estimate of the expenditure that will be required to settle the obligation. Providing the effect is material, long-term provisions are discounted.

Retirement benefits
The Group sponsors pension plans according to the national regulations of the countries in which it operates. All significant pension plans are operated through pension funds that are legally independent from the Group. Generally, they are funded by employees' and employers' contributions. The foreign pension schemes are normally defined contribution plans whereby the pension expense for a period equals the companies' contributions during that period. The Swiss and French pension schemes have certain characteristics of a defined benefit plan; the financial impact of this plan on the consolidated financial statements is determined based on the Projected Unit Credit Method.

Trade accounts payable
Trade accounts payable are stated at amortized cost, generally equalling nominal value.

2.5 Accounting principles: income statement

Revenue recognition, income from services
Revenue is generally recognized upon delivery (transfer of risk and use). The Group establishes appropriate warranty provisions relating to rendered services in order to cover expected claims. Services which the Interroll Group performs in direct relation to its core products sold are recognized upon delivery in net sales.

Material expenses
Material expenses include all costs of raw materials and consumables used, goods purchased and third-party manufacturing, processing or conversion of the Group's products (services purchased).

Product development
Expenditure on research and development is only capitalized when the cumulative recognition criteria of IAS 38 are met. Expenses for product development include wages and salaries, material costs, depreciation of technical equipment and machinery dedicated to research and development, as well as proportional overhead costs. Such expenses are included in the respective line item of the income statement.

Employee participation plans
Certain employees participate in equity-based compensation plans of Interroll Holding Ltd. All equity-based compensation granted to these employees is valued at fair value at grant date and recognized as personnel expense over the period until vesting date. The fair value is calculated on the basis of the binomial method. Discounts granted to beneficiaries on the unconditional purchase of Interroll shares are recognized in the income statement at grant date. Cash inflows resulting from equity-based participation plans are recognized as an increase in equity. Cash compensated participation plans are recognized as other liabilities and are valued at fair value at balance sheet date.

Operating lease expenses
Property, plant and equipment that are held under operating leases are not recognized on the statement of financial position. The operating lease expense is recognized in the income statement on a straight-line basis over the lease contract period. Operating lease obligations depending on revenues are estimated and accrued as they become due.

Financial result
Interest expenses on loans and finance lease liabilities are recognized as financial expenses, whereas interest income on financial assets is recognized in financial income, both on an accrual basis. Moreover, the financial result includes foreign exchange gains and losses arising from the translation of items of the statement of financial position and transactions in foreign currencies as well as changes in fair value of financial instruments.

Income tax expense
Current income taxes are calculated on the statutory results of the Group companies at the enacted or substantively enacted tax rate. They also include adjustment charges and credit notes issued on previous years' results.

Changes in deferred taxes are generally recognized in the income tax position, unless the underlying transaction has been directly recognized in the other comprehensive income. In such case the related income tax is also directly recognized in the statement of comprehensive income or in equity. Temporary differences resulting from initial recognition of assets and liabilities are not recognized in the income statement. Temporary differences on the participation value of subsidiaries are recognized except the parent is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax effects from the initial recording of assets / debts related to a transaction that affects neither the taxable result nor the annual profit are also not registered in the deferred tax expenses or deferred tax income.

Deferred taxes are calculated using local enacted or substantively enacted tax rates. The future benefits of tax loss carry-forwards are recognized as an asset if it is probable that future taxable profits will be available to realize such benefits.

3 RISK MANAGEMENT

3.1 Operational and strategic risk management

Risk management on Group level supports strategic decision making. Operational and strategic risk management coordinates and monitors risks arising from the economic activities of the Group.

A systematic operational and strategic risk analyzis is performed annually by Group Management. In an annual strategy meeting, Group Management discusses and analyzies such risks. The Board of Directors is regularly informed in a uniform manner of the nature, scope, assessment and counteractive measures of the risks.

3.2 Financial risk management

General information on the financial risk management of Interroll Group

The Group's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Group's financial performance.

The Board of Directors has supreme responsibility for risk management. The Board of Directors appoints thereto the Audit Committee, who is responsible for the development and the supervision of the risk management principles. The Audit Committee reports regularly to the Board of Directors.

The principles established for risk management are geared to identify and analyse those risks that may impact the Group, to define adequate limits and to perform controls over the risks and adherence to them. The risk management principles and the related procedures are regularly verified in order to consider changing market conditions and operations of the Group. The target is to develop management regulations and management processes and a disciplined and constructive control environment through existing training and guidelines ensuring a disciplined and conscious handling of risks.

The Audit Committee supervises management in the control of compliance with principles and processes. Their adequacy is permanently verified with respect to the risks that the Group is exposed to. The Audit Committee is supported in this respect by the internal audit department.

Financial risk management is carried out by the central treasury department. Group Treasury identifies, evaluates and reduces financial risks in close cooperation with the Group's operating units and reports at regular intervals to the Audit Committee.

The following sections provide a summary of the scope of individual risks and the targets, principles and processes implemented for measuring, monitoring and hedging financial risks. Additional information on the financial risks is included in the notes to the consolidated financial statements (see note "6.9 – Financial risks").

Market risk
Market risks to which Interroll Group is exposed to can be summarized into the following three main risk categories:

a) Currency risk exposure
The Group operates internationally and is exposed to foreign exchange risks arising from various currencies. Foreign exchange risks arise from future commercial transactions and from recognized assets and liabilities. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group operates an internal monthly "netting" process. Net exposure resulting from assets and liabilities recognized is partially reduced using forward currency contracts. Such contracts are entered into only with high-credit-quality financial institutions. Furthermore, the decentralized structure of the Group contributes to a substantial reduction of foreign currency exchange risks.

b) Interest rate risk
Financial assets and liabilities contain interest-bearing loans at either a fixed or a variable rate. Related interest risks are disclosed in 6.9.

c) Price risk
The Group is exposed to raw material price changes (steel, copper, technical polymers) as well as to price changes in financial liabilities and assets. Raw material price risks are not hedged, while risks from financial assets and liabilities may partially or fully reduced using derivative financial instruments (as described in 2.3 – Principles of consolidation and valuation, section "derivative financial instruments").

Credit risk
The risk of default is the risk to incur a financial loss when a customer or a counterparty to a financial instrument does not fulfill its legal obligation. The default risk at Interroll exists on trade and other accounts receivable and on cash and cash equivalents.

Customers exceeding EUR 5,000 credit limit are verified for their creditworthiness before the order is executed. The creditworthiness verification is also based on the credit information database provided by an international service provider leading in this sector. Their software allows determination of a credit limit per single customer, based on specifically determined calculation formulas. The calculation formulas have been defined by Interroll Group.

Accumulation of credit risks in trade and other accounts receivable is limited due to numerous customers and their worldwide location. The extent of credit risks is mainly determined by the individual characteristics of each single customer. The risk evaluation includes an assessment of the creditworthiness by considering the customer's financial situation, its credit history and other factors. Sales and revenue from services are performed only with customers whose creditworthiness is proved through the above process. A credit limit is defined for each customer. These limits are verified at least once a year.

Interroll invests its funds in short-term deposits at a multitude of banks with whom long standing relationships exist. Such deposits have a maturity date shorter than twelve months. Likewise, transactions with derivative financial instruments are entered into only with major financial institutions. Interroll does not hold material open positions with these institutions.

The maximum credit risk from financial instruments corresponds to the balance sheet amount of each single financial asset. There are no guarantees or other liabilities that could increase the risk over the corresponding amount in the statement of financial position.

Liquidity risk
Liquidity risk is the risk that the Group cannot fulfill its financial obligations on time.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close market positions at any time. Due to the dynamic nature of the underlying business, Group Treasury aims to ensure funding by keeping committed credit limits available.

3.3 Capital risk management

Objectives and principles of capital management

It is the objective of Interroll Group to safeguard its going concern by the definition and adherence to a strong base of equity. Such equity level is defined based on the operational and balance sheet risk of the Group. Refunding of the Group shall be adapted to the asset structure and allow further growth of the business. The distribution of a regular portion of the profits shall be made possible based on the realization of an appropriate return on equity.

Equity ratio targets and pay-out ratio

Based on above targets and principles, Group Management aims at a long-term equity ratio of approximately 50 %. The ordinary pay-out ratio corresponds to about 30 % of net profits. This ratio may deviate depending on the general economic outlook and planned future investment activities.

Key figures to capital management

The following table discloses some essential key figures with regard to capital risk management. Further notes can be found in the cover of the annual report.

Debt Covenants

Determined debt covenants for comitted credit lines over CHF 40 million demand an equity ratio of at least 35 % (see 6.9 "Financial risks – Credit facilities and debt covenants")

in million CHF, if not noted differently	2015	2014
Total assets	293.0	278.2
Net financial assets	31.3	23.9
Gearing (net debts / equity)	**n/a**	**n/a**
Operating cash flow	40.2	27.8
Indebtedness factor (net debts / cash flow)	**n/a**	**n/a**
Equity	207.6	200.3
Equity ratio (equity in % of assets)	**70.9**	**72.0**
Result	29.3	19.1
Return on equity (in %)	**14.4**	**9.9**
Non-Diluted Earnings per share (in CHF)	34.5	22.5
Distribution per share (in CHF)	12.0	9.0
Pay out ratio (in %)	**34.8**	**40.1**

4 CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in business year 2015

New companies
No new companies were started during the year under review.

Acquisitions / Divestitures
No acquisitions or disinvestments were made during the year under review.

