

Orell Füssli Annual Report 2014

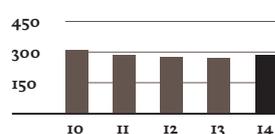
CONTENTS

| | |
|--------------------------|----|
| ORELL FÜSSLIGROUP | 1 |
| EDITORIAL | 2 |
| BUSINESS | 4 |
| FINANCIAL REPORT 2014 | 8 |
| COMPENSATION REPORT 2014 | 43 |
| CORPORATE GOVERNANCE | 48 |
| IMPRINT, CONTACT | 57 |

Key figures 2014

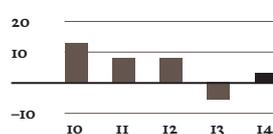
NET REVENUE

in CHF million



EBIT¹

in CHF million



CONSOLIDATED INCOME STATEMENT

in CHF million

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-------|-------|-------|-------|-------|
| Net revenue from sales to customers | 288.1 | 272.2 | 281.1 | 285.5 | 312.7 |
| Total operating income | 289.1 | 282.1 | 284.9 | 287.8 | 319.4 |
| EBITDA before special items | 18.2 | 8.7 | 23.0 | 24.5 | 29.2 |
| Operating earnings before special items | 3.0 | -5.8 | 8.3 | 8.3 | 13.2 |
| Special items | 1.0 | -14.9 | -4.7 | -5.9 | - |
| Operating earnings (EBIT) | 4.0 | -20.7 | 3.6 | 2.4 | 13.2 |
| Net income for the period | 1.7 | -17.0 | 0.8 | -0.2 | 11.0 |
| Total equity | 145.8 | 144.3 | 167.6 | 171.9 | 179.1 |
| Net income for the period before minority interests | -0.5 | -18.2 | -1.0 | 0.2 | 9.5 |
| Equity before minority interests | 131.7 | 131.7 | 151.2 | 156.5 | 162.1 |

WEIGHTED AVERAGE WORKFORCE

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|------|-------|------|-------|-------|
| Full time equivalents | 982 | 1,041 | 971 | 1,048 | 1,046 |

SHARE STATISTICS

| in CHF | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------------|--------|--------|--------|--------|--------|
| High | 110.00 | 100.50 | 108.80 | 143.00 | 145.90 |
| Low | 85.20 | 83.55 | 91.50 | 97.00 | 131.00 |
| Earnings per share ² | -0.27 | -9.30 | -0.52 | 0.10 | 4.82 |
| Dividend per share ³ | 0.00 | 0.00 | 0.00 | 2.00 | 2.50 |

¹ before special items

² At 31 December 2014 the share capital comprised 1,960,000 registered shares with a par value of CHF 1.00 each.

³ Dividend proposed to the Annual General Meeting on 7 May 2015.

KEY FIGURES ORELL FÜSSLI GROUP

NET REVENUE BY DIVISIONS

in percent

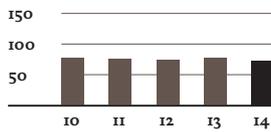


26% Division Atlantic Zeiser
32% Division Security Printing
38% Division Book Retailing
4% Other

Total net revenue CHF 288.1 million

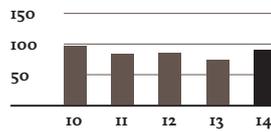
ATLANTIC ZEISER

in CHF million



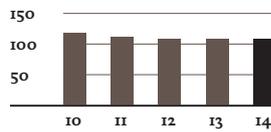
SECURITY PRINTING

in CHF million



BOOK RETAILING

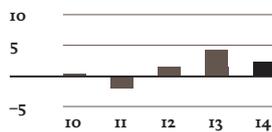
in CHF million



EBIT BY DIVISIONS BEFORE SPECIAL ITEMS

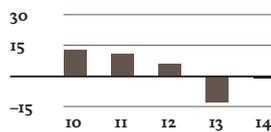
ATLANTIC ZEISER

in CHF million



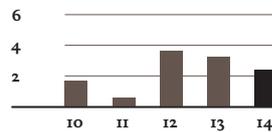
SECURITY PRINTING

in CHF million



BOOK RETAILING

in CHF million



Orell Füssli is a diversified industrial and trading group engaged in the core businesses of banknote & security printing, industrial systems used in the individualisation of security documents and branded products, and book retailing. The book publishing business has formed the traditional basis for the company since 1519.

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

Orell Füssli generates sales of some CHF 300 million with almost 1000 employees at locations in 10 countries and is listed on the SIX Swiss Exchange.

Editorial

Dear shareholder,

After the various steps taken in the previous year to set the group on its new course (joint venture with Thalia, restructuring of banknote printing, focusing of activities at Atlantic Zeiser), for the Orell Füssli Group 2014 represented a period of concentration on implementing the reorientation initiated by the company and focusing on the improvement of all business processes. In the Security Printing Division a large number of steps were taken to increase its operating capabilities. Significant improvements were achieved in both sales and earnings. In its first year the Orell Füssli Thalia joint venture made good progress, achieved important synergy targets and defended its market position.

In the 2014 financial year the Orell Füssli Group generated operating earnings (EBIT) of CHF 4.0 million on net revenue of CHF 288.1 million. The equity ratio was a healthy 57%.

Atlantic Zeiser was unable to equal the previous year's results in 2014 despite numerous cost-cutting measures. In the card systems segment our customers' purchasing behaviour was very cautious. In the growth segment of track & trace and serialisation of pharmaceutical products major development projects were completed and reference customers acquired in the past year, thus creating a solid basis for the company's future positioning in the marketplace. Despite focusing our activities more closely, market momentum did not develop as hoped, since the new EU legal framework which had been announced for regulating product tracking and identification was postponed.

Numerous measures were initiated in the Security Printing Division to achieve significant improvements in operating efficiency. The division's new management structure has been in effect since April 2014. A new high-performance offset printing press came into operation in December 2014 in order to eliminate capacity bottlenecks. Other key machines were given a total overhaul in the past year. Further investments have already been launched. Productivity continued to be adversely affected in the first half of 2014 by the production start-up of new series of banknotes for two key customers, but was significantly improved overall compared with the previous year. The stabilisation process in the security printing segment continues to be monitored very closely by group management with the goal of restoring Orell Füssli to its traditional role of a leading supplier in terms of technology and quality.

