Financial Report

Consolidated financial statements

Balance sheet

in CHF 1 000	Note	12.31.2015	12.31.2014
Cash and cash equivalents	4	67 687	92 345
Securities	5	159	21
Trade accounts receivable	6	67 521	67 333
Income tax receivable		674	717
Other accounts receivable and accruals	7	7 819	7 742
Inventories	8	80 682	78 077
Current assets		**224 542**	**246 235**
Property, plant and equipment	9	172 398	159 704
Intangible assets	10	12 309	12 933
Financial assets	5	983	1 072
Deferred tax assets	11	2 809	4 570
Non-current assets		**188 499**	**178 279**
Assets		**413 041**	**424 514**
Current financial liabilities	12		20 000
Trade accounts payable	13	13 774	14 850
Income tax payable		2 080	4 550
Other liabilities and deferrals	14	31 616	33 426
Current liabilities		**47 470**	**72 826**
Deferred tax liabilities	11	10 000	10 381
Provisions	15	6 067	6 275
Post-employment benefits	16	12 548	18 113
Non-current liabilities		**28 615**	**34 769**
Liabilities		**76 085**	**107 595**
Share capital	17	615	615
Treasury shares	17	–536	–564
Capital reserves	17	22 222	22 184
Retained earnings	17	314 655	294 684
Shareholders' equity		**336 956**	**316 919**
Liabilities and shareholders' equity		**413 041**	**424 514**

Consolidated financial statements

Income statement

in CHF 1 000	Note	2015	%*	2014	%*
Net sales	18	493 299	100.0	493 919	100.0
Other operating income	19	2 044	0.4	893	0.2
Material expenses		–206 648	–41.9	–205 243	–41.6
Personnel expenses	20	–139 573	–28.3	–132 136	–26.8
Other operating expenses	21	–53 304	–10.8	–57 831	–11.7
Depreciation and amortization	9, 10	–21 188	–4.3	–18 352	–3.7
Operating income (EBIT)		**74 630**	**15.1**	**81 250**	**16.5**
Financial income	22	540	0.1	2 532	0.5
Financial expenses	22	–7 664	–1.6	–2 026	–0.4
Financial result		**–7 124**	**–1.4**	**506**	**0.1**
Income before taxes (EBT)		**67 506**	**13.7**	**81 756**	**16.6**
Income taxes	23	–11 277	–2.3	–14 563	–2.9
Net income		**56 229**	**11.4**	**67 193**	**13.6**
Attributable to shareholders of BELIMO Holding AG		56 229	11.4	67 193	13.6
Earnings per share in CHF	24	**91.52**		**109.52**	

There are no options or other instruments that could cause dilution.

* in percent of net sales

Statement of comprehensive income

in CHF 1 000	Note	2015		2014	
Net income		**56 229**		**67 193**	
Translation differences		–1 553		7 440	
Items to be reclassified subsequently to the income statement		**–1 553**		**7 440**	
Revaluation of post-employment benefits	16	6 217		–16 429	
Tax effect	11	–987		2 419	
Items not to be reclassified subsequently to the income statement		**5 231**		**–14 010**	
Other comprehensive income after taxes		**3 678**		**–6 570**	
Total comprehensive income		**59 907**		**60 623**	
Attributable to shareholders of BELIMO Holding AG		59 907		60 623	

Statement of changes in equity

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Translation differences	Other retained earnings	Total retained earnings	Share-holders' equity
As at January 1, 2014	**615**	**–3 856**	**16 733**	–8 610	282 579	**273 969**	**287 461**
Translation differences				7 440		7 440	7 440
Revaluation of post-employment benefits					–16 429	–16 429	–16 429
Tax effect					2 419	2 419	2 419
Other comprehensive income after taxes				7 440	–14 010	**–6 570**	**–6 570**
Net income					67 193	67 193	67 193
Total comprehensive income				7 440	53 183	**60 623**	**60 623**
Purchase of treasury shares		–37					–37
Sale of treasury shares		3 328	5 451				8 779
Dividends					–39 908	–39 908	–39 908
As at December 31, 2014	**615**	**–564**	**22 184**	–1 170	295 854	**294 684**	**316 919**
Translation differences				–1 553		–1 553	–1 553
Revaluation of post-employment benefits					6 217	6 217	6 217
Tax effect					–987	–987	–987
Other comprehensive income after taxes				–1 553	5 231	**3 678**	**3 678**
Net income					56 229	56 229	56 229
Total comprehensive income				–1 553	61 460	**59 907**	**59 907**
Sale of treasury shares		28	38				66
Dividends					–39 936	–39 936	–39 936
As at December 31, 2015	**615**	**–536**	**22 222**	–2 723	317 378	**314 655**	**336 956**

Cash flow statement

in CHF 1 000	Note	2015	2014
Net income		56 229	67 193
Income taxes	23	11 277	14 563
Interest result	22	457	–62
Depreciation of property, plant and equipment	9	16 597	13 458
Amortization of intangible assets	10	4 591	4 894
Income from the sale of property, plant and equipment	9	–228	–185
Other non-cash items		–110	–292
Change in accounts receivable and other current assets		103	–10 240
Change in inventories		–3 291	–8 602
Change in accounts payable and other current liabilities		–1 830	9 521
Change in provisions	15	–178	–4
Income tax paid		–13 246	–16 165
Cash flow from operating activities		**70 371**	**74 080**
Investments in property, plant and equipment	9	–29 434	–53 126
Investments in intangible assets	10	–4 597	–2 015
Sale/(Purchase) of financial assets and securities		57	–131
Sale of property, plant and equipment		261	230
Interest received	22	380	717
Payment of residual purchase price for acquisition from earlier periods	2		–1 208
Cash flow from investing activities		**–33 333**	**–55 534**
Purchase of treasury shares	17		–37
Sale of treasury shares	17	66	8 779
Dividend distribution	17	–39 936	–39 908
Interest paid		–695	–730
Repayment of current financial liabilities	12	–20 000	
Cash flow from financing activities		**–60 565**	**–31 896**
Translation differences arising from cash and cash equivalents		–1 131	1 213
Net cash decrease		**–24 658**	**–12 137**
Cash and cash equivalents at beginning of period		92 345	104 482
Cash and cash equivalents at end of period	4	**67 687**	**92 345**

Notes to the consolidated financial statements

1 Group accounting principles

1.1 General

The Belimo Group (hereinafter referred to as “Belimo” or “the Group”) is a leading global manufacturer of innovative electrical actuator solutions and valve systems for heating, ventilation and air conditioning systems. The shares of BELIMO Holding AG have been traded on the SIX Swiss Exchange Ltd. since 1995 (BEAN). The registered office is in Hinwil, Switzerland. The balance sheet date for BELIMO Holding AG and all of its subsidiaries and for the consolidated financial statements is December 31, 2015.

1.2 Declaration of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

1.3 Basis of preparation

The consolidated financial statements have been prepared in Swiss francs (CHF) and are rounded to the nearest thousand. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount. The consolidated financial statements are based on the acquisition cost method, with the exception of the following assets and liabilities which are stated at fair value: derivative financial instruments and securities held for trading.

The presentation of accounts in accordance with IFRS requires that management make estimates and assumptions and exercise discretion in applying accounting principles. This may influence the income, expenses, assets, liabilities and contingent liabilities as reported at the balance sheet date. In the event that such estimates and assumptions made in good faith by management at the time at which the accounts are prepared subsequently differ from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period during which the circumstances change.

Material assumptions made by the management in applying IFRS that have a material impact on the consolidated financial statements, and estimates where there is a considerable risk of material adjustments being required in the following year, are set out in note 29 Material estimates and assumptions.

1.4 Change in presentation of income statement

Belimo re-assessed the presentation of the consolidated income statement and has implemented certain reclassifications. The changes in inventory which have been presented as a separate line item in the past are now included in material expenses. The cost of inventories mainly comprises material costs and only to a minor extent other cost components. The amount of the net change in finished goods is disclosed in note 8 Inventories. Due to materiality reasons capitalized own services are presented within other operating income and not as a separate line item anymore. The prior year figures have been restated.

1.5 Changes to accounting principles

The introduction of the amended standards and interpretations had no material influence on the consolidated financial statements.

The following new and revised standards and interpretations were approved but have not yet entered into force and have not been applied to these consolidated financial statements early.

The impact of the new and revised standards on the consolidated financial statements of Belimo has not yet been systematically analyzed. This means that the expected impact as disclosed at the bottom of the following table merely represents an initial assessment on the part of the Group Executive Committee.

Standard		Entry into force	Planned application
New standards			
IFRS 15 Revenue from Contracts with Customers	***	1.1.2018	2018
IFRS 9 Financial Instruments	***	1.1.2018	2018
Amendments of standards			
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	*	1.1.2016	2016
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	*	1.1.2016	2016
Annual Improvements to IFRSs 2012 – 2014 Cycle	**	1.1.2016	2016
IAS 1: Disclosure Initiative	**	1.1.2016	2016

* No or no significant impact is expected on Belimo’s consolidated financial statements.
** Primarily changes in presentation and additional disclosures in Belimo’s consolidated financial statements are expected.
*** The effects on Belimo’s consolidated financial statements cannot yet be predicted with sufficient certainty.

1.6 Consolidation methods

1.6.1 Scope of consolidation

The consolidated financial statements cover all companies that are controlled either directly or indirectly by BELIMO Holding AG. Control over a company is deemed to exist if Belimo is subject to fluctuating returns as a result of its exposure to the company or where it holds rights to this company and is able to influence these returns by exercising its power of control over the company. These companies are fully consolidated.

Group companies that are acquired or sold during the course of the year are consolidated with effect from the date on which control is assumed and deconsolidated affecting net income from the date on which control is relinquished.