Allocation of net assets acquired
The following overview shows a summary of the paid purchase price for the acquisition as well as the values of the identified assets and liabilities as per acquisition date. For 2014, Pert Engineering Limited is shown.

in thousands CHF	2014
	Fair value
Property, plant and equipment	82
Intangible assets	866
Deferred tax assets	
Total non-current assets	**948**
Other receivables	
Inventory	50
Trade receivables	2,205
Cash & cash equivalents	245
Total current assets	**2,500**
Total assets	**3,448**
Trade payables	1,116
Bank loans	217
Other short term accounts payables	844
Accrued expenses & deferred income	30
Deferred tax liabilities	194
Provisions	45
Minority interests	
Total liabilities	**2,446**
Total net assets acquired	**1,002**
Goodwill acquired	1,045
Total acquisition costs	**2,047**

Cash flow from acquisitions
The full amount settled in cash was for the acquisition of 100% of the shares of Pert Engineering Limited in 2014.

in thousands CHF	2014
Cash settlement of acquisition	2,047
./. Acquired liquid funds from Portec	–245
./. Purchase price retention	–372
Net cash used in acquisitions	**1,430**

Changes in business year 2014

New companies
In Shanghai, the Interroll Holding Management (Shanghai) Co. Ltd. started its sales activities in China in August 2014. Besides two Regional Centers of Excellence, Interroll is now also managing a sales unit in this important market. The effects of the establishment of this new company had no material impact on the Interroll Group's consolidated financial statements in the 2014 reporting year as the employees, assets and business activities mainly were transferred from the existing Interroll Suzhou Co. Ltd.

Acquisitions
As per 28 February 2014 the activities of the Interroll Dynamic Storage Inc. in Hiram / Atlanta (USA) were sold for USD 1.1 million to the local management. The company had achieved a turnover of CHF 1.7 million in fiscal year 2013. The result was not essential for the consolidation of the Interroll Group.

As per 1 July 2014 a 40 % minority stake into Portec Asia Limited in Hong Kong, China was bought for USD 0.4 million from the Pert Group. Interroll is now controling 100 % of the equity of this company. At the moment of the purchase the book value of the minority participations of Portec Asia Limited amounted to CHF 0.3 million. This amount was booked out from the equity of the minority participations and the difference to the purchase price in the amount of CHF 0.1 million was booked to the shareholders' equity.

Furthermore, as per 1 September 2014 100 % of the shares of Pert Engineering Limited in Shenzhen, China were bought from the Pert Group for USD 2.2 million. Thereby, Interroll took over its Asian partner for the production and the sales of belt curves in the Asia-Pacific region. Besides direct access to the important Chinese sales market Interroll also gained its own production plant for belt curves in Shenzhen, China. Belt curves are primarily sold to customers from the airport, postal services and logistics sectors. The value of the net assets acquired totalled CHF 1.0 million. Goodwill amounted to CHF 1.0 million. It is not expected that the goodwill will be deductible for income tax purposes. Intangible assets amounting to CHF 0.9 million consisted of customer relationships. The purchase price allocation was not final as of the reporting date of 31 December 2014. It is expected that Interroll's presence in China and other Asian countries is strengthened in particular, following these acquisitions. The goodwill amounting to CHF 1.0 million resulted from the customer base and significant synergies expected from the integration of the Pert companies into the Interroll Group.

Further notes to the acquisition of Pert Engineering Limited
Acquisition-related expenses of CHF 0.1 million were stated under consultancy expenses in the profit and loss account for financial year 2014.

The fair value of trade receivables amounted to CHF 2.2 million. The gross amount of trade receivables due totalled CHF 2.3 million. Of this amount, it is expected that CHF 0.1 million will be irrecoverable.

Since 1 September 2014, Pert Engineering has made a contribution totalling CHF 0.8 million to Interroll Group's sales revenue. Its share in the profit for the same period of time amounted to CHF 0.09 million.

Had Pert Engineering already been consolidated from 1 January 2014, sales revenue of CHF 339.4 million and a profit of CHF 19.3 million would have been reported in Interroll Group's profit and loss account.

5 OPERATING SEGMENTS

Sales and non-current assets by geographical markets

Sales and non-current assets according to geographical market is presented as follows:

	Sales				Non-current assets			
in thousands CHF	2015	in %	2014	in %	2015	in %	2014	in %
Germany	49,938	13.8	55,868	16.7	55,487	41.6	52,219	38.4
Rest of EMEA	164,334	45.6	154,379	46.0	43,411	32.5	48,941	36.1
Total EMEA*	**214,272**	**59.4**	**210,247**	**62.7**	**98,898**	**74.1**	**101,160**	**74.5**
USA	80,998	22.5	63,400	18.9	28,803	21.6	28,545	21.0
Other Americas	16,646	4.6	18,485	5.5	1,177	0.9	1,526	1.1
Total Americas	**97,644**	**27.1**	**81,885**	**24.4**	**29,980**	**22.5**	**30,071**	**22.1**
Total Asia-Pacific	**48,822**	**13.5**	**43,174**	**12.9**	**4,656**	**3.5**	**4,612**	**3.4**
Total Group	**360,738**	**100.0**	**335,306**	**100.0**	**133,534**	**100.0**	**135,843**	**100.0**

* Europe, Middle East, Africa

The key definition of turnover has been defined according to the invoice address. Non-current assets are disclosed excluding financial assets and deferred tax assets.

Information about major customers

Sales are realized with more than 10,000 customers. There is no customer achieving a turnover of more than 4 % percent of Group sales.

Sales by product group

Sales realized by product group is presented as follow:

in thousands CHF	2015	in %	2014	in %	2013	in %
Drives	110,276	30.6	114,905	34.3	109,447	34.6
Rollers	93,369	25.9	81,209	24.2	75,406	23.8
Conveyors & Sorters	107,239	29.7	79,773	23.8	71,164	22.5
Pallet & Carton Flow	49,854	13.8	59,419	17.7	60,317	19.1
Total Group	**360,738**	**100.0**	**335,306**	**100.0**	**316,334**	**100.0**

6 NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Property, plant and equipment

Movements of property, plant and equipment

	Land & building		Production equipment & machinery		Office equipment & motor vehicles		Assets under construction		Total	
in thousands CHF	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
COSTS										
At 1.1.	**86,544**	**85,620**	**94,857**	**91,734**	**9,044**	**8,804**	**4,463**	**1,281**	**194,908**	**187,439**
Currency translation adj.	–5,824	726	–5,589	660	–644	87	–392	46	**–12,449**	**1,519**
Additions	2,330	791	8,222	7,015	980	1,290	9,647	4,654	**21,179**	**13,749**
Disposals	–1,885	–588	–3,305	–3,605	–1,215	–890	–11		**–6,416**	**–5,083**
Reclassifications	11,625	–5	1,168	–1,026	43	–251	–12,613	–1,518	**223**	**–2,800**
Changes in the scope of consolidation*				79		4				**83**
At 31.12.	**92,790**	**86,544**	**95,353**	**94,857**	**8,208**	**9,044**	**1,094**	**4,463**	**197,445**	**194,907**
ACCUMULATED DEPRECIATION & IMPAIRMENTS										
At 1.1.	**–32,666**	**–29,442**	**–70,038**	**–68,981**	**–6,235**	**–5,750**			**–108,939**	**–104,173**
Currency translation adj.	2,377	–144	3,905	–507	435	–60			**6,717**	**–711**
Depreciation	–3,131	–3,208	–6,387	–6,509	–1,079	–1,202			**–10,597**	**–10,919**
Disposals	1,644	124	3,095	3,249	1,037	743			**5,776**	**4,116**
Reclassifications		4	–24	2,710	–4	34			**–28**	**2,748**
At 31.12.	**–31,776**	**–32,666**	**–69,449**	**–70,038**	**–5,846**	**–6,235**			**–107,071**	**–108,939**
Property, plant and equipment at 31.12.	**61,014**	**53,878**	**25,904**	**24,819**	**2,362**	**2,809**	**1,094**	**4,463**	**90,374**	**85,969**
Capital commitments		9,670	745	2,584	1				**746**	**12,254**
Insurance value**	104,834	101,423	113,646	115,407					**218,480**	**216,830**

* Detailed information on the changes in the scope of consolidastion is disclosed in note 4.
** The insurance value of production equipment and machinery also covers other tangible assets.

Further notes to property, plant and equipment
At the end of the period under review no risks exist in the opinon of Group Management which negatively impacted the book value of fixed assets.

6.2 Non-current assets held for sale
In the year under review 2015 as well as in the previous year 2014 there were no non-current assets held for sale.

6.3 Intangible assets

Movements of goodwill and intangible assets

	Goodwill		Software		Patents, technology and licences		Customer relationship		Total	
in thousands CHF	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
COSTS										
At 1.1.	**20,733**	**19,091**	**33,074**	**31,508**	**20,427**	**21,514**	**25,960**	**25,113**	**100,194**	**97,226**
Currency translation adj.	–828	731	–172	13	–1,956	–363	–1,968	229	**–4,924**	**611**
Additions		42	3,044	1,585	91	2		16	**3,135**	**1,645**
Disposals	–96	–176	–429	–73		–593		–110	**–525**	**–952**
Reclassifications				41		–133		–154		**–246**
Changes in the scope of consolidation*		1,045						866		**1,911**
At 31.12.	**19,809**	**20,733**	**35,517**	**33,074**	**18,562**	**20,427**	**23,992**	**25,960**	**97,880**	**100,195**
ACCUMULATED AMORTIZATION & IMPAIRMENTS										
At 1.1.	**–3,126**	**–3,126**	**–14,000**	**–10,288**	**–14,673**	**–14,310**	**–18,521**	**–16,448**	**–50,320**	**–44,172**
Currency translation adj.			126	–19	1,367	227	1,665	199	**3,158**	**406**
Amortization		–176	–4,253	–3,777	–1,152	–1,316	–2,425	–2,536	**–7,830**	**–7,805**
Disposals		176	272	73		593		110	**272**	**952**
Reclassifications				11		133		154		**298**
At 31.12.	**–3,126**	**–3,126**	**–17,855**	**–14,000**	**–14,458**	**–14,673**	**–19,281**	**–18,521**	**–54,720**	**–50,321**
Total intangible assets, net at 31.12.	**16,683**	**17,607**	**17,662**	**19,074**	**4,104**	**5,754**	**4,711**	**7,439**	**43,160**	**49,874**

* Detailed information on the changes in scope of consolidastion is disclosed in Note 4.