BOARD OF DIRECTORS ORELL FÜSSLI HOLDING LTD

| | |
|---------------------------------|-----------------|
| Heinrich Fischer | Chairman |
| Gonpo Tsering ¹ | Deputy Chairman |
| Dr. Anton Bleikolm | |
| Dr. Thomas Moser ¹ | |
| Peter Stiefenhofer ² | |
| Dieter Widmer ² | |

¹ Member of the Compensation Committee

² Member of the Audit Committee

The first year of the joint venture between Orell Füssli and Thalia was primarily one of consolidation. A large number of projects were completed by a highly committed management team with the goal of generating the maximum impact from the amalgamation of activities as quickly as possible. These included exploiting synergies in administration, logistics and purchasing. The company's internet presence was reinforced by focusing on three strong brands, and its membership of the Tolino alliance assures it of a good position on the market for digital reading. However, the ongoing changes in consumers' purchasing and reading habits remain a challenge for the book trade.

Martin Buyle succeeded Michel Kunz as CEO of the Orell Füssli Group on October 1, 2014. The Board of Directors wishes to thank Michel Kunz for all his efforts and his contribution to the further development of the Orell Füssli Group in recent years.

We expect a further significant improvement in the profit situation in 2015. The large volume of orders in hand at Security Printing will again ensure good capacity utilisation in the current year and beyond, and further action to enhance efficiency will take effect. Atlantic Zeiser has a product range with a promising future and a much improved cost structure, and Book Retailing is well positioned in a difficult market environment.

The Board of Directors will propose to shareholders at the Annual General Meeting on 7 May 2015 that no dividend should be paid.

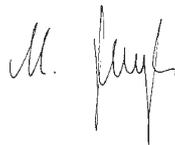
Dear shareholder, for the Orell Füssli Group 2014 was a year of operating improvements and consolidation of its market position. We firmly believe that the company has positioned itself well to face up successfully to the challenges of the years ahead and thus again live up to your high expectations and our own. We are convinced of our company's potential and thank you for your loyalty and support in the past year.

Our thanks go in particular to our customers in Switzerland and elsewhere for the confidence they show in us, and to our employees for their committed efforts and their contribution towards the positive development of our company.

Zurich, April 2015



Heinrich Fischer
Chairman of the Board of Directors



Martin Buyle
CEO

Business in 2014

Orell Füssli reported a rise in net revenue in 2014 compared to the previous year, and a return to positive operating earnings after the previous year's heavy loss. The significant improvement in productivity at Security Printing made a major contribution to this outcome and enabled this segment to post almost break-even results again. Earnings at the other divisions were slightly lower than in the previous year.

Orell Füssli reported net revenue of CHF 288.1 million in the 2014 financial year, equivalent to an increase of about 6% compared to the previous year. Operating earnings (EBIT) amounted to CHF 4.0 million (CHF –20.7 million in 2013) including special items of CHF 1.0 million (CHF –14.9 million in 2013). Net income of the Orell Füssli Group amounted to CHF 1.7 million (CHF –17.0 million in 2013).

Shareholders' equity including minority interests increased from CHF 144.3 million to CHF 145.8 million. The equity ratio was 57% (55% in 2013). In addition, there are valuation reserves on property substantially in excess of CHF 20 million.

SEGMENTAL RESULTS

| <i>in CHF '000</i> | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------|---------|---------|---------|---------|
| Division Atlantic Zeiser | | | | | |
| Net revenue from sales to customers | 73,929 | 78,578 | 75,565 | 75,752 | 79,151 |
| Operating earnings before special items | 2,234 | 4,196 | 1,438 | –1,901 | 212 |
| Operating earnings (EBIT) | 2,598 | 4,196 | 1,872 | –4,935 | 212 |
| Division Security Printing | | | | | |
| Net revenue from sales to customers | 92,689 | 75,095 | 85,910 | 85,402 | 99,275 |
| Operating earnings before special items | –992 | –12,866 | 6,229 | 11,347 | 13,075 |
| Operating earnings (EBIT) | –643 | –24,980 | 2,630 | 12,272 | 13,075 |
| Division Book Retailing | | | | | |
| Net revenue from sales to customers | 110,366 | 109,465 | 109,506 | 113,768 | 119,861 |
| Operating earnings before special items | 2,384 | 3,294 | 3,660 | 304 | 1,653 |
| Operating earnings (EBIT) | 3,080 | 508 | 2,469 | –3,456 | 1,653 |

Atlantic Zeiser Division

Atlantic Zeiser reported net revenue of EUR 60.9 million in 2014, equivalent to a decline of 5% compared to the previous year (EUR 63.8 million). The reasons for this outcome were on the one hand lower sales in the project business with card systems, while at the same time the market for systems solutions in the field of track & trace for the pharmaceutical industry – a core element of Atlantic Zeiser's strategy – was less dynamic in 2014 than had been foreseen. Operating earnings before special items amounted to EUR 1.8 million (EUR 3.4 million in 2013), and operating earnings (EBIT) to EUR 2.1 million (EUR 3.4 million in 2013).

Atlantic Zeiser concentrates on the three strategic business segments of banknote serialisation, card systems and packaging. In the banknote serialisation segment Atlantic Zeiser is still having to contend with excess capacity in banknote printing and the resulting hesitancy in investment activity. Sales were nevertheless maintained at the previous year's level. In the card systems segment delays in customers' projects for identity and financial cards resulted in significantly lower sales. In the packaging segment all sales and marketing activities for track & trace and marking solutions for the pharmaceutical industry were bundled in the year under review in order to increase market penetration further and thus lay the foundation for future growth. The expected upturn in market momentum in this segment was below expectations in 2014. In Europe this was due to uncertainty over when the new EU directive regarding

greater anti-counterfeiting security and serialisation of drugs would come into effect. Affiliates SOFHA (software solutions) and Tritron (special inks for printing solutions) reported further sales growth.

Cost levels were optimised again in the context of the current efficiency enhancement programme. In conjunction with the rising order intake in the final months of the year under review, the foundation has therefore been laid for the positive development of sales and profits in 2015.

In the research and development field the product portfolio for track & trace and serialisation solutions for the pharmaceutical industry was further expanded as planned with new products DIGILINE Label, MEDILINE Track & Trace and MEDILINE CodeCollect. Atlantic Zeiser now offers a complete package of product tracking software and marking systems from a single source, and thus covers all applicable legal requirements worldwide in this field for the entire production and logistics chain of the pharmaceutical industry. The full range of products and services was displayed in September 2014 at an in-house fair, "Pharma Packaging Days", and received a very positive response from international trade visitors. Subsequently a number of international projects, also in the rapidly growing Brazilian market, were completed. Atlantic Zeiser has consolidated its overall position as a leading company in this growing segment.