1.6.2 Acquisition accounting

The consolidation of capital at the time of acquisition is based on the acquisition method. The purchase price of an acquisition is calculated from the sum of the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. Pre-existing relationships are effectively settled with the acquisition and are therefore measured separately with the purchase method. Transaction costs incurred in connection with an acquisition are recognized in net income. Goodwill from an acquisition is recognized as an asset. It corresponds to the excess of the sum of the purchase price, share of non-controlling interests in the acquiree and the fair value of the equity share previously held, less the balance of the assets, liabilities and contingent liabilities measured at fair value. For each transaction, there is a choice of how to measure non-controlling interests. They can be measured either at fair value or at the share of non-controlling interests in the fair value of the net assets acquired. In the event of negative goodwill, the remaining surplus is recognized in income as soon as the fair value of the net assets acquired has been reassessed. Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it might be impaired.

1.6.3 Eliminations

Assets, liabilities, income and expenses are recognized on a one hundred percent basis using the full consolidation method. Intercompany expenses and income and intercompany receivables and payables are offset against each other. Any interim profits earned on intercompany transactions are eliminated, affecting net income. Unrealized losses on intercompany transactions are similarly eliminated, unless there is proof of impairment.

1.7 Currency translation

1.7.1 Transactions in foreign currency

Transactions effected in a foreign currency are translated into the functional currency at the rate on the date of the transaction. Monetary assets and liabilities held in foreign currencies are translated into the functional currency at the rate on the balance sheet date. Any exchange gains or losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities valued at historical cost are translated using the exchange rate at the time of the transaction.

1.7.2 Foreign Group companies

Financial statements of foreign Group companies denominated in foreign currencies are translated into Swiss francs as follows: for the balance sheet, at the exchange rates applicable on the balance sheet date; for the income statement, the statement of comprehensive income and the cash flow statement, at the average exchange rate. Any translation differences arising from the different translation of the balance sheets, income statements and the statements of comprehensive income are offset directly against retained earnings with no effect on net income. This similarly applies to loans that meet the definition of equity. The cumulative translation differences are transferred to the income statement at the time of the loss of control over the Group company.

1.8 Derivative financial instruments

Derivative financial instruments are initially recognized and measured at fair value. Subsequent measurement is also at fair value, with any resulting gains or losses being posted to the financial result.

The fair value of forward exchange contracts is the stock market price on the balance sheet date or the net present value of the forward contract.

1.9 Property, plant and equipment

1.9.1 Measurement of property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet at purchasing or production cost less cumulative depreciation and any impairments.

Components of property, plant and equipment with varying useful lives are carried and depreciated separately.

1.9.2 Leasing of property, plant and equipment

Property, plant and equipment that is financed with long-term leasing agreements is carried in the balance sheet if the risks and rewards associated with ownership essentially pass to Belimo upon the signing of the agreement.

Measurement is at the lower of fair value and the net present value of the minimum lease payments less cumulative depreciation and any impairments.

1.9.3 Subsequent expenses

Subsequent investments are included in the carrying amount of an item of property, plant and equipment if it can be expected that Belimo will derive economic benefits from them in future. Actual maintenance and repair costs are charged to net income.

1.9.4 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the period of the estimated useful life, or leasing term if shorter. Land is not depreciated. The estimated useful lives are defined for the Group as follows:

Administrative and production buildings (using the component approach: buildings contain components with differing useful lives and these are depreciated accordingly over 10, 15, 25, 50 or 60 years)	10 – 60 years
Furniture and fixtures, workshop and warehouse facilities	5 – 10 years
Motor vehicles, office machinery and IT equipment	2 – 5 years
Leasehold improvements	5 – 10 years
Transportation equipment, tools and machinery	5 – 9 years
Tools at suppliers and testing equipment	3 – 5 years

The presumed residual value, if not immaterial, is reviewed annually.

1.10 Intangible assets

The Group's intangible assets comprise purchased software, non-contractual customer relationships that have been acquired, as well as internally generated intangible assets.

1.10.1 Goodwill

Goodwill is carried at acquisition cost less any impairment. Goodwill is allocated to the cash-generating units and is not amortized but tested for impairment on an annual basis (see 1.15 Impairment test).

1.10.2 Research and development

Research costs incurred for the acquisition of new basic or technological knowledge and understanding are charged to net income.

Development costs incurred to obtain new or significantly improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is likely that there will be some future economic benefit. In addition, the Group must intend and have sufficient resources available to complete the implementation and use or sell the asset. Development projects are managed based on a standard process and their feasibility is continually monitored. The process involves various phases and different milestones. Development projects can be interrupted at any time if the continuation of the project, its feasibility or economic benefit is deemed to be unrealistic. Capitalized development costs include material costs, direct labor costs and directly attributable general overheads, if they are attributable to preparing the asset for use. Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs of projects that have not yet been completed are not amortized but subject to an annual impairment test.

The capitalized costs are included in internally generated intangible assets (see 10 Intangible assets).

Other development costs are charged as expenses in the income statement. Capitalized development costs are carried at cost less accumulated amortization and impairments (see 1.15 Impairment test).

1.10.3 Other intangible assets

Other intangible assets are carried at cost less accumulated amortization and impairments (see 1.15 Impairment test).

1.10.4 Subsequent expenses

Subsequent investments are capitalized if it is likely that the future economic benefit will increase. All other expenses are charged directly to income at the time at which they are incurred.

1.10.5 Amortization

Intangible assets are amortized on a straight-line basis over their estimated useful life, unless this period is indeterminate. Goodwill and intangible assets with an indeterminate useful life are not amortized but subject to an annual impairment test. Intangible assets with a determinable useful life are amortized from the time at which they become available for use.

The estimated useful life for software and internally generated intangible assets is two to five years, for customer relationships between three and nine years.

Belimo currently has no intangible assets with an indeterminate useful life.

1.11 Securities

Securities held for trading form part of current assets and are measured at fair value, with any change in value being recognized in the financial result. The fair value of securities held for trading is the market price as of the balance sheet date. Ongoing buy and sell transactions are recognized on the basis of the trade date, not the settlement date.

1.12 Accounts receivable

Accounts receivable are carried at their amortized historical cost which is generally their nominal value less any allowances for accounts receivable that cannot be collected.

The recoverable amount of accounts receivable corresponds to the net present value of the estimated future cash flows.

The allowance is made up of individual allowances for specifically identified items for which there are objective indications that the outstanding amount will not be received in full, as well as general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the estimation of the Group Executive Committee, will occur but are not yet known. General allowances are based on historical data on the receivables' payment statistics.

As soon as there are sufficient indications that an account receivable will definitely not be paid, the receivable is charged off directly or offset against the individual allowance created for this purpose.

Impairments relating to accounts receivable are reversed if the increase in the recoverable amount can be attributed to an incident that occurred in a period following recognition of the impairment loss.

1.13 Inventories

Inventory items are carried at the lower of cost of acquisition or production or net realizable value. The net realizable value is the expected average selling price less expected completion costs and costs to sell.

Purchased products are measured at cost of acquisition, self-made products at cost of production. These latter costs include direct material and production costs and directly attributable overhead expenses. The overhead production expenses are calculated on the basis of normal production capacities. Inventories are measured on the basis of moving average prices.

1.14 Cash and cash equivalents

Cash and cash equivalents are stated at their nominal value. These consist of cash, postal and bank balances and term deposits with a term of up to three months as from the acquisition date.

1.15 Impairment test

1.15.1 Approach

The carrying amounts of property, plant and equipment as well as intangible assets are assessed at least once per year. If there are indications of a permanent loss in value, a calculation of the recoverable amount is carried out.

In the case of goodwill, other intangible assets with an indeterminate useful life and intangible assets that are not yet available for use, the recoverable amount is calculated annually, even in the absence of any indication in a loss in value.

If the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount, the value is adjusted affecting net income.

Value adjustments relating to a cash-generating unit or a group of cash-generating units are carried out first on goodwill and then pro rata on the other assets in the cash-generating unit or group.

1.15.2 Calculation of recoverable amount

The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects the risks specific to the asset. If an asset does not generate any cash flows that are predominately independent, the recoverable amount is determined for the cash-generating unit to which that asset belongs.

1.15.3 Reversal of an impairment

There is no reversal of impairment for goodwill. Impairments on other assets are reversed if the estimates used to calculate the recoverable amount have changed, and if the impairment has been reduced or no longer exists.

The increase in the carrying amount is limited to the amount that would have resulted had no impairment been recognized for the asset in the previous years.

1.16 Shareholders' equity

1.16.1 Share capital

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee.

1.16.2 Treasury shares

Shares repurchased (purchase price and directly attributable transaction costs) are classed as treasury shares and deducted as a negative item from equity.

1.16.3 Dividends

Dividends are reported as liabilities as soon as they are approved by the Annual General Meeting.

1.17 Financial liabilities

Financial liabilities are carried upon initial recognition at fair value less directly attributable transaction costs. Subsequent recognition is at amortized cost, and any differences between the carrying amount and the repayment amount are recognized in the financial result using the effective interest method over the period during which the borrowed funds are utilized.

1.18 Post-employment benefits

1.18.1 Defined contribution plans

In the case of defined contribution plans, the expenses recognized in the income statement correspond to the contributions paid by the employer.

1.18.2 Defined benefit plans

The present value of the defined benefit obligation and the fair value of the plan assets are determined annually by independent insurance experts for each plan and are carried as a net pension liability. The present value of the defined benefit obligation is calculated using the projected unit credit method. The discount rate is based on the interest rate of prime corporate bonds with maturities approximating to the terms of the related defined benefit obligation.

In the post-employment benefit expenses, current service costs (service costs in the period under review) and past service costs (gains/losses from plan changes and curtailments) are charged to net income immediately. The net interest result (multiplication of the net pension liability with the discount rate) is recognized in the financial result. The revaluation of post-employment benefits (actuarial gains and losses on the defined benefit obligation and income on the plan assets, if not already taken into account in the interest component) is recognized immediately in other comprehensive income with no effect on net income.

1.19 Provisions

Provisions are made if as a result of a prior event the Group has a present obligation, an outflow of funds is likely and the amount can be reliably determined. Provisions are discounted if the effect is material.

1.20 Trade accounts payable and other current liabilities

These liabilities are carried at their amortized cost, generally their nominal value.

1.21 Sales and realization of revenue

Sales are recognized after the deduction of sales tax, credits for returns and discounts at the time at which the risks and rewards arising from the goods sold pass to the client. Normally sales are realized at the time of delivery, as defined in the general terms and conditions and in compliance with generally accepted Incoterms.