Goodwill: impairment test

The impairment tests are generally based on a three-year plan and on the present value of future (pre-tax) cash flows (value in use) determined using a discount rate before tax of 11.3 % (2014: 10.6 %). The growth rate is defined as a key assumption. No further growth was assumed for the extrapolation of free cash flows. The Cash Generating Unit (CGU) equals the Interroll Group. There is only one Operating Segment which equals the Reporting Segment. All decisions are made at Interroll Group level.

Sensitivity analysis to the goodwill impairment tests

The sensitivity analysis performed resulted in both years under review to the conclusion that the discounted value of future free cash flows exceeds the value of the current goodwill even when assuming a change of the discount rate under normal economical conditions. The growth rate was reviewed in regards to its sensitivity. This test led to the conclusion that the discounted value of future cash flows exceeds the value of the current goodwill position even if no growth is assumed.

Software
Out of the accumulated acquisition costs, CHF 29.9 million (previous year: CHF 28.7 million) relate to the setup, design and introduction of SAP. In the year under review the additions to this process management system amount to CHF 1.2 million (previous year: CHF 1.6 million). Amortization starts with the go live date and ends after 8 years.

SAP was launched in 2011 for the two Centers of Excellence for Drum Motors and Rollers / RollerDrive as well as for all European sales and service subsidiaries. In 2012, SAP was also launched in the Center of Excellence for Supermarket Products, in the Regional Center of Excellence for Rollers and Drum Motors in the USA as well as in several sales subsidiaries in Asia-Pacific. In 2013, SAP became active with Interroll China. Finally, SAP went live with the Center of Excellence for Automation in Sinsheim as per 1 August 2014. During the year 2015 SAP projects in North America and France were ongoing.

Patents and licenses
Patents and licenses are normally amortized on a straight line basis over 6 years unless the life cycle is shorter. In the year under review and in the previous year no essential patents oder licenses were bought. As per the end of 2015 an amortization term of additional 4 years remains on the major portion of patents and licenses. A review whether indicators exist that point towards an impairment of patents and licenses was performed. There are no signs that would indicate an impairment of this value.

Customer relationship
Customer relationship is amortized on a straight line basis over 10 years unless the life cycle is shorter. At year end 2015, an amortization term of an additional seven years remains on the major portion of customer relationship. A review whether indicators exist that point towards an impairment of customer relationship was performed. There are no signs that would indicate an impairment of this value.

6.4 Assets pledged or assigned

in thousands CHF	31.12.2015	31.12.2014
Land & buildings		1,289
Trade receivables	201	185
Total assets pledged or assigned	**201**	**1,474**

These assets are pledged or assigned to local credit lines granted (see liquidity risk in note 6.9).

6.5 Inventories

Detailed overview on the positions belonging to the inventory

in thousands CHF	31.12.2015	31.12.2014
Raw materials	31,258	32,033
Work in progress	11,341	10,168
Finished products	4,388	2,285
Valuation allowance	–2,154	–2,213
Total inventory, net	**44,833**	**42,273**

No inventory was pledged in either year under review.

Developement of valuation allowance on inventory

in thousands CHF	2015	2014
Balance as per 1.1.	**–2,213**	**–1,901**
Currency translation adjustment	219	–27
Additions	–566	–665
Reductions	406	380
Total valuation allowance on inventory as per 31.12.	**–2,154**	**–2,213**

The addition of valuation allowances is due to slow or non-moving items within the inventory. The reduction of valuation allowance on inventory is related to sale or scrapping of items, as well as to a reassessment of the valuation allowance affecting the consolidated income statement of the Group.

6.6 Trade and other accounts receivable

Detailed overview of trade and other accounts receivable
Trade accounts receivable arise from deliveries and services relating to the Group's operating activities. VAT, whithholding tax and other current receivables are included in the other accounts receivable. The other accounts receivable are analyzed for valuation adjustment like trade receivables. There was no valuation adjustment necessary on other accounts receivable in either year under review.

in thousands CHF	31.12.2015	31.12.2014
Trade accounts receivable from goods and services	62,256	62,242
Valuation allowance	–2,784	–2,783
Total trade accounts receivable, net	**59,472**	**59,459**
Prepaid expenses and accrued income	5,934	1,623
Prepayments for inventories	1,594	1,677
Other accounts receivable	10,471	7,584
Forward exchange dealing	–482	85
Total other accounts receivable	**17,517**	**10,969**
Total trade and other accounts receivable, net	**76,989**	**70,428**

Aging and valuation allowance of trade accounts receivable
Trade accounts receivable are due and specific / general valuation allowance have been evaluated as follows:

in thousands CHF	31.12.2015				31.12.2014			
	Gross	Valuation allowance		Net	Gross	Valuation allowance		Net
		individual	collective			individual	collective	
Not past due	41,831	–255		**41,576**	41,560			**41,560**
Past due 1–30 days	9,573			**9,573**	11,683			**11,683**
Past due 31–60 days	4,061			**4,061**	3,412			**3,412**
Past due 61–90 days	2,415	–10		**2,405**	2,418	7		**2,425**
Past due › 90 days	4,376	–2,075	–444	**1,857**	3,169	–2,297	–493	**379**
Total trade accounts receivable	**62,256**	**–2,340**	**–444**	**59,472**	**62,242**	**–2,290**	**–493**	**59,459**

Development of the individual and collective valuation allowance of trade accounts receivable

The valuation allowance on trade accounts receivable from third parties developed as follows:

in thousands CHF	2015			2014		
		Valuation allowance			Valuation allowance	
	Total	individual	collective	**Total**	individual	collective
At 1.1.	**–2,783**	**–2,290**	**–493**	**–2,873**	–1,891	**–982**
Currency translation adjustment	230	181	49	–32	–52	20
Additions	–1,078	–1,078		–868	–868	
Alllowance used	381	381		422	422	
Allowance reversed	466	466		568	99	469
At 31.12.	**–2,784**	**–2,340**	**–444**	**–2,783**	**–2,290**	**–493**

During the year under review, an amount of CHF 0.4 million (2014: CHF 0.4 million) relating to irrecoverable trade receivables was written off. Currently, no other risks are identifiable in the net trade accounts receivable. Sales are broadly diversified across geographical and industrial markets. Thus, the risk of unexpected losses from trade receivables is assessed to be low.

Currencies in trade accounts receivable

Trade accounts receivable reported in CHF are denominated from the following currencies:

in thousands CHF	31.12.2015	in %	31.12.2014	in %
EUR	25,325	40.7	25,928	41.7
USD	13,119	21.1	14,675	23.6
CNY	11,449	18.4	10,169	16.3
THB	1,272	2.0	1,528	2.5
DKK	1,774	2.8	1,452	2.3
all other currencies	9,317	15.0	8,490	13.6
Total trade accounts receivable, gross	**62,256**	**100.0**	**62,242**	**100.0**

Regional break down of trade accounts receivable

Trade accounts receivable can be broken down into the following geographical areas:

in thousands CHF	31.12.2015	in %	31.12.2014	in %
Europe, Middle East, Africa	30,970	49.7	31,110	50.0
Americas	14,059	22.6	16,761	26.9
Asia-Pacific	17,227	27.7	14,371	23.1
Total trade accounts receivable, gross	**62,256**	**100.0**	**62,242**	**100.0**

On average, trade accounts receivable are 56 days outstanding (DSO). The respective value is for Europe 47, for Americas 62 and for Asia 84. In the previous year, the DSO was 57 for the Group, for Europe 49, for Americas 68 and for Asia 81.

6.7 Cash and cash equivalents

Positions included in cash and cash equivalents

in thousands CHF	31.12.2015	31.12.2014
Cash on hand, bank and postal accounts	30,289	21,147
Short term deposits	1,365	3,233
Total cash and cash equivalents	**31,654**	**24,380**

Interest rates of cash and cash equivalents
The interest rates on cash and cash equivalents vary between 0 % (for CHF) and 16 % (BRL). The respective rates for 2014 were 0 % (CHF) and 11 % (BRL) respectively.

Currencies held in cash and cash equivalents

in %	31.12.2015	31.12.2014
EUR	29.0	27.0
CHF	8.0	7.0
USD	21.0	15.0
THB	6.0	7.0
JPY	3.0	6.0
KRW	10.0	5.0
ZAR	1.0	3.0
Other currencies	22.0	30.0
Total cash and cash equivalents	**100.0**	**100.0**

Transfer limitations on cash and cash equivalents
Cash and cash equivalents of CHF 0.6 million (2014: CHF 0.8 million) of Interroll South Africa as well as of Interroll Brasil are subject to transfer limitations. These transfer limitations do not have any impact on their operating activities.