Security Printing Division

The Security Printing Division posted net revenue of CHF92.7 million, an increase of more than 23% compared to the previous year (CHF 75.1 million). This was due primarily to generally more stable production and high output in the final quarter. Operating earnings before special items amounted to CHF -1.0 million in 2014 (CHF -12.9 million in 2013). In contrast to the previous year (CHF -25.0 million), operating earnings (EBIT) of CHF -0.6 million in 2014 were virtually unaffected by special items. Provisions for loss-free valuations using the PoC (percentage of completion) method declined significantly as planned in the year under review.

The level of net revenue posted by the Security Printing Division in 2014 was last exceeded in 2010. Compared to the previous year it succeeded in working off the backlog of technically very demanding orders with higher productivity and without interruption for extended periods due to a more favourable product mix and the introduction and implementation of various measures. Production of initial print runs of new series of banknotes for two key customers was commenced; the initial print run for one customer was successfully delivered in summer 2014. The start-up of this series of banknotes with a high degree of technical complexity and numerous new security features affected productivity into the second half of the year. Despite the generally good progress made, not all development and technical production hurdles were overcome. Further challenges still have to be surmounted before all denominations are implemented.

Process improvements were pursued very vigorously. In addition to eliminating bottlenecks in terms of machinery and personnel, intensive efforts were made to boost productivity and enhance quality. Detailed analyses of performance data and the introduction of key process parameters enable ongoing processes to be monitored. This facilitates optimised control and planning of production and logistics. Additional technical personnel were recruited with the focus on process engineering in order to ensure the more effective industrialisation of the new technologies and security features that are being brought into use. The process of implementing all workplaces in compliance with 5S criteria is continuing, as well as the application of lean management principles. Further financial resources will be provided and further specialists recruited for this purpose in 2015 with the clear objective of being able to produce even the extremely challenging new banknotes with high productivity and efficiency as a unique selling proposition and consolidate our position of leadership in this segment.

The investments planned for the year under review were implemented. The new offset printing press was brought into operation at the end of the year and a first customer acceptance of product from this press was already completed successfully in January 2015. The external total overhaul of a five-

colour intaglio printing press was concluded with its re-installation in summer 2014. These moves eliminated major bottlenecks from the past. In December the purchase of a new screen printing press was approved in order to prevent the recurrence of bottlenecks in future with the new series of banknotes and to secure our technological leadership. Delivery and installation are scheduled for this summer. Production capacity for 2015 is fully utilised.

In the field of organisation and personnel a new works agreement was concluded with the workforce in March 2014. New divisional management has been in place since April 1, 2014. The employee survey conducted in spring provided valuable findings, and initial measures were implemented on the basis of these by the end of 2014. Urgently needed technical personnel were recruited throughout the course of the year. A further priority is the intensive training and further education of personnel in technical and management know-how.

Book Retailing Division

In the first full financial year of the Orell Füssli Thalia joint venture net revenue on a pro rata consolidated basis amounted to CHF 110.4 million. Operating earnings before special items were CHF 2.4 million and operating earnings (EBIT) amounted to CHF 3.1 million.

Orell Füssli Thalia's business in 2014 was affected by the ongoing decline in the Swiss book market. The trend in the industry continues to be heavily influenced by shopping tourism to neighbouring countries, which resulted in lower sales at outlets in the border regions and in the keenly competitive online segment. On the basis of current consumer purchasing habits, further growth in online trading and the digital business at the expense of sales from bricks-and-mortar outlets is expected. The overall reduction in book sales at Orell Füssli Thalia was slightly less than the decline of some 5% in the book trade in German-speaking Switzerland as a whole. The downturn in book retailing through bricks-and-mortar outlets was partly offset by growth in e-books and e-readers. Lower sales of books were counterbalanced to some extent by complementary product lines. However, almost three-quarters of Orell Füssli Thalia's total revenue is still derived from books.

Besides dealing with a challenging market situation, the emphasis in the year under review was on implementing numerous projects arising from the amalgamation of the business activities of Orell Füssli and Thalia in Switzerland. Here the main focus was on the rapid exploitation of synergies in purchasing and in procurement logistics, which have now taken effect. A uniform ERP system was also introduced throughout the branch network as well as in the mail order unit and the B2B business. The changeover resulted in a number of process adaptations, which were successfully completed in December 2014. The brand landscape in the online segment was changed significantly. Orell Füssli Thalia now concentrates on the three strong brands of www.books.ch, www.buch.ch and www.thalia.ch. Initial assessments indicate that migration is proceeding successfully. The transfer of the mail order unit enables all mail order and large customer business to be handled via the centre in Winterthur. The technical integration of the various online platforms means that Tolino e-readers can now be sold in all branches. Orell Füssli Thalia has therefore created all the preconditions for positioning itself very favourably in the growing market for electronic books.

Negotiations for a collective bargaining agreement were conducted and concluded in 2014. Orell Füssli Thalia's accession to the collective bargaining agreement with effect from 1 January 2015 enabled new terms and conditions of employment to be negotiated. Uniform employment regulations are therefore in effect from the beginning of 2015, and the collective bargaining agreement can be applied to all employees.

No sales outlets were opened in the year under review. The closure of the branch at Marktgasse 3 in Winterthur had to be postponed to the first quarter of 2015 due to the absence of a new tenant.

In view of the challenging market trend and the Swiss franc/euro exchange rate aspect, Orell Füssli Thalia is focusing on providing high-quality facilities in terms of advice and the composition of its product range in the bricks-and-mortar segment, while maintaining its strong presence in the new sales channels and its digital focus.

Publishing

Net revenue at Orell Füssli Publishing in 2014 was 4% lower than a year earlier. A marketing agreement with a German schoolbook publisher was terminated, thus eliminating this sales volume in the educational media segment. All other programme segments developed positively; in particular legal media in Switzerland and non-fiction and children's books in Germany. Further action still needs to be taken with regard to earnings. One of the main reasons for the unsatisfactory performance are print runs which are too small. Since other costs have been largely optimised, it is especially important that work on new programmes in future ensures longer print runs to enable the corresponding cost advantages to be exploited. A further reason are growing purchases in Germany by Swiss book retailers and thus additional pressure on book selling prices. However, exceptionally good sales volumes in the fourth quarter and the strong media response endorse the expansion of the programme in recent years and are a source of encouragement.