1.22 Financial result

The financial result is composed primarily of interest expenses on borrowed capital based on the effective interest method, interest income, dividend income, foreign currency gains and losses and gains and losses on hedging instruments.

Interest income is recognized in accordance with the effective interest method through the income statement. Dividend income is recognized in income on the due date.

1.23 Leasing

Payments for operating leases are charged directly to income on a straight-line basis over the lease term.

1.24 Income taxes

Income taxes include current and deferred income taxes. Normally, income taxes are charged to income unless they are linked to an item that is recognized in other comprehensive income or directly in equity.

Current income taxes are charged on taxable income, based on the tax rates in force as of the balance sheet date, including tax expenses for previous periods.

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax balance sheet values and the IFRS values. No deferred taxes are recognized for the following temporary differences: initial recognition of goodwill, assets or liabilities in conjunction with a transaction that does not affect either taxable income or the year's net income, and investments in subsidiaries if it is likely that the temporary differences will not be realized in the foreseeable future.

Deferred tax assets, including the tax benefits from deductible losses carried forward, are only taken into account if it is likely that the temporary differences or losses carried forward can be offset against future taxable profits.

2 Changes to the scope of consolidation

BELIMO Turkey Otomasyon A.Ş. was founded on September 4, 2015, in Istanbul, Turkey. In the previous year, there were no changes to the scope of consolidation. The retained portion of the purchase price for BELIMO Servomotoren B.V., acquired in 2012, was settled in the previous year (CHF 1.3 million inclusive interest).

3 Segment reporting

Belimo develops, produces and distributes actuator solutions and valve systems for controlling heating, ventilation and air conditioning systems. All products are made from comparable materials and manufactured using similar processes.

The reportable operating segments are determined using the management approach: external segment reporting is based on the Group's internal organization and management structure, as well as the internal financial reporting to the Chief Operating Decision Maker – the Board of Directors of BELIMO Holding AG.

The Group has four reportable operating segments which constitute its strategic divisions. With a view to maintaining a market presence in close proximity to customers, the three geographically strategic Group Divisions “Europe”, “Americas” and “Asia/Pacific” are run by regional managers. The organization of the strategic Group Division “Shared Services” is subdivided and managed centrally as a cost center by the Swiss company. No sales are therefore credited to this segment in the segment reporting.

The activities of the reportable segments are as follows:

Europe, Americas, Asia/Pacific. Distribution and sale of Belimo products in the respective market region.

Shared Services. Research and development activities, production, customizing, distribution as well as the areas of global product management, finance and administration.

Expenses for the Group Executive Committee and the Board of Directors are listed under “Elimination”.

The performance of the geographic segments is measured using the cost-sales ratio (personnel expenses, other operating expenses and depreciation and amortization as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group’s principal structure. As a result of the Group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

With regard to segment assets, only trade accounts receivable, property, plant and equipment and intangible assets are allocated. The liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

in CHF 1 000	Europe	Americas	Asia/Pacific	Shared Services	Elimination	Total
2014						
Income statement						
Net sales to third parties	270 359	170 914	52 646			493 919
Other operating income				450		450
Personnel and other operating expenses	–38 482	–26 900	–11 080	–121 961	8 455	–189 967
Depreciation and amortization	–2 675	–1 627	–291	–13 759		–18 352
Segment profit	**229 202**	**142 387**	**41 275**	**–135 270**	**8 455**	**286 049**
Non-allocated other operating income						443
Non-allocated material expenses						–205 243
Non-allocated financial result						506
Income before taxes (EBT)						**81 756**
Investments	733	21 732	295	32 382		55 141
Balance sheet as at December 31, 2014						
Trade accounts receivable (net)	65 687	26 342	11 450		–36 146	67 333
Property, plant and equipment and intangible assets	7 512	55 750	705	108 670		172 637
Non-allocated assets						184 544
Total assets						**424 514**
2015						
Income statement						
Net sales to third parties	244 029	191 902	57 368			493 299
Other operating income				1 752		1 752
Personnel and other operating expenses	–35 563	–28 499	–12 042	–125 577	8 804	–192 877
Depreciation and amortization	–2 208	–3 643	–269	–15 067		–21 188
Segment profit	**206 258**	**159 759**	**45 057**	**–138 893**	**8 804**	**280 986**
Non-allocated other operating income						292
Non-allocated material expenses						–206 648
Non-allocated financial result						–7 124
Income before taxes (EBT)						**67 506**
Investments	1 557	2 420	284	29 770		34 031
Balance sheet as at December 31, 2015						
Trade accounts receivable (net)	48 156	28 096	11 459		–20 190	67 521
Property, plant and equipment and intangible assets	6 079	54 567	702	123 358		184 707
Non-allocated assets						160 813
Total assets						**413 041**

in CHF 1 000	2015	Share	2014	Share
Sales by application				
Air	286 138	58%	299 330	61%
Water	207 161	42%	194 589	39%
Total	**493 299**	**100%**	**493 919**	**100%**

Information on geographic regions

	Net sales to third parties		Property, plant and equipment, intangible assets	
in CHF 1 000	2015	2014	12.31.2015	12.31.2014
Switzerland	16 827	17 663	112 122	96 457
Germany	56 113	63 939	413	395
USA	155 164	136 604	65 710	67 451
Other regions	265 195	275 713	6 461	8 333
Total	**493 299**	**493 919**	**184 707**	**172 637**

4 Cash and cash equivalents

in CHF 1 000	12.31.2015	12.31.2014
in CHF	24 678	33 548
in EUR	10 631	18 633
in USD	20 338	16 603
in other currencies	12 040	12 042
Bank and postal accounts, cash on hand	**67 687**	**80 827**
in CHF		3 100
in EUR		8 418
Term deposits		**11 518**
Total	**67 687**	**92 345**

Bank and postal accounts earned an average interest of 0.12 percent and term deposits earned an average interest of 0.52 percent.

5 Securities and financial assets

Securities held for trading consist exclusively of forward foreign exchange contracts with residual terms of up to 306 days (see 25 Financial risk management).

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies.

6 Trade accounts receivable

in CHF 1 000	12.31.2015	12.31.2014
Trade accounts receivable	69 430	69 230
Allowances	–1 909	–1 898
Total	**67 521**	**67 333**

Trade accounts receivable break down into the following currencies:

in CHF 1 000	12.31.2015	12.31.2014
in CHF	2 486	4 499
in EUR	15 939	16 259
in USD	28 447	26 186
in other currencies	20 649	20 389
Total	**67 521**	**67 333**

Trade accounts receivable break down into the following regions:

in CHF 1 000	12.31.2015	12.31.2014
Europe	28 067	29 781
Americas	28 096	26 342
Asia/Pacific	11 358	11 210
Total	**67 521**	**67 333**

There are no cluster risks. The receivables in the Americas relate mainly to the United States. The average days sales outstanding (DSO) for trade accounts receivable is 50.6 days (previous year 46.7 days).

Allowances for uncollectible receivables changed as follows in the year under review:

	Individual allowances		General allowances	
in CHF 1 000	2015	2014	2015	2014
Balance as at January 1	**–1 234**	**–1 504**	**–664**	**–577**
Change	–49	259	–38	–81
Translation differences	63	11	13	–5
Balance as at December 31	**–1 221**	**–1 234**	**–688**	**–664**

As at December 31, 2015, individual allowances were at CHF 1.2 million (previous year CHF 1.2 million). In the year under review, new individual allowances were formed, amounting to CHF 0.3 million (previous year CHF 0.3 million).

The age structure of the receivables that were not subject to individual allowances was as follows as at the balance sheet date:

in CHF 1 000	12.31.2015 Gross	12.31.2015 Allowances	12.31.2014 Gross	12.31.2014 Allowances
Not due	55 397		55 176	
1 to 30 days overdue	8 270	–300	8 931	–310
31 to 180 days overdue	4 542	–389	3 890	–354
Total	**68 210**	**–688**	**67 996**	**–664**

The receivables that are not due and that were not subject to individual allowances are primarily receivables arising from long-standing customer relationships. On the basis of empirical values, Belimo does not anticipate any additional defaults.

7 Other accounts receivable and accruals

in CHF 1 000	12.31.2015	12.31.2014
Value-added taxes and social security credit balances	4 871	4 971
Advance payments	1 925	1 890
Other receivables and accruals qualifying as financial instruments	1 024	880
Total	**7 819**	**7 742**

Other accounts receivable include mainly reclaimable value-added taxes. On the basis of empirical values, Belimo does not anticipate any defaults in relation to value-added taxes and other accounts receivable.

8 Inventories

in CHF 1 000	12.31.2015	12.31.2014
Raw materials and supplies	46 132	44 715
Work in progress	257	376
Finished goods	34 293	32 987
Total inventories (net)	**80 682**	**78 077**
Impairment on raw materials and supplies	–3 430	–3 908
Impairment on finished goods	–4 537	–3 561
Total impairments	**–7 967**	**–7 469**

Finished goods are carried at the lower of production cost or net disposal value, less estimated costs to sell. The average inventory period during the year under review amounted to 138 days (previous year 129 days).

Depending on the inventory period, any write-down of inventories is based on Group-wide guidelines. Impairments amount to 9.0 percent (previous year 8.7 percent) of the gross value of inventories, of which CHF 2.4 million were charged to income in the year under review (previous year CHF 2.0 million).

The net increase in inventory on finished goods was CHF 1.3 million (previous year CHF 5.5 million).