6.8 Financial instruments

Reconciliation from balance sheet items to valuation categories as per IAS 39
The table below shows an overview of financial instruments held by valuation category according to IAS 39:

in thousands CHF	31.12.2015	31.12.2014
Cash and cash equivalents	31,654	24,380
Trade and other accounts receivable w/o advances	75,877	68,666
Financial assets	626	626
Total financial assets at amortized costs	**108,157**	**93,672**
Foreign currency forward contracts*	–482	85
Total financial instruments at fair value	**–482**	**85**
Trade and other accounts payable	39,767	39,611
Financial liabilities	304	470
Total financial liabilities at carrying value	**40,071**	**40,081**

* see notes 6.9

Book values of cash and cash equivalents, trade and other accounts receivable and payable as well as financial assets closely correspond to fair value due to their short-term maturity. Advance payments for inventory are excluded from the valuation categories as per IAS 39 because the subsequent transaction is not of a monetary nature. Financial assets and liabilities are predominantly due within approximately 2 years and their net present values correspond very closely to their book values.

6.9 Financial risks

Currency risk exposure
Due to its international focus, Interroll Group is exposed to foreign currency risks. Risk exposures result from transactions in currencies deviating from the entity's functional currency.

The following table shows the major currency risks at the respective balance sheet date:

in thousands CHF					31.12.2015					31.12.2014
	EUR	CHF	USD	SGD	JPY	EUR	CHF	USD	SGD	JPY
Financial assets	3	75		4,038			70	12	2,983	
Trade and other accounts receivable	5,227	1,030	5,342	1,870	2,730	6,624	558	5,599	1,978	1,454
Cash and cash equivalents incl. intercompany loans	2,495	11,747	2,751	1,476		2,520	11,719	1,443	1,573	
Financial liabilities			4,998					6,633		
Trade and other accounts payable	9,330	5,711	2,744	1,267	3	7,737	3,417	2,652	1,353	
Short term liabilities	314	28,361	158			569	6,994	118		
Currency risks on the balance sheet (gross)	**17,369**	**46,924**	**15,993**	**8,651**	**2,733**	**17,450**	**22,758**	**16,457**	**7,887**	**1,454**
Elimination equal currency	–8,389	–25,704	–6,373			–9,534	–17,798	–6,141	–7	
Currency risks on the balance sheet (net)	**8,980**	**21,220**	**9,620**	**8,651**	**2,733**	**7,916**	**4,960**	**10,316**	**7,880**	**1,454**
Natural hedges	–311	–260	–478	–60		–996	–1,117	–279	–84	
FX forward contracts	–1,423	–13,862	–6,042	–4,214	–743	–848		–3,915	–3,779	–750
Net currency risk exposure	**7,246**	**7,098**	**3,100**	**4,377**	**1,990**	**6,072**	**3,843**	**6,122**	**4,017**	**704**

The currency risk on the balance sheet (gross) is equal to the sum of the value of all positions in the balance sheet that are held in a different currency than the functional currency of a company. Such positions contain both group-internal as well as external amounts. In a first step, all of those risks are added up because a currency risk can arise on the debit as well as on the credit side of the balance sheet. The total is then disclosed as currency risk on the balance sheet (gross). The risk of each currency group is translated into CHF at the closing rate and added up to total Group values. "Elimination equal currency" results from setting off short positions versus long positions of currrency risks which exist in the same foreign currency deviating from the functional currency and which are presented in the same group entity. Natural hedges result from netting out currency risks among all group entities. The amount disclosed in line "FX forward contracts" (foreign currency forward contracts) corresponds to the amount actually hedged and translated into CHF. Changes in the valuation of fair value hedges are recognized in the financing result (see note 7.5). The table only contains the material foreign currency risks. All others are regarded to be immaterial in both years.

Net investments in foreign subsidiaries are long term investments. Such investments are exposed to currency fluctuation, because they are held in another currency than the Group's functional currency. From a macroeconomic and long term point of view, the currency exchange effects should be neutralized by the inflation rate at the subsidiaries' domicile. Due to this reason and also due to costs for respective derivative instruments, the Group does not hedge such risks.

Foreign currency forward contracts
The Group regularly prepares a rolling forecast of foreign currency cash flows. 0–50 % of such budgeted, future foreign currency flows may be hedged through forward contracts. At the end of the year under review, there were no open cash flow hedges held by the Group.

The notional amount corresponds to the hedged balance sheet risk, translated into CHF. With derivative financial instruments, the Group normally hedges 50–100 % of its net currency risks on the balance sheet.

The following table shows the contractual and fair values of the foreign currency forward contracts held by the Group:

in thousands CHF				31.12.2015			31.12.2014
Hedged currency	Sell/Buy	Maturity	notional amount in CHF	Fair value	Sell/Buy	notional amount in CHF	Fair value
USD	USD/CAD	Feb 16	980	–63	USD/CAD	839	–25
USD	USD/CHF	Feb 16	632	–30			
USD	EUR/USD	Feb 16	1,764	73	EUR/USD	2,488	147
USD					CNY/USD	588	–1
SGD	SGD/EUR	Feb 16	879	–19	SGD/EUR	834	–15
SGD					JPY/SGD	694	51
SGD	SGD/CHF	Feb 16	2,717	–76	SGD/CHF	2,251	–32
EUR	USD/EUR	Jan – Dec 16	2,665	–87			
EUR					CHF/EUR	848	–3
EUR	BRL/EUR	Feb 16	631	–33			
JPY					JPY/EUR	750	47
JPY	JPY/EUR	Feb 16	743	–25			
JPY	JPY/SGD		617	–9			
CNY					CNY/EUR	1,482	–84
CNY	CNY/EUR	Feb 16	1,433	–26			
CNY	CNY/CHF	Feb 16	905	–24			
CHF	EUR/CHF	Feb 16	12,957	–91			
GBP	GBP/EUR	Feb 16	1,888	8			
CZK	EUR/CZK	Feb 16	325				
BRL	USD/BRL	Jan – Sep 16	468	–80			
Total FX forward contracts				**–482**			**85**

Sensitivity analysis of the currency risk exposure

As per year end, a sensitivity analysis was carried out with respect to financial instruments. The sensitivity analyses calculates the effect of FOREX–changes on the major currency pairs within the Group. These risks particularly result from different currencies between costs for production and invoicing currency to the customers. Assumed currency fluctuations would have the following effects on the foreign currency positions in the balance sheet:

in thousands CHF			31.12.2015			31.12.2014
Currency pair	EUR vs. CHF	CHF vs. USD	CAD vs. USD	EUR vs. CHF	CHF vs. USD	CAD vs. USD
Financial assets	75			70		
Trade and other receivables		525	1,673	–267	847	2,600
Cash and cash equiv. incl. IC-loans	11,511	2	752	10,739	1	860
Financial liabilities						
Trade and other payables	1,901		606			779
Short term and current liabilities	28,362			6,995		
Gross exposure per currency pair	**41,849**	**527**	**3,031**	**17,537**	**848**	**4,239**
Risks opposing each other	–22,335	573	–1,213	–15,399	308	–1,559
FX forward contracts	–12,957	–632	–980	–848		–839
Net FX exposure per currency pair	**6,557**	**468**	**838**	**1,290**	**1,156**	**1,841**
Currency change in %	12	5	14	1	1	7
Effect on the result	**787**	**23**	**117**	**13**	**12**	**129**
Income tax expense at 20.73 %	–163	–5	–24	–3	–2	–27
Net FX exposure after income taxes	**624**	**18**	**93**	**10**	**10**	**102**

The net risks of currency pairs are summed up analogously to the current risk analysis. The position "Risks opposing each other" is a result of netting out those risks that are contrary to each other. The disclosed amount in line "FX forward contracts" equals the total of hedged currency risks of a currency pair. It is also deducted from the gross risk as it deviates linearly with the fluctuation of the currency. The income taxes are calculated in line with the applicable rate for an ordinary taxed entity in Switzerland (see note 7.6).

Interest risks

As per balance sheet date, the Group had net financial assets of CHF 1.7 million (previous year: CHF 3.3 million, see also note 6.12). There are CHF 1.9 million (previous year: CHF 3.7 million) financial assets, of which CHF 0.7 million (previous year: CHF 0.5 million) are not interest-bearing. There are financial liabilities of CHF 0.2 million (previous year: CHF 0.3 million). The portion of not interest-bearing financial liabilities was immaterial in both years under review.

The following table divides interest-bearing assets and liabilities into fixed and variable parts. Furthermore, it shows not interest-bearing positions within financial assets and liabilities. A change of the interest rate would have had no effect on equity because the Group currently does not hold any cash flow hedges to hedge currency risks and because there are no assets held for sale at a fixed interest rate. The Group regularly monitors its interest risks and reserves the possibility to hedge such in future.

in thousands CHF				**31.12.2015**				**31.12.2014**
	Nom. int. rate in %	Book values	Basis points		Nom. int. rate in %	Book values	Basis points	
			+100	−100	0	0	+100	−100
FINANCIAL ASSETS								
Fixed interest rate	0 – 0.73	**195**			0 – 2.63	**754**		
Variable interest rate	0 – 5.75	1,055	11	−11	0 – 10.3	2,410	24	−24
Not interest-bearing	–	690			–	502		
Total deposits		**1,940**	**11**	**−11**		**3,666**	**24**	**−24**
Total loans								
Cash on hand, bank and postal accounts		30,289				21,147		
Trade and other receivables		76,359				68,581		
Total other financial assets		**106,648**				**89,728**		
Total financial assets		**108,588**	**11**	**−11**		**93,394**	**24**	**−24**
FINANCIAL LIABILITIES								
Total bank loans								
Fixed interest rate	3.6	8			6.0 – 9.85	153		
Not interest-bearing		183				188		
Total other loans		**191**				**341**	**0**	
Bank overdrafts		1				1		
Trade and other accounts payable		39,767				39,611		
Total trade and other accounts payable		**39,768**				**39,612**		
Total financial liabilities		**39,959**				**39,953**	**0**	
Net financial liabilities		**68,629**	**11**	**−11**		**53,441**	**24**	**−24**

Sensitivity analysis of interest risks
Interest sensitivity is only calculated on interest-bearing items of the balance sheet. No effect is calculated on items bearing interest at a fixed rate. As per above analysis, the Group's annual result would have changed slightly by CHF 0.01 million in case of an interest rate being one percentage point higher or lower. In the previous year, an increase in the interest rate of one percentage point, would have changed the Group's result slightly by CHF 0.02 million. For certain interest-bearing positions, the interest rate is already lower than one percent. Therefore, the effect of the reduction was only calculated up to the current interest rate being lower than 1.0 %.