Intensive work on the publishing programmes was the focus of attention throughout the year. In addition to the established series and familiar names, new developments should also attract attention and thus boost the publishing unit's market potential. Two top titles made it into the Swiss best-seller lists in spring 2014: "Globi, der schlaue Bauer" and "Die Besserköner" (Wolfgang Koydl); in autumn several titles recorded strong sales figures, including "Der Mann, der den FC Bayern erfand" (Dirk Kämper) and the children's book "Da bist Du ja!" (Lorenz Pauli and Kathrin Schärer). Legal works and educational media developed strongly, and their electronic availability was significantly improved in 2014. One of the main objectives for 2015 is to provide optimal marketing support for the growing publishing programmes, especially in Germany. Attention will also have to be paid to the trend in the Swiss franc/euro exchange rate and its potential impact on general retail price levels in Switzerland.

Changes in the Board of Directors

The 2014 Annual General Meeting elected Dr. Thomas Moser as the representative of the Swiss National Bank, Dr. Anton Bleikolm and Peter Stiefenhofer to the Board of Directors to replace retiring Directors Dr. Hans Kuhn und Andreas S. Wetter. The Board of Directors wishes to express its thanks to its colleagues on their retirement for their valued commitment to Orell Füssli.

Personnel

Martin Buyle succeeded Michel Kunz as CEO of the Orell Füssli Group on 1 October 2014. Dr. Dieter Sauter and Philipp Seewer were appointed to head the Security Printing Division on 1 April 2014.

ORELL FÜSSLI HOLDING LTD, GROUP MANAGEMENT (AT 31 DECEMBER 2014)

| | |
|----------------------|--------------------------------------|
| Martin Buyle | CEO |
| Beat Müller | CFO |
| Manfred Minich | Head of the Atlantic Zeiser Division |
| Dr. Matti Schüsseler | Head of the Publishing Division |
| Peter Crottogini | Head Human Resources |
| Dr. Martin Söderberg | Head Corporate Development |

Financial Report 2014

CONTENTS

| | | |
|----------|---|-----------|
| 1 | FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP | 10 |
| 1.1 | CONSOLIDATED INCOME STATEMENT | |
| 1.2 | CONSOLIDATED BALANCE SHEET AT 31 DECEMBER | |
| 1.3 | CONSOLIDATED CASH FLOW STATEMENT | |
| 1.4 | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | |
| | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | |
| 2 | ACCOUNTING POLICIES | 14 |
| 3 | RISK MANAGEMENT | 19 |
| 4 | EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS | 21 |
| 5 | REPORT OF THE GROUP AUDITORS | 35 |
| 6 | FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD | 36 |
| 6.1 | INCOME STATEMENT | |
| 6.2 | BALANCE SHEET AT 31 DECEMBER | |
| 7 | NOTES TO THE FINANCIAL STATEMENTS | 38 |
| 8 | OVERVIEW OF SIGNIFICANT PARTICIPATIONS | 41 |
| 9 | REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS | 42 |

1 FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.1 CONSOLIDATED INCOME STATEMENT

| <i>in CHF '000</i> | NOTES | 2014 | 2013 |
|--|-----------------|----------|----------|
| Net revenue from sales to customers | 4.1 / 4.2 / 4.3 | 288,127 | 272,181 |
| Other operating income | 4.3 | 6,268 | 4,351 |
| Changes in inventories of semi-finished and finished products, capitalised costs | 4.3 | -5,282 | 5,573 |
| Total operating income | 4.3 | 289,113 | 282,105 |
| Cost of materials | | -124,517 | -120,061 |
| External production costs | | -11,882 | -15,264 |
| Personnel expenditure | 4.4 / 4.5 | -88,374 | -89,581 |
| Other operating expenses | 4.6 | -43,113 | -62,803 |
| Depreciation and impairment on tangible assets | 4.15 | -15,166 | -13,383 |
| Depreciation and impairment on intangible assets | 4.16 | -2,021 | -1,760 |
| Earnings before interest and taxes (EBIT) | 4.1 | 4,040 | -20,747 |
| Financial income | | 826 | 1,884 |
| Financial expenses | | -1,319 | -2,073 |
| Financial result | 4.7 | -493 | -189 |
| Earnings before income taxes (EBT) | | 3,547 | -20,936 |
| Income tax expenses | 4.8 | -1,890 | 3,893 |
| Net income for the period | | 1,657 | -17,043 |
| Attributable to the shareholders of Orell Füssli Holding Ltd | | -527 | -18,226 |
| Attributable to minority interests | | 2,184 | 1,183 |
| <i>in CHF</i> | NOTES | 2014 | 2013 |
| Loss per share | 4.9 | -0.27 | -9.30 |

The disclosures on pages 14 to 34 form an integral part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.2 CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

| <i>in CHF '000</i> | NOTES | 2014 | 2013 |
|--|-------------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 4.10 | 60,377 | 27,202 |
| Marketable securities & derivative financial instruments | 4.11 | 365 | 676 |
| Trade accounts receivable | 4.12 | 30,766 | 32,469 |
| Other receivables | 4.13 | 21,024 | 41,156 |
| Inventories | 4.14 | 40,282 | 50,943 |
| Current income tax receivables | | 1,185 | 1,360 |
| Accrued income and deferred expenses | | 1,732 | 4,484 |
| Total current assets | | 155,731 | 158,290 |
| Non-current assets | | | |
| Tangible assets | 4.15 / 4.17 | 81,629 | 81,025 |
| Intangible assets | 4.16 | 2,579 | 4,058 |
| Participations | 4.18 | 1,457 | 3,482 |
| Deferred tax assets | 4.23 | 9,211 | 9,675 |
| Other non-current financial assets | 4.19 | 5,624 | 5,545 |
| Total non-current assets | | 100,500 | 103,785 |
| Total assets | | 256,231 | 262,075 |
| Liabilities and equity | | | |
| Trade payables | | 15,609 | 21,322 |
| Other current liabilities | 4.20 | 60,391 | 52,099 |
| Current income tax liabilities | | 1,400 | 1,192 |
| Accrued expenses and deferred income | | 13,239 | 12,090 |
| Current financial liabilities | 4.21 | 8,720 | 11,749 |
| Current provisions | 4.22 | 5,573 | 12,871 |
| Total current liabilities | | 104,932 | 111,323 |
| Non-current liabilities | | | |
| Non-current financial liabilities | 4.21 | 2,561 | 2,550 |
| Pension fund liabilities | | 425 | 369 |
| Non-current provisions | 4.22 | 959 | 1,819 |
| Deferred tax liabilities | 4.23 | 1,508 | 1,694 |
| Total non-current liabilities | | 5,453 | 6,432 |
| Equity | | | |
| Share capital | | 1,960 | 1,960 |
| Capital reserves | | 4,160 | 4,160 |
| Retained earnings | | 139,190 | 139,717 |
| Translation differences | | -13,587 | -14,166 |
| Total equity before minority interests | | 131,723 | 131,671 |
| Minority interests | | 14,123 | 12,649 |
| Total equity | | 145,846 | 144,320 |
| Total liabilities and equity | | 256,231 | 262,075 |