9 Property, plant and equipment

in CHF 1 000	Land, buildings	Tools, machinery	Furniture, fixtures	Advance payments, assets under construction	Total
Purchase costs					
As at January 1, 2014	**97 240**	**80 959**	**20 440**	**22 829**	**221 468**
Additions	24 774	10 891	4 126	13 334	**53 126**
Disposals	–259	–11 470	–5 200		**–16 929**
Reclassifications	20 304	1 311	15	–21 630	
Translation differences	5 224	1 191	593	435	**7 442**
As at December 31, 2014	**147 282**	**82 882**	**19 975**	**14 969**	**265 108**
Additions	18 420	6 983	3 137	894	**29 434**
Disposals	–279	–4 725	–2 572		**–7 576**
Reclassifications	14 465	530	–96	–14 899	
Translation differences	213	–15	–608	1	**–409**
As at December 31, 2015	**180 101**	**85 655**	**19 837**	**964**	**286 557**
Depreciation					
As at January 1, 2014	**–29 847**	**–61 926**	**–15 952**		**–107 725**
Depreciation	–2 976	–7 806	–2 676		**–13 458**
Disposals	259	11 470	5 155		**16 884**
Translation differences	–134	–646	–324		**–1 104**
As at December 31, 2014	**–32 699**	**–58 908**	**–13 797**		**–105 404**
Depreciation	–5 618	–8 423	–2 555		**–16 597**
Disposals	269	4 720	2 554		**7 544**
Translation differences	–131	–12	441		**298**
As at December 31, 2015	**–38 178**	**–62 624**	**–13 357**		**–114 159**
Carrying amounts					
As at January 1, 2014	67 392	19 032	4 489	22 829	**113 743**
As at December 31, 2014	**114 584**	**23 974**	**6 178**	**14 969**	**159 704**
As at December 31, 2015	**141 923**	**23 031**	**6 479**	**964**	**172 398**

The reclassifications of advance payments and assets under construction mainly concern the expansion building in Hinwil, which was completed in the year under review.

There were no impairments. The sale of property, plant and equipment resulted in net income of CHF 0.2 million (previous year CHF 0.2 million).

Commitments for investments in property, plant and equipment amounted to CHF 3.0 million (previous year CHF 20.0 million).

10 Intangible assets

in CHF 1 000	Software and other intangible assets	Customer relationships	Internally generated intangible assets	Total
Purchase costs				
As at January 1, 2014	**16 563**	**16 779**	**5 992**	**39 334**
Additions	1 566		450	**2 015**
Disposals	–41			**–41**
Translation differences	154	–364		**–210**
As at December 31, 2014	**18 240**	**16 415**	**6 442**	**41 097**
Additions	2 527	317	1 752	**4 597**
Disposals	–490	–3 307		**–3 797**
Translation differences	2	–1 612		**–1 609**
As at December 31, 2015	**20 280**	**11 814**	**8 194**	**40 288**
Amortization				
As at January 1, 2014	**–13 478**	**–8 623**	**–1 358**	**–23 458**
Amortization	–1 860	–1 913	–1 121	**–4 894**
Disposals	41			**41**
Translation differences	–84	231		**147**
As at December 31, 2014	**–15 381**	**–10 305**	**–2 478**	**–28 164**
Amortization	–1 887	–1 414	–1 291	**–4 591**
Disposals	490	3 307		**3 797**
Translation differences	1	980		**980**
As at December 31, 2015	**–16 776**	**–7 432**	**–3 770**	**–27 978**
Carrying amounts				
As at January 1, 2014	3 085	8 156	4 634	**15 875**
As at December 31, 2014	**2 860**	**6 110**	**3 963**	**12 933**
As at December 31, 2015	**3 503**	**4 382**	**4 424**	**12 309**

CHF 1.2 million (previous year CHF 0.5 million) of internally generated intangible assets (capitalized development costs) cannot yet be used and have not been amortized yet.

The conducted impairment tests did not show any need for impairment.

Commitments for investments in intangible assets amounted to CHF 0.1 million (previous year CHF 0.3 million).

11 Deferred tax assets and liabilities

The deferred tax assets and liabilities can be allocated to the following balance sheet items:

in CHF 1 000	Tax assets	Tax liabilities	12.31.2015 net	Tax assets	Tax liabilities	12.31.2014 net
Accounts receivable	169	–994	–825	133	–991	–858
Inventories	324	–1 970	–1 646	338	–1 590	–1 252
Property, plant and equipment	221	–5 554	–5 333	381	–5 581	–5 201
Intangible assets	0	–1 656	–1 656	14	–2 056	–2 042
Current liabilities	186	–193	–7	1 096	–276	820
Provisions	43		43	27		27
Post-employment benefits	1 743		1 743	2 629		2 629
Loss carry-forwards and tax credits	490		490	67		67
Total tax assets/(liabilities)	**3 176**	**–10 367**	**–7 192**	**4 684**	**–10 495**	**–5 811**
Offsetting	–367	367		–114	114	
Deferred tax assets/ (liabilities) (net)	**2 809**	**–10 000**	**–7 192**	**4 570**	**–10 381**	**–5 811**

The following table summarizes the movement in the net deferred tax position:

in CHF 1 000	2015	2014
Deferred tax liabilities (net) as at January 1	**–5 811**	**–9 147**
Deferred income taxes recognized in the income statement	–388	794
Deferred income taxes recognized in other comprehensive income	–987	2 419
Translation differences	–7	123
Deferred tax liabilities (net) as at December 31	**–7 192**	**–5 811**

The Group has the following deferred tax assets relating to utilizable tax loss carry-forwards and tax credits. There were no unrecognized deferred taxes on loss carry-forwards.

in CHF 1 000	Expiry 2–5 years	No expiry	12.31.2015	12.31.2014
Deferred tax assets on tax loss carry-forwards and tax credits with capitalized tax effect	28	462	**490**	**67**

12 Financial liabilities

The bank debt of CHF 20.0 million denominated in Swiss francs with an effective interest rate of 3.2 percent was fully settled in the year under review (previous year bank debt of CHF 20.0 million with an effective interest rate of 3.1 percent).

In the previous year, the fair value of the financial liabilities was CHF 20.4 million.

The framework agreements with a credit limit of CHF 70 million in total are not subject to any covenants. No tranches were drawn down in the year under review.

13 Trade accounts payable

Trade accounts payable break down into the following currencies:

in CHF 1 000	12.31.2015	12.31.2014
in CHF	4 755	5 470
in EUR	4 312	5 000
in USD	3 700	3 090
in other currencies	1 007	1 289
Total	**13 774**	**14 850**

14 Other liabilities and deferrals

in CHF 1 000	12.31.2015	12.31.2014
Derivative financial instruments	348	370
Value-added taxes, social security liabilities and deferrals	8 003	7 627
Advance payments	431	677
Other liabilities and deferrals qualifying as financial instruments	22 834	24 752
Total	**31 616**	**33 426**

Other liabilities and deferrals qualifying as financial instruments essentially consist of sales bonuses to customers, overtime credits and bonus plans for employees.

15 Provisions

in CHF 1 000	Warranties	Others	Total 2015	Total 2014
As at January 1	**5 856**	**419**	**6 275**	**6 285**
Increase	4 126	76	4 202	4 149
Utilization	–3 656		–3 656	–4 142
Reversals	–723		–723	–10
Translation differences		–30	–30	–6
As at December 31	**5 602**	**465**	**6 067**	**6 275**

Provisions for warranties are calculated on the basis of returns in the past and generally cover a warranty period of five years.

Other provisions include, in particular, estimated costs for pending legal proceedings, the outcome of which is unclear at the time of preparing the accounts.

16 Post-employment benefits

16.1 General

In addition to state social security schemes, some Group companies offer additional post-employment benefit plans, covering approximately half of all employees. Under some of these post-employment benefit plans, employees must make financial contributions, which are supplemented by corresponding employer contributions. The financing is made in accordance with local legal and fiscal requirements. Employees receive benefits in the event of death, disability or retirement. The most significant post-employment benefit plans exist in Switzerland, accounting for 99.7 percent of defined benefit obligation and 100 percent of plan assets.

16.2 Post-employment benefit plan of BELIMO Automation AG

Swiss pension schemes are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and their implementing regulations. The BVG defines the minimum insured salary, the minimum retirement credits, as well as the interest rate applied to these credits and the conversion rate. On the basis of these legal provisions and the plan structure, the employer is exposed to actuarial risks such as investment risk, interest rate risk and the risk of disability, as well as the risk of longevity. The employee and employer contributions are defined by the Foundation Board. In the case of an underfunding, measures for its elimination must be taken. Possible measures could be an adjustment in the conversion rate or restructuring contributions from both the employer and the employees.

The Swiss pension plan of Belimo is organized via an autonomous foundation. The plan is classed as a defined benefit plan in accordance with IAS 19 and as a defined contribution plan in accordance with the BVG. The most senior management body is the Foundation Board, which is composed of equal numbers of employee and employer representatives. It is legally obliged to act in the interests of the plan participants. The Foundation Board is responsible for defining the investment strategy, effecting changes to the post-employment benefit plan regulations and determining the financing of pension plan benefits. The investment strategy is reviewed at least once a year. An additional post-employment benefit plan at a collective foundation in Switzerland exists for the Group Executive Committee.

The employer's contributions to the pension scheme are defined in the applicable regulations as a fixed percentage of the insured salaries and include both savings and risk elements. Retirement benefits are determined on the basis of the retirement assets held at the time of retirement. The insured individual can choose between a life annuity and a lump-sum payment. The annuity is calculated by multiplying the retirement assets by the conversion rate defined in the regulations. The annual retirement credits and interest are credited to the retirement assets. When employees leave the company, their retirement assets are transferred to the pension scheme of the new employer or a vested benefits plan.

16.3 Explanation of calculations

In the year under review, the Foundation Board of the post-employment benefit plan of BELIMO Automation AG concluded amendments to the existing plan. As of January 1, 2016, a reduced conversion rate will be applied, and simultaneously the retirement credits shall be increased and a one-time credit to the retirement assets will be distributed. The past service costs of CHF –0.5 million were calculated as the difference between the defined benefit obligations under the new and the previous plan. In the previous year, there were no amendments to the plan.

in CHF 1 000	12.31.2015	12.31.2014
Defined benefit obligations		
Present value of defined benefit obligations from plans with funded status	216 769	208 812
Fair values of plan assets	–204 972	–191 603
Deficit of plans with funded status	**11 797**	**17 209**
Present value of defined benefit obligations from plans with unfunded status	751	904
Recognized net defined benefit obligations in the balance sheet	**12 548**	**18 113**

in CHF 1 000	2015	2014
Cost recognized in income		
Current service costs	7 836	5 868
Past service costs	–540	
Total service costs	**7 296**	**5 868**
Interest result defined benefit (net)	141	–63
Total costs of defined benefit obligations in the income statement	**7 437**	**5 805**

in CHF 1 000	2015	2014
Revaluation of defined benefit		
Change in demographical assumptions	96	
Change in financial assumptions	–4 729	–27 323
Change in empirical value	5 608	213
Return on plan assets (excluding interest income)	5 242	10 681
Total recognized revaluation in the other comprehensive income	**6 217**	**–16 429**

The change in the financial assumptions is primarily due to adjustments to the discount rate.