Liquidity risk
The Group carries out a complete liquidity planning on a quarterly basis. The Group holds liquidity reserves in the form of committed and uncommitted credit lines in order to comply with an unexpected and extraordinary liquidity demand.

Credit facilities and debt covenants
The amount of unused credit facilities as per end of the reporting year amounted to CHF 78.5 million (2014: CHF 78.4 million).

In the year under review, the committed credit lines in the amount of CHF 40.0 million which were agreed upon in 2009 were extended with the same conditions for another duration of 3 years. They ensure the funding of the future investment program and serve generally for the for business financing. The Group always complied with the agreed debt covenants, which are the following:

EBITDA	net interest costs = min. 4.0
Net debt	EBITDA = max. 3.0
Equity	total assets = min. 35 %

The ageing of the financial liabilities is disclosed in note 6.12 (see "Ageing of financial liabilities").

6.10 Information on shareholders' equity

Reconciliation from total issued shares to outstanding shares

	2015	2014
Issued shares par value CHF 10.00 each (previous year: CHF 10.00)	**854,000**	**854,000**
Own shares held by the Group as per 1.1.	**4,170**	**3,849**
Purchase of own shares	1,360	2,090
Sale of own shares	–502	
Attribution of shares relating to bonus plan	–2,043	–1,769
Own shares held by the Group as per 31.12.	**2,985**	**4,170**
thereof unreserved	2,985	4,170
Shares outstanding at 31.12.	**851,015**	**849,830**

6.11 Earnings per share

Non-diluted earnings per share

The non-diluted earnings per share in 2015 amount to CHF 34.51 (2014: CHF 22.45). The calculation is based on the profit attributable to the equity holders of the parent company, divided by the weighted average of shares outstanding. In 2014 there is no diluting effect.

	2015	2014
Result attributable to the equity holders (in thousands CHF)	**29,303**	**19,068**
Shares outstanding as per of 1.1.	**849,830**	**850,151**
Effect of the purchase of own shares	–63	–294
Effect of the sale/attribution of own shares	–612	–687
Weighted average of shares outstanding	**849,155**	**849,170**
Non-diluted earnings per share (in CHF)	**34.51**	**22.45**

Diluted earnings per share

The diluted earnings per share in 2015 amount to CHF 34.51 (2014: CHF 22.45). They are calculated by adjusting the weighted average number of ordinary shares outstanding to include all dilutive potential ordinary shares.

There were no dilutive effects in 2015 or 2014.

	2015	2014
Result attributable to the equity holders (in thousands CHF)	**29,303**	**19,068**
Weighted average of shares outstanding	849,155	849,170
Dilutive effect of share options		
Weighted average of shares outstanding (diluted)	**849,155**	**849,170**
Diluted earnings per share (in CHF)	**34.51**	**22.45**

6.12 Financial liabilities

Details of current and non-current financial liabilities

in thousands CHF	31.12.2015	31.12.2014
Bank overdrafts	1	1
Other loans	182	188
Finance lease	113	128
Total current financial liabilities	**296**	**317**
Other loans	8	153
Total non-current financial liabilities	**8**	**153**
Total financial liabilities	**304**	**470**

Net financial liabilities to equity ratio

in thousands CHF	31.12.2015	31.12.2014
Total financial liabilities	304	470
./. Cash and cash equivalents	–31,654	–24,380
Net financial liabilities (-net cash)	**–31,350**	**–23,910**
Equity	**207,647**	**200,330**
Net financial debt in % of the equity	**n/a**	**n/a**

Loan structure

in thousands CHF					31.12.2015		31.12.2014	
	Currency	Weighted av. interest rate	Interest due Fixed/Variable	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Other loans	USD/DKK	0 – 3.6 %	F	2017	190	190	341	341
Total loans					**190**	**190**	**341**	**341**

Ageing of financial liabilities

The financial liabilities as per 31 December 2015 are due as follows:

in thousands CHF	Book value	Face value (undiscounted)	within 6 months	within 6–12 months	within 1–2 years	within 2–5 years
Other loans	190	190		182	8	
Bank overdrafts	1	1	1			
Trade/other accounts payable*	39,767	41,970	41,970			
Total financial liabilities	**39,958**	**42,161**	**41,971**	**182**	**8**	

* An ageing analysis is not readily available. Based on past experience, it can be reliably assumed that the full amount is due within less than 6 months.

The financial liabilities as per 31 December 2014 were due as follows:

in thousands CHF	Book value	Face value (undiscounted)	within 6 months	within 6–12 months	within 1–2 years	within 2–5 years
Other loans	341	341		188	153	
Bank overdrafts	1	1	1			
Trade/other accounts payable*	39,611	37,530	37,530			
Total financial liabilities	**39,953**	**37,872**	**37,531**	**188**	**153**	

* An ageing analysis is not readily available. Based on past experience, it can be reliably assumed that the full amount is due within less than 6 months.

6.13 Leasing liabilities

Finance leases
In the year under review, there were CHF 0.1 million in finance leases (2014: CHF 0.3 million) of which CHF 0.1 million (2014: CHF 0.1 million) will become due in one to five years.

Operating leases
Liabilities from operating leases mainly relate to building rentals and will become due as follows:

in thousands CHF	31.12.2015	31.12.2014
within 1 year	2,149	2,175
between 1 and 5 years	4,154	5,650
over 5 years	618	1,319
Total operating leases	**6,921**	**9,144**

In both years under review, operating lease expenses do not include material amounts for contingent rent.

6.14 Provisions

Movements in provisions

	Warranties		Other provisions		Total	
in thousands CHF	2015	2014	2015	2014	2015	2014
At 1.1.	**5,955**	**5,868**	**45**	**34**	**6,000**	**5,902**
Currency translation adjustments	–450	132	–4		–454	**132**
Provisions made	3,013	2,913	30	11	3,043	**2,924**
Provisions used	–1,595	–1,987			–1,595	**–1,987**
Provisions reversed	–1,092	–1,016	–9		–1,101	**–1,016**
Acquired provisions		45				**45**
At 31.12.	**5,831**	**5,955**	**62**	**45**	**5,893**	**6,000**

Warranty provisions
The Group companies normally grant a 24-month warranty. The warranty provision is recognized based on past experience as well as on specific projects. The warranty provision in 2015 corresponds to roughly 1.6 % (2014: 1.8 %) of net sales.

Other provisions
The other provisions mainly include provision for litigation. In connection with the restatement related to IAS 19 pension liabilities were reclassified from other provisions to a separate balance sheet line.

6.15 Pension obligations and pension costs

General information on the pension plans of the Group

The pension costs for 2015 amounted to CHF 1.8 million (2014: CHF 2.3 million). Such costs consist of employer contributions relating to the defined contribution plans and pension costs relating to the defined benefit plans.

The pension plans in Switzerland and France are regarded as defined benefits plans in line with IAS 19. In 2015, 216 and in 2014, 201 employees participated in the defined benefit plans. The Swiss plan is outsourced to a collective foundation whereas the plan in France is outsourced to an insurance company. For the defined benefit plans the pension costs in each period are calculated on the basis of an actuarial valuation. The deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation is recognized as a liability or an asset in the balance sheet. Actuarial gains and losses arise mainly from changes in actuarial assumptions and differeneces between actuarial assumptions and actual developments. They are recognized in the statement of comprehensive income. It can be assumed that the assets of both plans do not include Interroll shares.

Components of defined benefit cost

in thousands CHF	2015	2014
Costs of the defined contribution plans	**1,389**	**1,525**
Current service costs, net	253	446
Administrative expenses	54	54
Interest costs	70	59
Costs of the defined benefit plans	**377**	**559**
Effects of changes in demographic assumptions		
Effects of changes in financial assumptions	523	3,012
Effects of experience assumptions	137	–7
(Return) on plan assets (excl. interest income)	180	4
Remeasurements included in other income	**840**	**3,009**
Defined benefit costs	**2,606**	**5,093**

The expected contributions of the employer will not change materially in future years provided the number of insured employees remains stable.