The disclosures on pages 14 to 34 form an integral part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.3 CONSOLIDATED CASH FLOW STATEMENT

| <i>in CHF '000</i> | NOTES | 2014 | 2013 |
|---|-------|----------------|----------------|
| Net income for the period | | 1,657 | -17,043 |
| Depreciation | | 15,081 | 14,672 |
| Impairment and amortisation | | 2,107 | 1,027 |
| Share of loss on equity-accounted investments | | - | 100 |
| Other non-cash related income and expenses | | -152 | -2,234 |
| Change in trade accounts receivable | | 1,599 | -589 |
| Change in inventories | | 10,775 | 796 |
| Change in other receivables | | 20,232 | 30,630 |
| Change in trade payables | | -5,651 | -2,116 |
| Change in other liabilities | | 8,509 | 10,326 |
| Change in accruals net | | 3,902 | 711 |
| Change in provisions and deferred income tax | | -7,836 | 5,720 |
| Cash flow from operating activities | | 50,223 | 42,000 |
| Purchase of tangible assets | | -16,062 | -10,460 |
| Proceeds from disposals of tangible assets | | 300 | 307 |
| Purchase of intangible assets | | -549 | -1,233 |
| Purchase of Verlag Fuchs Ltd | 4.28 | - | -1,670 |
| Net increase from change in scope of consolidation | 4.28 | - | 3,576 |
| Purchase of other participations | 4.18 | -100 | - |
| Proceeds from disposals of other participations | 4.18 | 2,569 | 645 |
| Purchase of other non-current assets | | -126 | -199 |
| Proceeds from disposals of other non-current assets | | 30 | 243 |
| Proceeds from other investmentst | | 301 | - |
| Cash flow from investing activities | | -13,637 | -8,791 |
| Increase of financial liabilities | | 138 | 66 |
| Repayment of financial liabilities | | -2,976 | -18,127 |
| Dividends paid to minorities (Orell Füssli Buchhandlungs Ltd, SOFHA GmbH, Tritron GmbH) | | -666 | -4,993 |
| Cash flow from financing activities | | -3,504 | -23,054 |
| Translation effects | | 93 | -13 |
| Increase in cash and cash equivalents | | 33,175 | 10,142 |
| Cash and cash equivalents at 1 January | | 27,202 | 17,060 |
| Cash and cash equivalents at 31 December | | 60,377 | 27,202 |

The disclosures on pages 14 to 34 form an integral part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF '000

| | Share capital | Capital reserves | Retained earnings and net income | Translation differences | Equity before minority interests | Minority interests | Total equity |
|---|---------------|------------------|----------------------------------|-------------------------|----------------------------------|--------------------|--------------|
| Equity at 1 January 2013 | 1,960 | 4,160 | 159,352 | -14,270 | 151,202 | 16,443 | 167,645 |
| Dividends paid | - | - | - | - | - | -4,993 | -4,993 |
| Offsetting goodwill against equity | - | - | -1,409 | - | -1,409 | - | -1,409 |
| Currency translation effects | - | - | - | 104 | 104 | 16 | 120 |
| Net income for the period | - | - | -18,226 | - | -18,226 | 1,183 | -17,043 |
| Total equity at 31 December 2013 | 1,960 | 4,160 | 139,717 | -14,166 | 131,671 | 12,649 | 144,320 |
| Equity at 1 January 2014 | 1,960 | 4,160 | 139,717 | -14,166 | 131,671 | 12,649 | 144,320 |
| Dividends paid | - | - | - | - | - | -666 | -666 |
| Currency translation effects | - | - | - | 579 | 579 | -44 | 535 |
| Net income for the period | - | - | -527 | - | -527 | 2,184 | 1,657 |
| Total equity at 31 December 2014 | 1,960 | 4,160 | 139,190 | -13,587 | 131,723 | 14,123 | 145,846 |

The share capital as at 31 December 2014 and 31 December 2013 consisted of 1,960,000 registered shares with a par value of CHF 1.- each.

The retained earnings include offset goodwill in the amount of CHF 6,654,000 (2013: CHF 6,654,000).

The amount of accumulated non-distributable reserves stands at CHF 8,674,000 (2012: CHF 8,464,000).

The disclosures on pages 14 to 34 form an integral part of the financial report.

2 ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

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

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

2.2 CONSOLIDATION

Subsidiaries

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

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

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

Participations in joint ventures

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

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

Participations in associated companies

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

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

Other participations

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

2.3 CURRENCY TRANSLATION

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

The consolidated financial statements are presented in Swiss francs. To prepare the consolidated financial statements, the assets and liabilities of foreign subsidiaries are converted into Swiss francs at the market rate as of the corresponding balance sheet date. Revenues and expenses are converted at the average currency exchange rate for the financial year. Translation differences and foreign currency gains on equity-like long-term loans are booked neutrally for profit purposes under currency differences in the shareholders’ equity. The Orell Füssli Group used the following currency exchange rates for the 2014 and 2013 financial years:

CURRENCY EXCHANGE RATES

| | Market rate | | Annual average rate | |
|----------------------|-------------|--------|---------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| EUR at a rate of CHF | 1.2029 | 1.2259 | 1.2148 | 1.2309 |
| USD at a rate of CHF | 0.9896 | 0.8905 | 0.9154 | 0.9272 |
| GBP at a rate of CHF | 1.5372 | 1.4684 | 1.5071 | 1.4500 |

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

2.5 SEGMENT REPORTING

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

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

2.6 REVENUE RECOGNITION

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

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

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

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

2.7 IMPAIRMENT

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

2.8 INCOME TAXES

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.9 CASH AND CASH EQUIVALENTS

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

2.10 MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative financial instruments to hedge transactions with future cash flows are recognised at fair value in the same place where the underlying transaction is recorded in the balance sheet. Otherwise, they are disclosed in the notes to the financial statements. The Orell Füssli Group uses no other derivative financial instruments.

2.11 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE

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

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

2.12 CONSTRUCTION CONTRACTS

Manufacturing contracts are long-term orders with a timeframe of at least three months and a contractual value of at least CHF 500,000, which are usually governed by a contract for work and services. Manufacturing contracts are recognised using the percentage of completion method (PoC). The PoC method measures the stage of completion of the contractual activity in percentage terms in order to determine the share of the overall revenue for the reporting period and to recognise this share as a receivable. Each business unit uses different calculation methods based on the completed quantity of a production lot and/or on the portion of the production stages carried out. Expected losses on construction contracts are recognised immediately in the income statement as an expense.