Change to defined benefit obligations:

in CHF 1 000	2015	2014
Present value of defined benefit obligations as at January 1	**209 717**	**171 498**
Past service costs	–540	
Current service costs	7 836	5 868
Interest costs	2 285	3 817
Employee contributions	4 644	4 444
Direct benefits paid by employer	–74	–81
Benefits paid from plan assets	–5 285	–2 924
Actuarial (gains)/losses	–975	27 111
Translation differences	–89	–16
Present value of defined benefit obligations as at December 31	**217 519**	**209 717**

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average maturity of the defined benefit obligations is 16.8 years (previous year 17.2 years). The investment strategy ensures the availability of liquidity at all times.

Change to plan assets:

in CHF 1 000	2015	2014
Available plan assets at fair values as at January 1	**191 603**	**169 322**
Interest income	2 144	3 880
Employer contributions	6 623	6 200
Employee contributions	4 644	4 444
Benefits paid	–5 285	–2 924
Return on plan assets (excluding interest income)	5 242	10 681
Available plan assets at fair values as at December 31	**204 972**	**191 603**

16.4 Investment portfolio

Composition of the pension scheme's plan assets:

	12.31.2015	12.31.2014
Shares	34.1%	34.4%
Bonds	48.0%	48.3%
Real estate	16.0%	15.9%
Cash and cash equivalents	0.8%	1.4%
Assets held by insurance company	1.1%	
Total	**100.0%**	**100.0%**

The shares and bonds have quoted market prices on an active market. The real estate is made up of residential and office properties and consists of listed real estate funds and shares. The Group does not use any pension scheme assets.

The expected employer contributions for 2016 amount to CHF 6.7 million.

16.5 Actuarial assumptions and sensitivity analyses

The following actuarial assumptions were applied for the calculation of the post-employment benefits:

	12.31.2015	12.31.2014
Applied actuarial assumptions Switzerland		
Discount rate	0.9%	1.1%
Interest rate to extrapolate retirement benefits	1.8%	2.0%
Expected salary development	2.0%	2.0%
Expected pension increases	0.0%	0.0%

The following sensitivity analysis shows the impact of a realistic change in the material actuarial assumptions on the present value of the defined benefit obligations at the reporting date. Each change was analyzed separately. Interdependencies were not taken into account.

	12.31.2015	12.31.2014
Increase (+)/decrease (–) of the present value of defined benefit obligations		
Discount rate		
Increase by 25 basis points	–3.1%	–3.8%
Decrease by 25 basis points	3.3%	4.0%
Salary development		
Increase by 50 basis points	0.9%	1.0%
Decrease by 50 basis points	–1.0%	–1.1%
Interest rate to extrapolate retirement benefits		
Increase by 25 basis points	0.4%	1.0%
Decrease by 25 basis points	–0.4%	–1.0%

17 Share capital and reserves

17.1 Share capital

As at December 31, 2015, the nominal value of the share capital was divided into 615 000 registered shares (fully paid). Each share has a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total shares in circulation
As at January 1, 2014	615 000	–4 199	**610 801**
Purchase		–15	**–15**
Sale		3 609	**3 609**
As at December 31, 2014	615 000	–605	**614 395**
Sale		30	**30**
As at December 31, 2015	615 000	–575	**614 425**

Each registered share entitles the holder to attend the Annual General Meeting of BELIMO Holding AG. Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the Annual General Meeting.

17.2 Treasury shares

The amount of treasury shares represents the acquisition value of the purchased shares.

17.3 Capital reserves

The capital reserves mainly correspond to the premium resulting from the capital increase at the time of the initial public offering in 1995 and the gains from the sale of treasury shares.

17.4 Translation differences

This item contains the accumulated translation differences from the translation of the foreign Group companies and Group loans.

17.5 Limit on profit distribution

The amount available for dividend distribution is based on the available distributable retained earnings of BELIMO Holding AG determined in accordance with the legal requirements of the Swiss Code of Obligations.

17.6 Other retained earnings

Other retained earnings include the revaluation of the post-employment benefits and their tax effect as well as the dividend and net income.

In the year under review, BELIMO Holding AG paid a dividend of CHF 39.9 million (CHF 65 per share).

The Board of Directors proposes to the 2016 Annual General Meeting a dividend of CHF 65 per share, which equates to a payout ratio of 71.1 percent. No dividends are paid on treasury shares.

17.7 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2015	12.31.2014
Montanaro Asset Management Ltd.		3.18%
Ameriprise Financial, Inc.	3.64%	3.88%
The Capital Group Companies, Inc.	4.997%	9.98%
Werner Roner	5.69%	5.69%
Group Linsi	19.28%	19.28%

18 Net sales

Net sales of CHF 493.3 million were achieved, with around 37 percent in US dollar, 30 percent in euro, 11 percent in Swiss franc and 22 percent in other currencies.

Year-on-year net sales developed in the geographical markets as follows:

	CHF	Local currencies
Europe	–9.7%	–0.9%
Americas	12.3%	9.7%
Asia/Pacific	9.0%	7.2%
Group	**–0.1%**	**3.6%**

In local currencies, net sales of air applications grew by 0.2 percent and net sales of water applications were up 8.9 percent.

Europe contributed with 49 percent (previous year 55 percent), Americas with 39 percent (35 percent) and Asia/Pacific with 12 percent (10 percent) to the Group net sales. The devaluation of the euro and the growth in Americas were the main reasons for the changes compared to prior year.

Overall, movements in exchange rates had an effect on net sales of –3.7 percentage points (previous year –2.1 percentage points).

19 Other operating income

Other operating income of CHF 2.0 million (previous year CHF 0.9 million) primarily contains capitalized development costs of CHF 1.8 million (previous year CHF 0.4 million).

20 Personnel expenses

in CHF 1 000	2015	2014
Wages and salaries	−107 681	−103 439
Social security	−14 993	−13 710
Defined benefit plans	−7 296	−5 868
Defined contribution plans	−2 507	−2 562
Post-employment benefit expenses	−9 803	−8 430
Other personnel expenses	−7 096	−6 557
Total	**−139 573**	**−132 136**

Personnel expenses accounted for 28.3 percent of net sales (previous year 26.8 percent).

21 Other operating expenses

in CHF 1 000	2015	2014
Travel and representation	−7 130	−7 890
Rent and cost of business premises	−7 575	−10 063
Consulting	−6 968	−6 278
Marketing	−5 167	−6 387
IT	−5 883	−5 929
Other expenses	−20 583	−21 283
Total	**−53 304**	**−57 831**

Other operating expenses accounted for 10.8 percent of net sales (previous year 11.7 percent).

Research and development costs of CHF 34.7 million (previous year CHF 32.4 million) are included mainly in personnel and in other expenses. Thereof, CHF 1.8 million (previous year CHF 0.4 million) were capitalized.

22 Financial result

in CHF 1 000	2015	2014
Interest income	380	755
Net income from securities held for trading (derivatives)	161	
Foreign currency gain (net)		1 777
Financial income	**540**	**2 532**
Interest expenses	–836	–693
Net expenses from securities held for trading (derivatives)		–366
Foreign currency loss (net)	–5 799	
Other financial expenses (bank charges)	–1 029	–968
Financial expenses	**–7 664**	**–2 026**
Total	**–7 124**	**506**

The foreign currency loss mainly incurred on cash and cash equivalents, trade accounts receivable and payables.

23 Income taxes

The effective tax rate was 16.7 percent (previous year 17.8 percent). Tax expenses can be broken down as follows:

in CHF 1 000	2015	2014
Income taxes relating to current result	–11 717	–15 779
Adjustments from earlier periods	828	423
Current income taxes	**–10 889**	**–15 356**
Deferred taxes	**–388**	**794**
Income tax recognized	**–11 277**	**–14 563**

in CHF 1 000	2015	2014
Income before taxes	**67 506**	**81 756**
Expected tax expenses	–11 350	–13 926
applicable tax rate	16.8%	17.0%
Non-deductible expenses	–323	–338
Tax-exempt income	30	181
Tax income from earlier periods	828	423
Non-reclaimable withholding taxes	–213	–221
Effect of companies with mixed tax rates	–247	–573
Change in tax rate	–1	–118
Other	0	9
Income tax recognized	**–11 277**	**–14 563**
effective tax rate	16.7%	17.8%

The applicable weighted tax rate was 16.8 percent (previous year 17.0 percent).

Some companies are taxed at different rates depending on the origin of income. The effect of these mixed tax rates is shown in the reconciliation as a separate item.

24 Earnings per share

	2015	2014
Net income in CHF 1 000	56 229	67 193
Average number of outstanding shares	614 407	613 540
Earnings per share in CHF	**91.52**	**109.52**

There are no options or other instruments that could cause dilution.

25 Financial risk management

25.1 General

Due to the nature of its activities, Belimo is exposed to a number of financial risks: default risk, market risk (foreign exchange and interest rate risk) and liquidity risk.

Financial risk management is based on guidelines issued by Belimo's Board of Directors concerning the aims, principles, tasks and approval authorities of financial management. The Board of Directors holds supreme responsibility for the company's financial risk management. It has assigned the duty of constantly monitoring financial risks to Belimo's Group Treasury. The Group Executive Committee and the Board of Directors receive regular information about existing risks.

The principles established for risk management are aimed at identifying and analyzing the risks to which the Group is exposed, defining appropriate limits, establishing controls and monitoring the risks and compliance with limits. The risk management principles and processes applied are reviewed regularly to accommodate changes in market conditions and in the Group's activities.

The following sections give an overview of the extent of the individual risks, how these risks are hedged, and the Group's capital management.