Amounts recognized in the statement of financial position

in thousands CHF, as per 31.12.	2015	2014
Present value of defined benefit obligation	–22,477	–19,907
Fair value of plan assets	16,153	14,141
Pension liability	**–6,324**	**–5,766**

Roll forward of the defined benefit obligation

in thousands CHF	2015	2014
Benefit obligation as per 1.1.	**–19,907**	**–15,787**
Current service costs, net	–253	–500
Interest costs	–264	–366
Contributions from employees	–409	–394
Benefits paid/(funded), net	–1,061	124
Benefits paid/(funded), net from employer	1	11
Translation difference	76	10
Remeasurements		
– Effects of changes in financial assumptions	–523	–3,012
– Effects of experience assumptions	–137	7
Benefit obligation as per 31.12.	**–22,477**	**–19,907**

Roll forward of the present value of plan assets

in thousands CHF	2015	2014
Fair value of plan assets as per 1.1.	**14,141**	**12,962**
Administrative expenses	–54	–54
Interest income	194	361
Employer contributions	591	606
Employee contributions	409	394
Benefits (paid)/funded, net	1,061	–124
Translation difference	–9	0
Income of plan assets	–180	–4
Fair value of plan assets as per 31.12.	**16,153**	**14,141**

Investment categories

in %	2015	2014
Qualified insurance policies	16,153	14,141

* These assets are fully invested by the collective foundation of AXA in qualified insurance policies within AXA

Net defined benefit liability (asset) reconciliation

in thousands CHF	2015	2014
Net defined benefit liability (asset) as per 1.1.	**–5,766**	**–2,824**
Defined benefit costs included in P/L	–377	–559
Total remeasurements included in OCI	–840	–3,009
Employer contributions	591	606
Translation difference	68	20
Net defined benefit liability (asset) as per 31.12.	**–6,324**	**–5,766**

Actuarial assumptions

in %	2015	2014
Discount rate	1.0	1.3
Future salary increases	1.5	1.5
Expected benefit increases	0.0	1.8
Fluctuation rate	10.0	10.0
Mortality probabilities	BVG 2010	BVG 2010

Sensitivities

Discount rate and future salary increases are considered as essential actuarial assumptions. The following effects are expected:

Discount rate	1.03 %	+0.25 %	–0.25 %
Benefit obligation	–22,477	–21,398	–23,478
Rate of salary increase	1.50 %	+0.25 %	–0.25 %
Benefit obligation	–22,477	–22,601	–22,347

Sensitivities are based on likely possible changes as per end of 2015.

6.16 Trade and other accounts payable

in thousands CHF	31.12.2015	31.12.2014
Trade accounts payable to third parties	10,896	13,446
Advances received from customers	14,529	14,746
Total trade accounts payable	**25,425**	**28,192**
Other liabilities	14,342	11,419
Total other accounts payable	**14,342**	**11,419**
Accrued personnel expenses	8,835	8,272
Accrued interest	3	3
Other accrued expenses	7,894	4,390
Total accrued expenses	**16,732**	**12,665**
Total trade and other accounts payable	**56,499**	**52,276**

Advances received from customers mainly relate to larger projects within the product groups Conveyors & Sorters and Pallet & Carton Flow. Other liabilities include VAT and social security related liabilities. Accrued personnel expenses relate to accrued vacation and bonuses.

7 NOTES ON THE CONSOLIDATED INCOME STATEMENT

7.1 Personnel expenses

Details on personnel expenses and number of employees

in thousands CHF	2015	2014
Wages and salaries	87,575	84,420
Social security costs	13,560	13,074
Pension costs (see note 6.15)	1,766	2,084
Other personnel-related costs	1,226	3,004
Equity-based personnel expenses to management personnel	972	925
Total personnel expenses	**105,099**	**103,507**
Thereof production-related personnel expenses	47,923	46,504
Average number of employees	**1,820**	**1,675**

In the period under review 2,043 own shares (2013: 1,769) were attributed to management members as part of their bonus scheme. In the year under review 2,043 shares (2014: 1,769) have been blocked from sale for a period of four to eight years as of grant date. The shares were valuated at the market value of the attribution date.

7.2 Research and development expenditures

These expenses are mostly incurred to further develop and complete the product range of the segments. They are included in personnel and other operational expenses as well as in depreciation on fixed tangible assets. No expenses have been capitalized as the preconditions stated in IAS 38 are not met cumulatively.

The Group incurred the following expenses for research and development during the years under review:

in thousands CHF	2015	2014
Research and development (R&D) expenditures	8,465	8,694
R&D in % of net sales	2.35	2.59

7.3 Other operating expenses

in thousands CHF	2015	2014
Production-related expenses	9,302	9,079
Freight	9,132	8,644
Office, administration and IT services	6,196	6,277
Building costs	4,937	4,932
Traveling and transportation	5,809	5,707
Marketing	3,786	4,673
Consultancy, auditing and insurances	3,778	6,249
Provisions and allowances, net	2,790	1,743
Variable sales costs	2,618	2,599
Non-income taxes	2,065	1,737
Other expenses and services	3,644	3,472
Total other operating expenses	**54,057**	**55,112**

7.4 Other operating income

in thousands CHF	2015	2014
Scrap income and miscellaneous receipts	1,603	8,715
Income from services	263	252
Government grants received	14	14
Loss/(gain) on disposal of tangible and intangible assets	453	197
Realized effects on cash flow hedges	25	
Total other operating income	**2,358**	**9,178**

7.5 Financial result

in thousands CHF	2015	2014
Fair value changes of foreign currency forward contracts	567	–74
Realized translation loss	236	–840
Realized translation expenses	–908	
Interest expenses	–33	–40
Finance expenses	**–138**	**–954**
Realized translation result, net		885
Interest income	74	108
Finance income	**74**	**993**
Finance result, net	**–64**	**39**

7.6 Income tax expense

Components of income tax expense

in thousands CHF	2015	2014
Income taxes relating to the current period	10,844	7,394
Income taxes relating to past periods, net	59	–793
Current income tax expense	**10,903**	**6,601**
Due to temporary differences	–1,503	–1,745
Due to tax rate changes	–34	1,318
Due to (recognition) / use of tax loss carry-forwards	1,093	127
Adjustments to deferred tax assets	–40	109
Other effects (including acquisition)	21	–178
Deferred income tax expense / (income)	**–463**	**–369**
Total income tax expense	**10,440**	**6,232**

Taxes on capital are included in other operating expenses (see note 7.3).

Deferred tax liabilities of CHF 0.2 million (2014: CHF 0.2 million) have not been recognized for withholding and other taxes on the unremitted earnings. Such distributable earnings which are subject to withholding tax are normally left in the respective companies.

Reconciliation of effective tax rate

in thousands CHF	2015	2014
Result before income taxes	**39,743**	**25,420**
Income tax expenses at the expected tax rate of 20.7 % (2014: 20.1 %)	8,239	5,109
(Tax credits) / tax charges on prior years' results, net	59	–793
Effect from deviation to tax rates in Group companies	2,273	–990
Tax rate changes, net	–34	1,318
(Non-taxable income) / non-tax deductible expenses, net	710	707
(use of unrecognized tax losses)/effect of unrecognized tax losses on the current year's result, net	–774	829
(Reversal of) / write-offs on deferred tax assets, net	–32	51
Other effects	–1	1
Effective (total) income tax expense	**10,440**	**6,232**

The income tax expense analysis is based on the expected tax rate for an ordinarily taxed company in Switzerland.

Tax effects on and expiry dates of losses carried forward

in thousands CHF	31.12.2015		31.12.2014	
	not activated	activated	not activated	activated
Expiry				
2016				
2017	30	34	30	
2018	661		662	64
2019	509		510	
2020				
2021 and later	8,292	1,693	10,979	4,468
unlimited	10,921		15,103	406
Total	**20,413**	**1,727**	**27,284**	**4,938**
Tax benefit	6,191	787	8,838	1,906
Thereof unrecognizable	–6,191		–8,838	
Deferred tax assets from carried forward losses		**787**		**1,906**

A tax effect of CHF 1.2 million resulted from new tax losses carried forward of CHF 4.0 million in 2015 (2014: new tax losses of CHF 3.8 million with a tax effect of CHF 1.3 million, whereof CHF 0.3 million were capitalized). During the year under review no tax assets were capitalized.

Deferred tax assets on unused tax losses carried forward and based on temporary differencies are capitalized in case it is probable that such assets can be set off against future taxable profits. Due to the probability to set off current tax losses carried forward against future profits in various subsidiaries, an amount of CHF 0.8 million has been capitalized in 2015 (2013: CHF 1.9 million). Interroll considers the future set off probable based on approved business plans. The majority of non-capitalized deferred tax assets on losses carried foward concern US-based subsidiaries. The applicable tax rate for both years under review is 39 %.

Attribution of deferred tax assets / liabilities to balance sheet items

in thousands CHF	31.12.2015		31.12.2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	799	1,644	1,632	2,018
Property, plant and equipment	1,117	2,482	1,032	2,657
Financial assets		649		286
Inventory	1,291	394	376	670
Benefits of loss carry forwards	787		1,906	
Receivables	181	1,404	96	266
Total assets	**4,175**	**6,573**	**5,042**	**5,897**
Long term debts	139		78	
Provisions	2,371	2,506	1,992	2,917
Short term debts	1,213	65	554	1
Other liabilities	700		13	
Total liabilities	**4,423**	**2,571**	**2,637**	**2,918**
Set-off	–4,639	–4,639	–3,529	–3,529
Total net	**3,959**	**4,505**	**4,150**	**5,286**

Deferred tax assets and deferred tax liabilities are netted within and between companies belonging to the same taxable unit.

8 OTHER DISCLOSURES ON THE FINANCIAL STATEMENTS

8.1 Contingent liabilities and other commitments

In 2015 Interroll Group has committed to guarantees versus third parties in the amount of CHF 0.1 million (2014: CHF 0.3 million). These guarantees are in relation to customer orders. There are no further contingent liabilities in both years under review.

8.2 Related party transactions

Transactions with related parties

		Volume		Open payables	
in thousands CHF	Category	**2015**	**2014**	**31.12.2015**	**31.12.2014**
Purchase of materials	a	310	591	22	15
Consulting services	b		2,122		
IT Investments / IT Services	a	234	206	1	3
Other purchases	a	28	6		
Total purchases		**572**	**2,925**	**23**	**18**

		Volume		Open receivables	
in thousands CHF	Category	**2015**	**2014**	**31.12.2015**	**31.12.2014**
Sale of material	a	188	338	15	38
Other income	b		15		
Total services		**188**	**353**	**15**	**38**

Definition of related parties

Interroll Group defines and categorizes its related parties as follows:

a) Shareholders of Interroll Holding Ltd. holding more than 3 % of the shareholder capital.

b) Members of the Board of Directors of Interroll Holding Ltd. and legal entities that are directly controlled by them.

c) Members of Group Management of Interroll Group and legal entities that are directly controlled by them.

d) Local managing directors as well as people reporting to them (only for substantial transactions).