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

2.13 INVENTORIES

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

2.14 FINANCIAL ASSETS

Current and non-current financial assets are demand and time deposits with third parties maturing in more than 90 days as well as loans. They are valued at face value less any impairment.

2.15 TANGIBLE ASSETS

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

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

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

ESTIMATED USEFUL LIVE OF EACH FIXED ASSET CATEGORY

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

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

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

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

2.16 INTANGIBLE ASSETS

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

2.17 GOODWILL

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

2.18 TRADE ACCOUNTS PAYABLE

Trade accounts payable are recognised at face value.

2.19 DIVIDEND DISTRIBUTION

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

2.20 FINANCIAL LIABILITIES

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

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

2.21 LEASES

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

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

2.22 EMPLOYEE BENEFITS

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

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

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

2.23 PROVISIONS

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

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

2.24 SHARE CAPITAL

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

3 RISK MANAGEMENT

3.1 RISK ASSESSMENT

As part of its supervisory duties of the Orell Füssli Group, the Board of Directors of Orell Füssli Holding Ltd conducts a systematic risk assessment at least once a year. At its meeting on 18 March 2014, the Board of Directors took note of management's report on group-wide risk management and approved the steps proposed.

3.2 FINANCIAL RISK MANAGEMENT

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

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

3.3 CURRENCY RISK

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

3.4 INTEREST RATE RISK

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

Non-current, interest-bearing borrowings at variable rates expose the group to cash-flow interest-rate risk, while fixed-rate borrowings represent a fair-value interest-rate risk.

Management policy is to maintain approximately 80% of its borrowings in fixed-rate instruments. In principle, no interest-rate hedging transactions are entered into.

3.5 CREDIT RISK

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.6 LIQUIDITY RISK

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

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

LIQUIDITY RESERVES AND CREDIT FACILITIES

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|--|----------------|---------------|
| Liquidity reserves | 60,742 | 27,879 |
| Credit facilities | 84,311 | 80,906 |
| ./. bank guarantees | -25,278 | -32,065 |
| ./. utilised credit facilities | -9,496 | -8,581 |
| Total liquidity reserves and non-utilised credit facilities | 110,279 | 68,139 |

As well as the committed credit facilities in local currencies, sufficient funds should also be available to conduct ordinary business activities in the future. Credit facilities experienced a net increase of CHF 3,400,000 in 2014.

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

3.7 CAPITAL RISK

In managing capital, the Orell Füssli Group seeks in particular to safeguard the group's ability to continue operating as a going concern and to optimise the balance sheet structure with due regard to the cost of capital.

The Orell Füssli Group monitors the capital structure based on the net gearing ratio, i.e. net debt as a proportion of total capital, expressed in percent. Net debt is calculated as the total of interest-bearing liabilities, trade accounts payable, prepayments by customers and other current liabilities, less cash and cash equivalents. Total capital is calculated as shareholders' equity as disclosed in the consolidated balance sheet, plus net debt.

The net gearing ratio as of the balance sheet dates was as follows:

NET GEARING RATIO

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|-----------------------------------|----------------|----------------|
| Total financial liabilities | 11,281 | 14,299 |
| + trade payables | 15,609 | 21,322 |
| + prepayments from customers | 103,404 | 76,866 |
| + other current liabilities | 5,024 | 4,051 |
| ./. cash and cash equivalents | -60,377 | -27,202 |
| Net indebtedness | 74,941 | 89,336 |
| Total equity | 145,846 | 144,320 |
| Total capital | 220,787 | 233,656 |
| Net gearing ratio | 34% | 38% |

4 EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 SEGMENT REPORTING BY BUSINESS UNITS

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

Industrial Systems

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

Security Printing

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

Book Retailing

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

Other business activities

In 2014 and 2013, this segment consisted primarily of the publishing business.

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

SEGMENT RESULTS 2014

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

SEGMENT RESULTS 2013

| <i>in CHF '000</i> | Industrial Systems | Security Printing | Book Retailing | Other | Total segments | Unallocated | Total Group |
|--|--------------------|-------------------|----------------|---------------|----------------|---------------|----------------|
| Net revenue from segment sales | 76,252 | 75,094 | 109,464 | 11,308 | 272,118 | 63 | 272,181 |
| Inter-segment sales | 2,326 | 1 | 1 | 14 | 2,342 | –2,342 | – |
| Net revenue from sales to customers | 78,578 | 75,095 | 109,465 | 11,322 | 274,460 | –2,279 | 272,181 |
| Earnings before interest and taxes (EBIT) | 4,196 | –24,980 | 508 | –100 | –20,376 | –371 | –20,747 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 NET REVENUE FROM SALES AND SERVICES BY COUNTRY AND REGION

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

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

NET REVENUE FROM SALES AND SERVICES BY REGION

| <i>in CHF '000</i> | 2014 | 2013 |
|--|----------------|----------------|
| Switzerland | 194,483 | 170,822 |
| Germany | 13,135 | 13,075 |
| The rest of Europe and Africa | 31,115 | 39,034 |
| North and South America | 21,274 | 31,056 |
| Asia and Oceania | 28,120 | 18,194 |
| Total net revenue from sales to customers by region | 288,127 | 272,181 |

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

4.3 OPERATING INCOME

| <i>in CHF '000</i> | 2014 | 2013 |
|---|----------------|----------------|
| Net revenue from sales to customers | | |
| Sales of goods and products | 283,586 | 268,288 |
| Revenue from license fees | 4,541 | 3,893 |
| Total net revenue from sales to customers | 288,127 | 272,181 |
| Other operating income | | |
| Rental income from operating leases | 412 | 549 |
| Gain from sales of non-current assets | 23 | 20 |
| Gain from sales of other investments | 459 | - |
| Other income | 5,374 | 3,782 |
| Total operating income | 6,268 | 4,351 |
| Changes in inventories of semi-finished and finished products, capitalised costs | | |
| Changes in inventories of semi-finished and finished products | -5,414 | 3,761 |
| Capitalised costs | 132 | 1,812 |
| Total changes in inventories of semi-finished and finished products, capitalised costs | -5,282 | 5,573 |
| Total operating income | 289,113 | 282,105 |

Sales of goods and products includes revenue from production contracts according to the PoC method of CHF 38,558,000 (2013: CHF 38,083,000). Security Printing accounts for more than 90% (2013: more than 80%) of PoC orders and Atlantic Zeiser accounts for the remainder.