25.2 Default risk

Default risk refers to the financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Belimo's default risk mainly arises from trade accounts receivable and cash and cash equivalents.

Belimo invests its cash and cash equivalents worldwide in deposit accounts held mainly with major, creditworthy Swiss, German and English banks. Generally speaking, these deposits have terms of less than three months.

Transactions involving derivative financial instruments are also only entered into with major financial institutions, and Belimo does not have material open positions with any of these.

The default risk from trade accounts receivable is limited, since the Group's customer base is broad and spread over a variety of geographic regions. The extent of the default risk is mainly determined by the specific characteristics of each individual customer. The risk assessment includes an analysis of creditworthiness, taking into account a variety of factors such as past financial history. Credit limits are set according to regional aspects. Some new customers are only supplied against payment in advance.

The maximum default risk is the carrying value of the individual financial assets. There are no guarantees or similar obligations that could lead to an increase in the risk beyond the carrying amounts. The maximum default risk as of the balance sheet date was as follows:

	Carrying amounts	
in CHF 1 000	12.31.2015	12.31.2014
Cash and cash equivalents	67 687	92 345
Securities	159	21
Trade accounts receivable	67 521	67 333
Other receivables and accruals qualifying as financial instruments	1 024	880
Financial assets	983	1 072
Total	**137 374**	**161 651**

25.3 Market risk

Market risk refers to changes in market prices such as exchange rates, interest rates and stock prices which could have an impact on the income from and market value of the financial instruments held by Belimo. Monitoring and controlling these risks ensures that they do not exceed a certain level.

25.3.1 Foreign exchange risk

The Belimo Group's international strategy means that it is exposed to foreign exchange risks. These financial risks arise from transactions that take place in currencies other than the functional currency of the company in question, particularly those relating to the purchase and sale of goods. Such transactions are conducted mainly in euro and US dollar.

In order to limit the risks arising from foreign exchange fluctuations in merchandise transactions, Belimo aims to employ natural hedging as the primary strategy; seeking to keep cash inflows and outflows in a specific currency in balance as far as possible. Invoices between Group companies are mainly issued in the currency of the company receiving the invoice. Foreign Group companies procure almost all their goods from the Swiss central production and distribution company BELIMO Automation AG and issue their sales invoices to third parties mainly in local currency. Exchange rate risks thus affect the Swiss company almost exclusively, with the result being that the risks can be managed more easily.

In order to hedge the remaining net positions, Group Treasury enters into forward foreign currency hedging transactions. It is mainly the euro and US dollar that are hedged. These currencies regularly have a surplus of incoming payments.

The following table shows the foreign exchange risks from financial instruments whose currency differs from the functional currency of the Group company holding them.

in CHF 1 000	AUD	CAD	CHF	EUR	GBP	HKD	PLN	USD
As at December 31, 2014								
Cash and cash equivalents	925	870	2	22 441	603	122	1 925	8 764
Trade accounts receivable	807	3 707	501	11 384	1 953	2 327	3 407	26 953
Other receivables				14				229
Financial assets								31
Trade accounts payable	–16	–65	–7 560	–4 412	–11	–3		–2 517
Other payables			–1 042	–7	–8			–1 772
Currency exposure	**1 716**	**4 511**	**–8 099**	**29 420**	**2 536**	**2 446**	**5 332**	**31 689**
As at December 31, 2015								
Cash and cash equivalents	315	1 216	4	5 610	1 748	8	22	14 539
Trade accounts receivable	768	3 068	425	12 958	2 214	2 778	3 296	12 301
Other receivables	1	115		10	6	15		178
Financial assets								30
Trade accounts payable	–19		–8 280	–3 866		–6		–3 252
Other payables			–1 016	–2				–3 343
Currency exposure	**1 065**	**4 400**	**–8 866**	**14 710**	**3 967**	**2 794**	**3 318**	**20 453**

A five percent change of the mentioned currencies against the Swiss franc as of December 31, 2015, would have the following impact on the income statement, taking into account the existing hedging transactions. This analysis assumes that all other variables are held constant. In the previous year, the change in exchange rates used for the sensitivity analysis was derived from the maximum rate fluctuation in 2014 divided by two.

Effect in CHF 1 000			Exchange gain	Exchange loss
As at December 31, 2014				
AUD	+/–	3.9%	66	–66
CAD	+/–	4.1%	185	–185
EUR	+/–	1.5%	349	–311
GBP	+/–	3.0%	75	–75
HKD	+/–	6.0%	147	–147
PLN	+/–	3.5%	188	–188
USD	+/–	5.9%	924	–1 609
Total			**1 934**	**–2 580**
As at December 31, 2015				
AUD	+/–	5.0%	53	–53
CAD	+/–	5.0%	220	–220
EUR	+/–	5.0%	218	–278
GBP	+/–	5.0%	198	–198
HKD	+/–	5.0%	140	–140
PLN	+/–	5.0%	166	–166
USD	+/–	5.0%	–349	336
Total			**647**	**–719**

At the balance sheet date, the following foreign currency hedging transactions were outstanding:

in CHF 1 000	12.31.2015	12.31.2014
Foreign currency hedging transactions		
in EUR	9715	6634
in USD	27295	10057
Total forward foreign exchange contracts	**37011**	**16691**
Replacement values		
positive	159	21
negative	–348	–370
Total replacement values	**–189**	**–349**

Forward foreign exchange contracts are the only financial instruments held by Belimo that are measured at fair value. In the fair value hierarchy according to IFRS 13, these valuations are assigned to level 2. They are not based on listed prices in active markets, but are derived from directly or indirectly observed input factors.

The positive replacement values are included in securities, the negative values in other liabilities. The changes in replacement values recognized in net income are contained in the financial result (see 22 Financial result). The foreign currency hedging transactions as at December 31, 2015, mature in 306 days or less.

25.3.2 Interest rate risk

The interest rate risk includes an interest-related cash flow risk and an interest-related risk of a change in market value. The interest-bearing financial assets and liabilities held by the Group relate to cash and cash equivalents and, to an insignificant extent, rental deposit accounts. Interest rates on cash and cash equivalents are subject to change at short notice, after three months at the latest.

Market value sensitivity analysis for fixed-rate financial instruments
Belimo does not hold any fixed-rate financial assets or liabilities which are classified at fair value through net income.

Cash flow sensitivity analysis for variable-rate financial instruments
Belimo has no material exposure to the interest-related cash flow risk.

25.4 Liquidity risk

It is Belimo's aim to have sufficient liquidity reserves and unutilized credit lines available at all times so that it can meet its financial obligations when due, both under normal circumstances and when conditions are tight.

Liquidity is centrally managed and controlled by Group Treasury. The subsidiaries are adequately financed by intercompany loans to meet their ongoing commitments.

Within the framework credit limits of CHF 70 million, Belimo can raise loans at fixed rates for various periods, depending on the company's short- and medium-term liquidity requirements. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit limits and by staggering the maturity dates of the individual amounts.

Inflows and outflows from foreign currency hedging transactions are dependent on exchange rate movements and may not occur.

The following table shows the contractual maturities (including interest) of the financial liabilities held by Belimo:

in CHF 1 000	Carrying amounts	Total contractual cash flows	Up to 6 months	6–12 months
As at December 31, 2014				
Non-derivative financial liabilities				
Bank debts	20 000	20 515	309	20 206
Trade accounts payable	14 850	14 850	14 850	
Other payables	24 752	24 752	18 455	6 297
Subtotal	**59 602**	**60 117**	**33 614**	**26 503**
Derivative financial instruments				
Foreign currency hedging transactions	349			
Outflow		–17 059	–17 059	
Inflow		16 691	16 691	
Total	**59 952**	**59 749**	**33 246**	**26 503**
As at December 31, 2015				
Non-derivative financial liabilities				
Trade accounts payable	13 774	13 774	13 774	
Other payables	22 834	22 834	16 655	6 180
Subtotal	**36 609**	**36 609**	**30 429**	**6 180**
Derivative financial instruments				
Foreign currency hedging transactions	189			
Outflow		–37 338	–30 196	–7 141
Inflow		37 011	29 900	7 110
Total	**36 797**	**36 282**	**30 133**	**6 149**

25.5 Categories of financial instruments

The following table shows the carrying amounts of all financial instruments by category:

	Carrying amounts	
in CHF 1 000	12.31.2015	12.31.2014
Loans and receivables		
Cash and cash equivalents	67 687	92 345
Trade accounts receivable	67 521	67 333
Other receivables and accruals qualifying as financial instruments	1 024	880
Financial assets	983	1 072
Total	**137 215**	**161 630**
Financial assets held for trading		
Securities (foreign currency hedging transactions)	159	21
Total	**159**	**21**
Financial liabilities valued at amortized cost		
Current financial liabilities		20 000
Trade accounts payable	13 774	14 850
Other liabilities and deferrals qualifying as financial instruments	22 834	24 752
Total	**36 609**	**59 602**
Financial liabilities held for trading		
Other liabilities (foreign currency hedging transactions)	348	370
Total	**348**	**370**

25.6 Capital management

Belimo aims to maintain an equity ratio that is in line with its strategy and stable over time, in order to secure the confidence of investors, creditors and other market players and strengthen the future development of its business activities. This entails refinancing that is adapted to the asset structure, and an equity-to-liability ratio that reflects the level of risk.

The Board of Directors monitors the shareholder structure and the return on equity. The company strives for a diversified and international shareholder base. The return on equity (defined as net income as a proportion of the average equity held) was 17.2 percent as at December 31, 2015. The objective is to maintain or increase this ratio. Furthermore, the Board of Directors strives to achieve a continuous payout ratio. However, it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In the past five years, the payout ratio has been between 59.5 percent and 71.1 percent.

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

There are no employee participation programs in force.

26 Leasing

Lease agreements exist for the business premises and vehicles used by Group companies. These agreements are classified as operating leases. The terms range between one and eight years.

The due dates of the future minimum lease payments are as follows:

in CHF 1 000	Up to 1 year	1–5 years	Over 5 years	Total
Lease agreements as at December 31, 2014	3 819	3 680	120	**7 618**
Lease agreements as at December 31, 2015	2 324	2 677	129	**5 130**

No contingent rent was paid in the year under review.