Total compensation to the Board of Directors

Total compensation in the year 2014 to the Board of Directors of Interroll Holding Ltd. is CHF 0.58 million (2013: 0.54 million). The detailed disclosure on the compensation to and shares owned by the Board of Directors and Group Management required by Swiss law are included in the Compensation Report.

Total compensation to Group Management

in thousands CHF	2015	2014
Salaries incl. bonus	3,708	3,780
Post-employment benefits	566	557
Equity based compensation	1,052	903
Total compensation to the Group Management	**5,326**	**5,240**

In the period under review as well as in the previous year no loans were granted.

The detailed disclosure of the compensation and equities held by the Group Management in line with Swiss law (OR) can be found in the Compensation Report.

8.3 Subsequent events

The consolidated financial statements for the year 2015 were approved by the Board of Directors on 3 March 2016 and are subject to further approval by the Annual General Meeting of the Shareholders on 13 May 2016.

No event has occurred between 31 December 2015 and 3 March 2016 which would require adjustment to the carrying amount of the Group's assets and liabilities as per 31 December 2015, or would require disclosure in accordance with IAS 10.

8.4 Scope of consolidation

Name	Location (country)	Function	Owner	Share capital in 1,000		Ownership in %
Switzerland						
Interroll Holding AG	Sant'Antonino (CH)	F	0	CHF	854.0	
Interroll SA	Sant'Antonino (CH)	P	HD	CHF	100.0	100%
Interroll (Schweiz) AG	Sant'Antonino (CH)	F	HD	CHF	5,000.0	100%
Interroll Management AG	Sant'Antonino (CH)	F	HD	CHF	100.0	100%
EMEA (without Switzerland)						
Interroll Fördertechnik GmbH	Wermelskirchen (DE)	S	DP	EUR	25.6	100%
Interroll Engineering GmbH	Wermelskirchen (DE)	P	DHO	EUR	1,662.2	100%
Interroll Automation GmbH	Sinsheim (DE)	P	DHO	EUR	2,000.0	100%
Interroll Holding GmbH	Wermelskirchen (DE)	F	HD	EUR	500.0	100%
Interroll GmbH	Wermelskirchen (DE)	D	HD	EUR	25.0	100%
Interroll Trommelmotoren GmbH	Baal/Hückelhoven (DE)	P	DHO	EUR	77.0	100%
Interroll SAS	Saint-Pol-de-Léon (FR)	F	HDE	EUR	2,808.0	100%
Interroll SAS	La Roche sur Yon (FR)	P	F	EUR	2,660.0	100%
Interroll SAS	Saint-Pol-de-Léon (FR)	S	F	EUR	61.0	100%
Interroll Nordic AS	Hvidovre (DK)	S	DKP	EUR	67.1	100%
Interroll Joki AS, Hvidovre	Hvidovre (DK)	P	HD	EUR	2,013.8	100%
Interroll Ltd.	Kettering (GB)	S	HDE	GBP	0.0	100%
Interroll Engineering Ltd.	Corby (GB)	D	HDE	GBP	0.1	100%
Interroll Italia Srl	Rho (IT)	S	HDE	EUR	10.0	100%
Interroll España SA	Cerdanyola del Vallès (ES)	S	HDE/TI	EUR	600.0	100%
Interroll CZ sro.	Breclav (CZ)	S	HDE	CZK	1,000.0	100%
Interroll Europe BV	Emmeloord (NL)	F	HD	EUR	90.8	100%
Interroll Polska Sp. z o.o.	Warszaw (PL)	S	HD	PLZ	100.0	100%
Interroll Lojistik Sistemleri	Istanbul (TR)	S	HD	TRY	1,000.0	100%
Interroll SA (Proprietary) Ltd.	Johannesburg (ZA)	S	HD	ZAR	0.3	100%
Americas						
Interroll Corporation	Wilmington, NC (US)	P/S	IAU	USD	65.0	100%
Interroll USA Holding, LLC	Wilmington, DE (US)	F	HD	USD	0.1	100%
Interroll Engineering West, Inc.	Cañon City, CO (US)	P/S	HDP	USD	0.0	100%
Interroll Atlanta, LLC	Hiram/Atlanta, GA (US)	P/S	IAU	USD	0.0	100%
Interroll Real Estate, LLC	Wilmington, DE (US)	F	IAU	USD	0.0	100%
Interroll Canada Ltd.	Aurora (CA)	P/S	HD	CAD	1,720.1	100%
Interroll Logistica Ltda.	Jaguariuna/S. Paolo (BR)	P/S	E	BRL	9,049.7	100%

Name	Location (country)	Function	Owner	Share capital in 1,000		Ownership in %
Asia-Pacific						
Interroll (Asia) Pte. Ltd.	Singapore (SG)	S	HDE	SGD	18,625.0	100 %
Interroll Suzhou Co. Ltd.	Suzhou (CN)	P/S	SGP	CNY	42,490.2	100 %
Interroll Holding Management (Shanghai) Co. Ltd.	Shanghai (CN)	S	SGP	CNY	3,066.5	100 %
Interroll Shenzhen Co. Ltd.	Shenzhen (CN)	P	SGP	CNY	5,770.0	100 %
Portec Asia Limited	Hong Kong (CN)	S	SGP	HKD	700.0	100 %
Interroll Australia Pty. Ltd.	Victoria (AU)	S	HD	AUD	51.2	100 %
Interroll (Thailand) Co. Ltd.	Panthong (TH)	P/S	SGP/HD	THB	100,000.0	100 %
Interroll Japan Co. Ltd.	Tokyo (JP)	S	HD	JPY	10,000.0	100 %
Interroll (Korea) Corporation	Seoul (KR)	P/S	SGP/HD	KRW	1,500,000.0	100 %

Function: P = Production, S = Sales, F = Finance, D = dormant
Owner: HD = Interroll Holding Ltd., HDE = Interroll Europe BV, TI = Interroll SA, DHO = Interroll Holding GmbH, DKP = Interroll Joki AS, F = Interroll SAS, Saint-Pol-de-Léon, E = Interroll España SA, SGP = Interroll (Asia) Pte. Ltd., Singapore, IAU = Interroll USA Holding LLC

Movements within the scope of consolidation in 2015

During the year under review the share capital of the Interroll Holding AG was reduced from CHF 8.5 million to CHF 0.854 million. Portec International Ltd. in Leicester (UK) was liquidated. Portec Group International, Inc. in Cañon City (US) was merged down into Interroll Engineering West, Inc. Furthermore, Interroll Dynamic, Inc. (US) changed its name to Interroll Real Estate, Inc. and moved its legal location to Wilmington, DE (US).

Movements within the scope of consolidation in 2014

In Shanghai, China Interroll Holding Management (Shanghai) Co. Ltd. was started up. Furthermore, in 2014 a 40 % minority stake into Portec Asia Limited in Hong Kong, China, and 100 % of the shares of Pert Engineering Limited in Shenzhen, China, were bought. Pert Engineering Limited subsequently changed its name to Interroll Shenzhen Co. Ltd. Portec Asia Limited in Hong Kong is now held by Interroll (Asia) Pte. Ltd. in Singapore, Singapore (2013: Portec Group International in Cañon City, US). In 2014 the share capital of Interroll Logistica Ltda in Brazil was increased by BRL 8,050 from BRL 1,000 to BRL 9,050. Interroll Automation LLC, formerly located in Jeffersonville, IN trades now under the name Interroll USA Holding LLC and is registered in Wilmington, DE, USA, as a holding company.

9 REPORT OF THE STATUTORY AUDITOR

Report of the statutory auditor to the Annual General Meeting on the consolidated financial statements 2015

Report of the statutory auditor on the consolidated financial statements
As statutory auditor, we have audited the consolidated financial statements of INTERROLL HOLDING LTD, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 60 to 109), for the year ended 31 December 2015.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) 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 consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Remo Zenegaglia

Zürich, 3 March 2016

FINANCIAL STATEMENTS OF INTERROLL HOLDING LTD.

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1 FINANCIAL STATEMENTS OF INTERROLL HOLDING LTD.

1.1 Balance sheet

in thousands CHF	see notes*	31.12.2015	31.12.2014
ASSETS			
Cash and cash equivalents		592	1,141
Accounts receivable from subsidiaries		1,144	1,268
Other receivables from third parties		126	197
Total current assets		**1,862**	**2,606**
Investments		106,957	106,957
Loans to subsidiaries	3.3	39,757	9,615
Total non-current assets		**146,714**	**116,572**
Total assets		**148,576**	**119,178**
EQUITY AND LIABILITIES			
Trade and other accounts payable from subsidiaries		337	264
Trade and other accounts payable from third parties		43	77
Loans from subsidiaries	3.4		1,648
Accrued expenses		1,887	1,069
Total current liabilities		**2,267**	**3,058**
Total non-current liabilities			
Share capital	3.5	854	8,540
Legal reserve			
– Share premium		8	8
– Other legal reserve		5,209	5,209
– Available earnings		141,861	104,371
Own shares	3.1	–1,623	–2,008
Total shareholder's equity		**146,309**	**116,120**
Total liabilities and equity		**148,576**	**119,178**

* See notes to the financial statements.