4.4 PERSONNEL EXPENDITURE

| <i>in CHF '000</i> | 2014 | 2013 |
|------------------------------------|---------------|---------------|
| Wages and salaries | 73,981 | 75,588 |
| Social security costs | 6,603 | 6,781 |
| Pension costs | 4,795 | 4,803 |
| Other personnel expenditure | 2,995 | 2,409 |
| Total personnel expenditure | 88,374 | 89,581 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.5 PENSION FUNDS

The Orell Füssli Foundation has used the 2010 BVG (OPA) mortality table since 2011. The actuarial interest rate is 2.50% (2013: 2.75%).

EMPLOYER'S CONTRIBUTION RESERVES

in CHF '000

| | Nominal value ECR | Waiver of usage | Adjustments | Additions/ Reversals | Balance sheet | Balance sheet | Result from ECR in personnel expenditure | Result from ECR in personnel expenditure |
|---|----------------------|--------------------|-------------|-------------------------|------------------|------------------|---|---|
| | 31.12.2014 | 31.12.2014 | 31.12.2014 | 2014 | 31.12.2014 | 31.12.2013 | 2014 | 2013 |
| Pension schemes without funding surplus / deficit (Switzerland) | 3,623 | – | – | – | 3,623 | 3,623 | – | – |

FINANCIAL BENEFIT/LIABILITY AND PENSION COSTS

in CHF '000

| | Funding surplus/deficit according to Swiss GAAP FER 26 | Economic benefit/ liability Group | Economic benefit/ liability Group | Translation differences with no impact on the income statement | Change to prior year or charged to income statement | Contributions limited to the period | Pension costs in personnel expenditure | Pension costs in personnel expenditure |
|---|--|---|---|--|---|---|--|--|
| | 31.12.2014 | 31.12.2014 | 31.12.2013 | 2014 | 31.12.2014 | 31.12.2014 | 2014 | 2013 |
| Pension schemes without funding surplus / deficit (Switzerland) | – | – | – | – | – | – | 3,165 | 3,167 |
| Unfunded pension schemes (abroad) | – | – | – | – | – | – | 1,630 | 1,636 |
| Total | – | – | – | – | – | – | 4,795 | 4,803 |

4.6 OTHER OPERATING EXPENSES

in CHF '000

| | NOTES | 2014 | 2013 |
|--|-------|--------|--------|
| Marketing and distribution expenses | | 12,824 | 11,560 |
| Operating lease expenses | | 13,411 | 12,227 |
| Repairs and maintenance | | 5,488 | 5,571 |
| Administration expenses | | 7,283 | 6,642 |
| Losses on bad debts | | 1,033 | 517 |
| Provisions made for PoC | 4.22 | –9,250 | 9,250 |
| Losses from sales of fixed assets | | 3 | 41 |
| Impairment loss on investments and loan assets | 4.18 | – | 555 |
| Energy | | 2,718 | 2,707 |
| Other operating expenses | | 9,603 | 13,733 |
| Total other operating expenses | | 43,113 | 62,803 |

The release of the reserves for special charges in the Security Printing Division is done through the other operating expenses. See also Note 4.22 "Provisions".

4.7 FINANCIAL RESULT

in CHF '000

| | Expenses | Income | Balance 2014 | Expenses | Income | Balance 2013 |
|--|----------|--------|--------------|----------|--------|--------------|
| Interest income and expenses | | | | | | |
| Bank borrowings | –370 | 182 | –188 | –623 | 119 | –504 |
| Finance lease liabilities | –35 | – | –35 | –65 | – | –65 |
| Total interest income and expenses | –405 | 182 | –223 | –688 | 119 | –569 |
| Other financial income and expenses | | | | | | |
| Dividend income | – | – | – | – | 180 | 180 |
| Income from derivative financial instruments | – | – | – | –383 | – | –383 |
| Net gains (losses) from foreign exchange differences | –759 | 644 | –115 | –714 | 1,585 | 871 |
| Bank charges and other finance cost | –155 | – | –155 | –288 | – | –288 |
| Total other financial income and expenses | –914 | 644 | –270 | –1,385 | 1,765 | 380 |
| Total financial result | –1,319 | 826 | –493 | –2,073 | 1,884 | –189 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.8 INCOME TAX EXPENSES

| <i>in CHF '000</i> | 2014 | 2013 |
|----------------------------------|--------------|---------------|
| Current income tax | 1,640 | 1,647 |
| Deferred income tax | 250 | -5,540 |
| Total income tax expenses | 1,890 | -3,893 |

4.9 EARNINGS PER SHARE

| <i>at 31 December</i> | 2014 | 2013 |
|--|--------------|--------------|
| Net income for the period in CHF '000 | -527 | -18,226 |
| Weighted average numbers of shares in issue (in thousands) | 1,960 | 1,960 |
| Loss per share in CHF | -0.27 | -9.30 |

There were no dilution effects either in 2014 or in 2013.

4.10 CASH AND CASH EQUIVALENTS

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|--|---------------|---------------|
| Cash in bank accounts and in hand | 58,950 | 26,083 |
| Short-term bank deposits | 1,427 | 1,119 |
| Total cash and cash equivalents | 60,377 | 27,202 |

Cash and cash equivalents includes CHF 11,057,000 (2013: CHF 10,861,000) from the Füssli Thalia Ltd joint venture company. The Orell Füssli Group has only limited access to these funds. The size of this amount is due to the large holdings of liquid funds for the Christmas season business and it always declines steeply in the first quarter of the following year.

The significant increase in cash and cash equivalents is mainly due to payments from customers concerning the Security Printing Division.

4.11 MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

As of the balance sheet date of 31 December 2013 and of 31 December 2014, there were no open currency hedges against future cash flows or other hedges and foreign exchange contracts.

4.12 TRADE ACCOUNTS RECEIVABLE

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|---------------|---------------|
| Trade accounts receivable gross | 31,980 | 33,659 |
| ./. provisions for doubtful trade accounts receivable | -1,214 | -1,190 |
| Total trade accounts receivable net | 30,766 | 32,469 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROVISIONS FOR DOUBTFUL TRADE ACCOUNTS RECEIVABLE

| <i>in CHF '000</i> | 2014 | 2013 |
|---|---------------|---------------|
| At 1 January | -1,190 | -1,031 |
| Increase in provisions for doubtful trade accounts receivable | -1,081 | -269 |
| Utilisation of provisions | 951 | 121 |
| Reversal of provisions | 93 | 1 |
| Exchange differences | 13 | -12 |
| At 31 December | -1,214 | -1,190 |

There is no forfeiting on the receivables portfolio.