27 Contingent liabilities

There were no contingent liabilities as at December 31, 2015.

28 Related parties

Related parties include the members of the Group Executive Committee and the Board of Directors as well as persons or companies related to them (see Corporate Governance, notes 3 and 4), significant shareholders and companies controlled or significantly influenced by them (see 17.7 Significant shareholders) and the Group's post-employment benefit plans.

The remuneration of the Board of Directors and Group Executive Committee was made up as follows (see Remuneration Report, pages 34 to 37):

in CHF 1 000	2015	2014
Basic remuneration, bonus and other remuneration components	3 880	3 890
Pension contributions	525	553
Total	**4 405**	**4 443**

Breakdown of remuneration by executive and non-executive members:

in CHF 1 000	2015	2014
Board of Directors (non-executive members)	756	755
Group Executive Committee (executive members)	3 649	3 688
Total	**4 405**	**4 443**

In total, 2767 shares were held by related parties (previous year 121 422 shares). No shares were granted to related parties or companies during the reporting period.

29 Material estimates and assumptions

29.1 Post-employment benefits

The calculation of the post-employment benefit liability (see 16 Post-employment benefits) is partially based on long-term actuarial assumptions. These can differ from the effective future development. The discount rate and the interest rate to extrapolate retirement benefits are material assumptions for the actuarial calculation.

29.2 Income taxes

The Group is subject to income tax at the level of the holding company and its subsidiaries. Estimates are required to determine the worldwide provision for current and deferred tax obligations. There are transactions and calculations for which the ultimate tax liability is uncertain in the year under review. Where final tax assessments or tax audits of such matters differ from the amounts that were initially recorded, such differences may materially impact the income tax and deferred tax provisions in the period in which such a determination is made.

29.3 Provisions

Provisions are calculated for various events. They are recognized based on the best estimate of the outflow of funds at the balance sheet date. Depending on the development and outcome of the events, claims may arise which are lower or higher than the recognized provision or which are not or only partially covered by a corresponding insurance benefit. The actual payments may therefore differ from the provisions.

30 Foreign exchange rates

The consolidated financial statements are based on the following year-end and average exchange rates (rounded):

	Year-end rates			Average rates		
in CHF	2015	2014	Change	2015	2014	Change
AUD	0.72	0.81	–10.6%	0.72	0.83	–12.3%
BRL	0.25	0.37	–31.7%	0.30	0.39	–22.9%
CAD	0.72	0.85	–16.2%	0.75	0.83	–8.9%
CNY	0.15	0.16	–4.3%	0.15	0.15	3.2%
EUR	1.08	1.20	–10.0%	1.07	1.22	–12.5%
GBP	1.47	1.54	–4.7%	1.46	1.50	–2.7%
HKD	0.13	0.13	0.3%	0.12	0.12	5.1%
INR	0.02	0.02	–4.1%	0.01	0.01	0.3%
NOK	0.11	0.13	–15.4%	0.12	0.15	–18.1%
PLN	0.25	0.28	–9.6%	0.26	0.29	–12.4%
TRY	0.34			0.34		
USD	0.99	0.99	0.2%	0.95	0.91	5.1%

31 Subsidiary companies

The following companies were owned by BELIMO Holding AG:

Company	Function	Shareholding interest and voting right 12.31.2015	Shareholding interest and voting right 12.31.2014	Currency	Share capital in 1 000 12.31.2015	Share capital in 1 000 12.31.2014
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	211	211
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
BELIMO Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100% *		TRY	1 000	
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100% **	100% **	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100% **	100% **	USD	30	30

* Founded September 4, 2015.
** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

32 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on February 23, 2016. They are subject to approval by the Annual General Meeting on April 25, 2016.

There were no significant events after the balance sheet date that could impact the book value of the assets or liabilities or that should be disclosed here.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements on pages 46 to 84 of BELIMO Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with 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 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 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 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 December 31, 2015, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with 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.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Jan Brönnimann
Licensed Audit Expert

Zurich, February 23, 2016

Financial statements of BELIMO Holding AG

Balance sheet

in CHF 1 000	Note	12.31.2015	12.31.2014*
Cash and cash equivalents		32 355	59 060
Other current receivables – Group companies		6 052	1 001
Other current receivables – Third parties		184	81
Current assets		**38 591**	**60 142**
Financial assets – Group companies	2.1	135 899	103 958
Financial assets – Third parties		50	50
Investments – Group companies	2.2	48 237	47 902
Non-current assets		**184 186**	**151 910**
Assets		**222 777**	**212 052**
Other current liabilities – Group companies			562
Other current liabilities – Third parties		355	377
Deferred income and accrued expenses		595	1 304
Current liabilities		**950**	**2 243**
Provisions		100	100
Non-current liabilities		**100**	**100**
Liabilities		**1 050**	**2 343**
Share capital		615	615
Legal capital reserves		9 164	9 164
Legal retained earnings		580	580
Voluntary retained earnings		211 904	199 914
Treasury shares	2.3	–536	–564
Shareholders’ equity		**221 727**	**209 709**
Liabilities and shareholders’ equity		**222 777**	**212 052**

* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.

Income statement

in CHF 1 000	Note	2015	2014*
Dividend income – Group companies		46 041	46 382
License fees – Group companies		5 438	7 237
Other financial income	2.4	3 164	8 670
Revenue		**54 643**	**62 289**
Personnel expenses		–795	–776
Other operating expenses		–466	–536
Financial expenses		–894	–559
Direct taxes		–562	–1 205
Expenses		**–2 717**	**–3 076**
Net income		**51 926**	**59 213**

* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.

Notes to the financial statements

1 Principles

1.1 General information

The financial statements of BELIMO Holding AG, Hinwil, are prepared according to the principles of the Swiss Law on Accounting and Financial Reporting. The new financial reporting legislation issued on January 1, 2013, was applied the first time to these financial statements. It leads primarily to changes in presentation and additional disclosures. To ensure comparability, the previous year figures were aligned to the new legislation.

While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in BELIMO Holding AG s financial statements concerns the parent company alone.

1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

1.3 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.4 Foregoing a cash flow statement and additional disclosures in the notes

As BELIMO Holding AG 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 Information on balance sheet and income statement items

2.1 Financial assets – Group companies

The loans granted by BELIMO Holding AG to Group companies in the United States and Switzerland were increased in the course of the building investments.

The valuation of the loans as at December 31, 2015, and 2014, resulted in unrealized gains that were not recognized.

2.2 Investments – Group companies

The following companies were owned by BELIMO Holding AG:

Company	Function	Shareholding interest and voting right 12.31.2015	Shareholding interest and voting right 12.31.2014	Currency	Share capital in 1 000 12.31.2015	Share capital in 1 000 12.31.2014
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	100%	AUD	10	10
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	100%	EUR	36	36
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	100%	BRL	211	211
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	100%	CAD	95	95
BELIMO Actuators Ltd. (Hong Kong, People s Republic of China)	D	100%	100%	HKD	10	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People s Republic of China)	P, D	100%	100%	CNY	13 940	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People s Republic of China)	I	100%	100%	CNY	765	765
BELIMO Finland Oy (Helsinki, Finland)	D	100%	100%	EUR	100	100
BELIMO SARL (Courtry, France)	D	100%	100%	EUR	80	80
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	100%	EUR	205	205
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	100%	GBP	0.1	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	100%	INR	773	773
BELIMO Italia S.r.l. (Grassobbio, Italy)	D	100%	100%	EUR	47	47
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	100%	EUR	18	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	100%	NOK	501	501
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	100%	PLN	500	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	100%	EUR	301	301
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	100%	CHF	500	500
BELIMO Turkey Otomasyon A.Ş. (Istanbul, Turkey)	D	100% *		TRY	1 000	
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	100%	USD	273	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	100%	USD	200	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100% **	100% **	USD	45	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100% **	100% **	USD	30	30

* Founded September 4, 2015.
** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

2.3 Treasury shares

	2015		2014	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
Balance as at January 1	**605**	**564**	**4 199**	**3 856**
Purchase			15	37
Sale	–30	–28	–3 609	–3 328
Balance as at December 31	**575**	**536**	**605**	**564**

In the year under review, no shares were purchased. In the previous year, the average transaction price of purchased treasury shares was CHF 2435. The selling price per share was CHF 2209 (previous year CHF 2433). These values corresponded to the fair values.

2.4 Other financial income

Other financial income consists mostly of interest income from loans to Group companies. In the previous year, other financial income included the gain of treasury shares sale (CHF 5.5 million).

3 Other information

3.1 Full-time equivalents

BELIMO Holding AG does not have any employees.

3.2 Covenants, contingent liabilities and collaterals for third-party liabilities

The framework agreements with a credit limit of CHF 70 million in total (on which either BELIMO Holding AG or BELIMO Automation AG may draw) are not subject to any covenants.

There were no contingent liabilities as at December 31, 2015.

The company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

3.3 Participations of the members of the Board of Directors and the Group Executive Committee

The following table shows the participations of the members of the Board of Directors and the Group Executive Committee as well as their related parties.

	12.31.2015 Number of shares	12.31.2014 Number of shares
Board of Directors		
Adrian Altenburger	50	*
Patrick Burkhalter	130	130
Martin Hess	370	370
Walter Linsi	*	10 187
Prof. Dr. Hans Peter Wehrli	1 400	1 400
Dr. Martin Zwyssig	25	25
Total Board of Directors	**1 975**	**12 112**

	12.31.2015 Number of shares	12.31.2014 Number of shares
Group Executive Committee		
Lukas Eigenmann	200	200
Dr. Jacques Sanche	*	110
Peter Schmidlin	572	547
Lars van der Haegen	20	10
Felix Winter	*	50
Total Group Executive Committee	**792**	**917**

* No related party at the corresponding balance sheet date (see Corporate Governance, notes 3 and 4).

None of the members of the Board of Directors or Group Executive Committee hold conversion or option rights and no shares or options were allocated.

3.4 Significant shareholders

The following shareholders and shareholder groups owned more than five percent of the voting rights:

	12.31.2015	12.31.2014
Werner Roner	5.69%	5.69%
Group Linsi	19.28%	19.28%

3.5 Events after the balance sheet date

There were no significant events after the balance sheet date that could impact the book value of the assets or liabilities or that should be disclosed here.