1.2 Income statement

in thousands CHF	2015	2014
Investment income	37,534	520
Royalty income	3,524	3,165
Other operating income	1,333	1,334
Financial income	1,431	1,396
Total income	**43,822**	**6,415**
Administration expenses	–468	–504
Personnel expenses	–1,886	–1,877
Other operating expenses	–1,510	–1,236
Financial expenses	–2,468	–749
Total expenses	**–6,332**	**–4,366**
Result before income taxes	**37,490**	**2,049**
Direct taxes		
Result	**37,490**	**2,049**

1.3 Statement of changes in equity

in thousands CHF	Share capital	Reserves from capital contrib.	Legal reserve	Available earnings	Own shares	Total
As of 1.1.2014	**8,540**	**7,501**	**5,209**	**102,322**	**–1,641**	**121,931**
Result 2014				2,049		**2,049**
Distribution from approbration from capital contributions		–7,493				**–7,493**
Change of balance for own shares					–367	**–367**
Per 31.12.2014	**8,540**	**8**	**5,209**	**104,371**	**–2,008**	**116,120**
Result 2015				37,490		**37,490**
Distribution from face value reduction	–7,686					**–7,686**
Change of balance for own shares					385	**385**
Per 31.12.2015	**854**	**8**	**5,209**	**141,861**	**–1,623**	**146,309**

2 GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

2.1 Accounting Policies

Accounting law
These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). To allow comparison previous year figures of the balance sheet and profit and loss statement were restated to align with the new classification regulation.

In particular following positions changed:
Own shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. The reserve for own shares was dissolved accordingly and assigned to the opening balance as per 01.01.2014 of the position available earnings.

Alike the provisions for investments already existing in the previous year are now contained in the position investments.

Current / Non-current distinction
Current assets are assets expected to be realized or consumed in the normal course of the Company's operating cycle or assets held for trading purposes. All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Company's operating cycle or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Foreign currency translation
Transactions in foreign currencies are recorded using exchange rates prevailing at the time of the transaction. Gains or losses arising on settlement of these transactions are included in the current year's income under financial income and financial expenses respectively. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the balance sheet date. Any gains or losses resulting from this translation are also included in the current year's income, except for unrealized gains which are deferred.

Foregoing a cash flow statement and additional disclosures in the notes
As Holding Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

2.2 Principles of valuation

Cash and cash equivalents, accounts receivable and payable
Cash and cash equivalents are stated at nominal value. Accounts receivable are stated at nominal value less any valuation adjustment for credit risks. Accounts payable are stated at nominal value. Accounts receivable from Group companies arise from services provided by Interroll Holding Ltd. and related interest and royalties billed. These services are recognized on an accrual basis.

Own shares
Own shares are stated at the lower of cost and fair value.

Loans
Non-current loans receivable are stated at nominal value less any valuation adjustments deemed necessary to reflect the credit risk. Non-current loans payable are stated at nominal value.

Investments
Investments are stated at cost less any valuation adjustments deemed necessary to recognize a decline other than temporary in value (impairment). Additional provisions are recognized for general investment risks.

Accrued expenses
Accrued expenses primarily relate to interest due on loans payable stated at nominal value and to accruals for the compensation of the Board of Directors.

3 NOTES ON THE FINANCIAL STATEMENTS

3.1 Own shares

Shares sold, acquired and held in the periods under review
In the year under review, the Company did sell 502 own shares at an average price of CHF 800.44 (previous year: the Company did not sell any own shares). In the year under review, the Company did acquire 1,360 shares (previous year: 2,090 shares). At year end 2015, the Company held 2,985 own shares at a book value of CHF 1.6 million (2014: 4,170 own shares at a book value of CHF 2.0 million).

Attribution of own shares to employees
2,043 shares (previous year: 1,769 shares) at a carrying value of CHF 1.0 million (previous year: CHF 0.9 million) were attributed to employees.

3.2 Investments

An overview of the material investments either directly or indirectly held by Interroll Holding Ltd. can be found in the notes on the consolidated statements of the Interroll Group (see 8.4 "Scope of consolidation").

3.3 Loans to subsidiaries

The interest rates used were the following:	lowest	highest
In the year 2015	0.00 %	3.50 %
In the year 2014	0.00 %	4.50 %

The loans due to subsidiaries are normally redeemable with a notification period of three months. As of year end, the total outstanding group loans amounted to CHF 39.8 million (2014: CHF 9.6 million). For loans amounting to CHF 2.8 million (previous year: CHF 2.8 million) a valuation allowed has been accounted for.

3.4 Loans from subsidiaries

The following interest rates were used:	lowest	highest
In the year 2015	0.25 %	0.25 %
In the year 2014	1.50 %	4.50 %

The loans due from subsidiaries are normally redeemable with a notification period of three months. As of year end 2015, the total outstanding group loans amounted to CHF 0.0 million (2014: CHF 1.6 million).

3.5 Shareholders' equity

Composition of the share capital
The share capital consists of 854,000 fully paid-in registered shares with a par value of CHF 1 each (previous year: CHF 10). Each share entitles to equal dividend and voting rights.

Significant shareholders (at least 3% of the share capital)
The following table shows the number of shares held by the most significant shareholders as well as their participation in percent.

	31.12.2015		31.12.2014	
Shareholder/Shareholder Group	Number of shares	participation in %	Number of shares	participation in %
B. Ghisalberti, E. Moreschi and Family	109,213	12.79	11,1243	13.03
D. Specht and Family	82,340	9.64	86,695	10.15
Allianz Group	50,084	5.86	50,084	5.86
Schroders PLC	43,833	5.13	43,833	5.13
Kempen European Participations N.V.	43,554	5.10	43,554	5.10
Sarasin Investmentfonds AG	40,150	4.70	66,850	7.83
N. Axmann and Family	39,017	4.57	39,017	4.57
Swisscanto Fondsleitung AG	34,371	4.02	0	0.00
Various other shareholders	411,438	48.19	412,724	48.33
Total	**854,000**	**100.00**	**854,000**	**100.00**

3.6 Contingent liabilities

Interroll Holding Ltd. has issued a guarantee for an existing shared credit facility in the amount of CHF 42 million (previous year: CHF 42 million) in favor of Interroll (Schweiz) AG. The credit facility was not utilized on 31 December 2015.

In addition, payment guarantees of CHF 0.4 million (previous year: CHF 0.0 million) were made to customers.

In addition, Interroll Holding Ltd. issued letters of continuing financial support in favor of the following Group companies:

Country	Company
Germany	Interroll Automation GmbH, Sinsheim (DE)
France	Interroll SAS La Roche sur Yon (FR)
Switzerland	Interroll (Schweiz) AG, Sant'Antonino (CH)
Canada	Interroll Canada Ltd., Aurora (CA)

Interroll Holding Ltd. carries joint liability with respect to the federal tax authorities for value added tax debts of all Swiss subsidiaries.

4 OTHER DISCLOSURES ACCORDING TO SWISS LAW

4.1 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous Year is zero.

4.2 Compensation of and shares held by the Board of Directors and the Group Management

The compensation of the members of the Board of Directors and the Group Management as well as the shares and options held by the members of the Board of Directors at year end are disclosed in the Compensation Report in accordance with VegüV and the Swiss Code of Obligations 663c (see Compensation Report, pages 51 to 58).

4.3 Shares held by Group Management

Shares as of 31.12.

	2015	2014
Paul Zumbühl	18,598	17,268
Tim McGill	3,205	3,003
Dr. Christoph Reinkemeier	516	390
Dr. Ralf Garlichs	390	350
Daniel Bättig	329	147
Dr. Ben Xia	161	
Jens Karolyi	104	83
Total	**23,303**	**21,241**

5 PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

Appropriation of available earnings

in thousands CHF	2015	2014
Result	37,490	2,049
Available earnings carried over from previous year	104,371	102,322
	141,861	**104,371**
Distribution of a dividend of	10,248	
to be carried forward	131,613	
	141,861	

The Board of Directors proposes to the General Assembly as of 13 May 2016 to appropriate the available earnings as per end of the year under review as follows:

Proposed dividend payment

The Board of Directors proposes to the General Assembly to pay a dividend in the amount of CHF 12.00 per share. In total a maximum of CHF 10.2 million is proposed to be paid out. In the previous year a reduction in nominal value of the Interroll share in the amount of CHF 9.00 or a total of CHF 7.7 million was paid out. If the dividend is approved, the respective payment will be processed in the second quarter of 2016.

pwc

6 REPORT OF THE STATUTORY AUDITOR

Report of the statutory auditor to the General Meeting on the financial statements 2015

Report of the statutory auditor on the financial statements
As statutory auditor, we have audited the financial statements of INTERROLL HOLDING LTD, which comprise the balance sheet, income statement and notes (pages 114 to 119), for the year ended 31 December 2015.

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

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

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

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

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

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Remo Zenegaglia

Zürich, 3 March 2016

FINANCIAL CALENDAR 2016

Preliminary Financial Figures 2015 (unaudited)	22 January
Publication Annual Report 2015 and Balance Sheet Press Conference	18 March
Annual General Assembly	13 May
Publication Half-Year Report 2016 and Web Conference (English)	5 August

CONTACT UND IMPRINT
If you have any questions regarding Interroll Group or would like to be included in our distribution list please contact the Investor Relations Team:

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NOTE ON THE ANNUAL REPORT

This annual report is also available in German. If there are differences between the two, the German version takes priority.

NOTE ON ROUNDING

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

FORWARD-LOOKING STATEMENTS

This annual report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not in the future take place or be fulfilled as expected. The company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of the Interroll Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for the Interroll Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this annual report, no guarantee can be given that this will continue to be the case in the future.

Interroll Holding Ltd.
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