Appropriation of available earnings

in CHF 1 000	12.31.2015	12.31.2014*
Balance carried forward from previous year	159 979	140 701
Net income	51 926	59 213
Voluntary retained earnings	**211 904**	**199 914**
Treasury shares	–536	–564
Available earnings	**211 368**	**199 350**
Dividend of CHF 65 per share**	–39 975	–39 936
Balance carried forward available earnings	**171 393**	**159 414**
Treasury shares	536	564
Balance carried forward	**171 929**	**159 979**

* Aligned to the new reporting requirements of the Swiss Law on Accounting and Financial Reporting.
** Shares held by BELIMO Holding AG at the time of dividend distribution are not entitled to dividends.

The Board of Directors proposes to the 2016 Annual General Meeting a dividend of CHF 65 per share.

The dividend is expected to be paid on April 29, 2016.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Financial Statements
As statutory auditor, we have audited the accompanying financial statements on pages 86 to 92 of BELIMO Holding AG, which comprise the balance sheet, income statement and notes for the year ended December 31, 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 December 31, 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 complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Jan Brönnimann
Licensed Audit Expert

Zurich, February 23, 2016

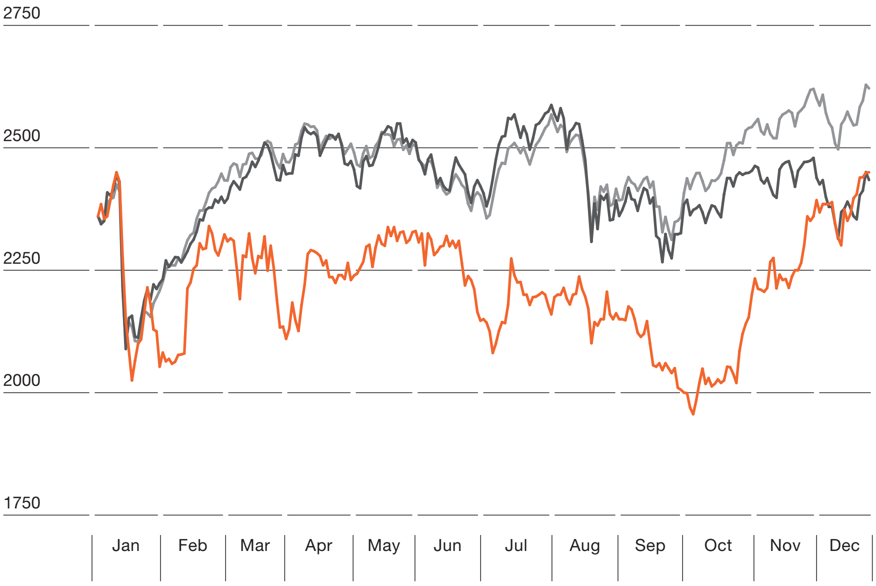
Information for investors

Belimo Registered share

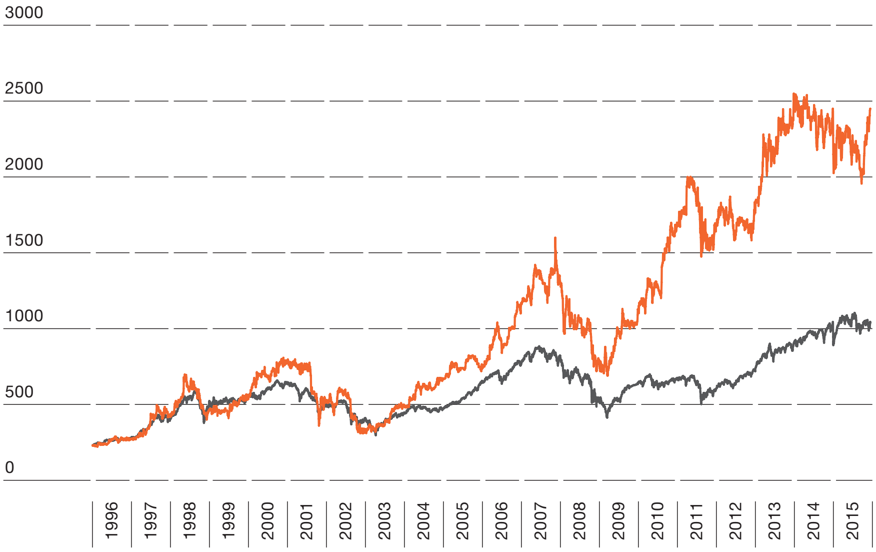
SMCI (Swiss Middle Cap Index), adjusted

SPI (Swiss Performance Index), adjusted

Performance since January 1, 2015, in CHF



Performance since IPO, in CHF



Opting out: see Corporate Governance, note 7.1

Limitation of transferability: see Corporate Governance, note 2.6

ISIN number: CH0001503199

Stock market information from 2011 to 2015

	2015	2014	2013	2012 restated*	2011
Share capital					
Number of registered shares as at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	614 407	613 540	610 372	609 761	609 342
Information per registered share					
Earnings, in CHF	92	110	103	99	85
Cash flow from operating activities, in CHF	115	121	116	136	94
Operating income (EBIT), in CHF	121	132	133	124	111
Shareholders' equity, in CHF	548	517	471	406	379
Dividend, in CHF (as proposed by the Board of Directors for next year)	65	65	65	60	50
Return on dividend as at December 31, in percent	2.7%	2.8%	2.6%	3.4%	2.9%
Payout ratio, in percent of net income	71.1%	59.5%	63.8%	60.9%	59.6%
Price-earnings ratio as at December 31	26.8	21.1	24.2	17.9	20.2
Stock market prices in CHF					
High	2 458	2 576	2 475	1 870	2 000
Low	1 950	2 153	1 763	1 559	1 445
Year-end	2 450	2 310	2 460	1 763	1 695
Market capitalization in CHF million					
High	1 512	1 584	1 522	1 150	1 230
Low	1 199	1 324	1 084	959	889
Year-end	1 507	1 421	1 513	1 084	1 042
In percent of shareholders' equity as at December 31	447%	448%	526%	437%	452%
Average daily trading volume					
In number of shares	566	415	364	359	365

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

Five-year summary

Five-year summary of the Belimo Group

in CHF 1 000 (unless indicated otherwise)	2015	2014	2013	2012 restated*	2011
Income statement					
Net sales	493 299	493 919	472 859	444 623	415 983
Operating income (EBITDA)	95 818	99 603	98 535	91 137	81 789
in percent of net sales	19.4%	20.2%	20.8%	20.5%	19.7%
Operating income (EBIT)	74 630	81 250	81 318	75 540	67 787
in percent of net sales	15.1%	16.5%	17.2%	17.0%	16.3%
Personnel expenses	139 573	132 136	125 199	117 662	109 894
in percent of net sales	28.3%	26.8%	26.5%	26.5%	26.4%
Research and development	34 653	32 415	30 573	27 344	27 564
in percent of net sales	7.0%	6.6%	6.5%	6.1%	6.6%
Operating expenses	192 877	189 967	180 261	166 944	157 682
in percent of net sales	39.1%	38.5%	38.1%	37.5%	37.9%
Depreciation and amortization	21 188	18 352	17 217	15 596	14 002
in percent of net sales	4.3%	3.7%	3.6%	3.5%	3.4%
Net income	56 229	67 193	62 609	60 612	51 556
in percent of net sales	11.4%	13.6%	13.2%	13.6%	12.4%
Cash flow					
Cash flow from operating activities	70 371	74 080	70 574	82 818	57 359
in percent of net sales	14.3%	15.0%	14.9%	18.6%	13.8%
Free cash flow	37 038	18 546	34 921	60 513	41 313
in percent of net sales	7.5%	3.8%	7.4%	13.6%	9.9%
Investments (gross)	34 031	55 141	36 676	19 864	16 466
Dividend distribution	39 936	39 908	36 606	30 494	33 509
Balance sheet					
Total assets	413 041	424 514	369 991	345 922	304 920
Cash and cash equivalents	67 687	92 345	104 482	105 371	75 327
in percent of total assets	16.4%	21.8%	28.2%	30.5%	24.7%
Current assets	224 542	246 235	238 299	230 511	202 358
in percent of total assets	54.4%	58.0%	64.4%	66.6%	66.4%
Net working capital	177 072	173 408	194 537	185 926	163 994
in percent of net sales	35.9%	35.1%	41.1%	41.8%	39.4%
Non-current assets	188 499	178 279	131 692	115 411	102 562
in percent of total assets	45.6%	42.0%	35.6%	33.4%	33.6%
Current liabilities	47 470	72 826	43 761	44 586	38 363
in percent of total assets	11.5%	17.2%	11.8%	12.9%	12.6%
Non-current liabilities	28 615	34 769	38 769	53 493	35 802
in percent of total assets	6.9%	8.2%	10.5%	15.5%	11.7%
Shareholders' equity	336 956	316 919	287 461	247 843	230 755
in percent of total assets	81.6%	74.7%	77.7%	71.6%	75.7%
Key figures					
Net sales year-on-year growth, in percent	–0.1%	4.5%	6.4%	6.9%	–2.4%
Net sales in local currencies year-on-year growth, in percent	3.6%	6.6%	6.4%	5.4%	9.6%
Return on equity (ROE), in percent	17.2%	22.2%	23.4%	25.3%	23.3%
Return on invested capital (ROIC), in percent	20.8%	23.4%	29.7%	29.8%	28.4%
Quick ratio, in percent	297.6%	227.3%	381.6%	365.8%	342.2%
Days sales outstanding (DSO)	50.6	46.7	43.2	43.7	45.9
Inventory period	138	129	125	130	134
Fixed-assets-to-equity ratio, in percent	193.9%	197.3%	247.7%	261.1%	259.9%
Number of employees (FTE's, yearly average)	1 387	1 357	1 278	1 209	1 141
Net sales per employee	356	364	370	368	364
Number of actuators shipped, in million items	5.6	5.6	5.3	4.9	4.5

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.