4.13 OTHER RECEIVABLES

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|---------------|---------------|
| Construction contracts gross | 60,208 | 58,545 |
| ./. deductible customer advances received | -48,037 | -28,818 |
| Total construction contracts net | 12,171 | 29,727 |
| Prepayments to suppliers | 1,489 | 1,130 |
| Current financial assets | 1,594 | 2,255 |
| Other receivables | 5,770 | 8,044 |
| Total other receivables | 21,024 | 41,156 |

The steep decline in PoC receivables is attributable to the significant customer payments in the Security Printing Division.

4.14 INVENTORIES

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|---------------|---------------|
| Raw materials, auxiliary materials and supplies | 18,809 | 22,823 |
| Semi-finished and finished products | 15,733 | 21,168 |
| Trading goods | 16,199 | 18,925 |
| Work-in-progress | 987 | 686 |
| Total inventories gross | 51,728 | 63,602 |
| ./. allowance on inventories | -11,446 | -12,659 |
| Total inventories net | 40,282 | 50,943 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.15 TANGIBLE ASSETS

TANGIBLE ASSETS IN 2014

| <i>in CHF '000</i> | Developed property and buildings | Undeveloped property | Investment property | Machinery and equipment | Other tangible assets | Assets under construction | Total 2014 |
|---|----------------------------------|----------------------|---------------------|-------------------------|-----------------------|---------------------------|------------|
| Cost at 1 January | 88,513 | 367 | 310 | 115,201 | 29,366 | 5,746 | 239,503 |
| Additions | 485 | – | – | 4,029 | 2,034 | 9,645 | 16,193 |
| Disposals | –5,737 | – | – | –2,801 | –1,214 | –164 | –9,916 |
| Reclassification | – | – | – | 907 | – | –907 | – |
| Exchange differences | 130 | –6 | 14 | –104 | –262 | –2 | –230 |
| Cost at 31 December | 83,391 | 361 | 324 | 117,232 | 29,924 | 14,318 | 245,550 |
| Accumulated depreciation and impairment at 1 January | –54,966 | – | –300 | –83,922 | –19,290 | – | –158,478 |
| Depreciation on disposals | 5,731 | – | – | 2,733 | 1,170 | – | 9,634 |
| Depreciation | –3,615 | – | –10 | –6,698 | –3,246 | – | –13,569 |
| Impairment | –1,110 | – | – | –243 | –244 | – | –1,597 |
| Exchange differences | –168 | – | –14 | 52 | 219 | – | 89 |
| Accumulated depreciation and impairment at 31 December | –54,128 | – | –324 | –88,078 | –21,391 | – | –163,921 |
| Net carrying amount at 1 January | 33,547 | 367 | 10 | 31,279 | 10,076 | 5,746 | 81,025 |
| Net carrying amount at 31 December | 29,263 | 361 | – | 29,154 | 8,533 | 14,318 | 81,629 |
| Net carrying amount of tangible assets under finance lease | 2,472 | – | – | – | – | – | 2,472 |

TANGIBLE ASSETS IN 2013

| <i>in CHF '000</i> | Developed property and buildings | Undeveloped property | Investment property | Machinery and equipment | Other tangible assets | Assets under construction | Total 2013 |
|---|----------------------------------|----------------------|---------------------|-------------------------|-----------------------|---------------------------|------------|
| Cost at 1 January | 97,124 | 362 | 311 | 113,607 | 34,246 | 42 | 245,692 |
| Change in scope of consolidation | –8,263 | – | – | –46 | –3,617 | – | –11,926 |
| Additions | 243 | – | – | 2,307 | 1,533 | 6,403 | 10,486 |
| Disposals | –703 | – | – | –774 | –4,215 | – | –5,692 |
| Reclassification | 1 | – | – | – | 1,192 | –698 | 495 |
| Exchange differences | 111 | 5 | –1 | 107 | 227 | –1 | 448 |
| Cost at 31 December | 88,513 | 367 | 310 | 115,201 | 29,366 | 5,746 | 239,503 |
| Accumulated depreciation and impairment at 1 January | –61,014 | – | –285 | –77,887 | –24,565 | – | –163,751 |
| Change in scope of consolidation | 8,732 | – | – | 33 | 4,790 | – | 13,555 |
| Depreciation on disposals | 699 | – | – | 704 | 3,962 | – | 5,365 |
| Depreciation | –3,330 | – | –15 | –6,595 | –2,971 | – | –12,911 |
| Impairment | –27 | – | – | –117 | –328 | – | –472 |
| Reclassification | –1 | – | – | – | – | – | –1 |
| Exchange differences | –25 | – | – | –60 | –178 | – | –263 |
| Accumulated depreciation and impairment at 31 December | –54,966 | – | –300 | –83,922 | –19,290 | – | –158,478 |
| Net carrying amount at 1 January | 36,110 | 362 | 26 | 35,720 | 9,681 | 42 | 81,941 |
| Net carrying amount at 31 December | 33,547 | 367 | 10 | 31,279 | 10,076 | 5,746 | 81,025 |
| Net carrying amount of tangible assets under finance lease | 2,620 | – | – | – | – | – | 2,620 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.16 INTANGIBLE ASSETS

INTANGIBLE ASSETS IN 2014

| <i>in CHF '000</i> | Software and developments | Rights and licenses | Other intangible assets | Total 2014 |
|---|---------------------------|---------------------|-------------------------|----------------|
| Cost at 1 January | 9,980 | 1,340 | 1,252 | 12,572 |
| Additions | 352 | – | 198 | 550 |
| Disposals | –220 | – | – | –220 |
| Reclassification | 519 | – | –519 | – |
| Exchange differences | –75 | –5 | –12 | –92 |
| Cost at 31 December | 10,556 | 1,335 | 919 | 12,810 |
| Accumulated depreciation and impairment at 1 January | –7,387 | –438 | –689 | –8,514 |
| Depreciation on disposals | 219 | – | – | 219 |
| Depreciation | –1,491 | –19 | –2 | –1,512 |
| Impairment | – | –509 | – | –509 |
| Exchange differences | 67 | 5 | 13 | 85 |
| Accumulated depreciation and impairment at 31 December | –8,592 | –961 | –678 | –10,231 |
| Net carrying amount at 1 January | 2,593 | 902 | 563 | 4,058 |
| Net carrying amount at 31 December | 1,964 | 374 | 241 | 2,579 |

INTANGIBLE ASSETS IN 2013

| <i>in CHF '000</i> | Software and developments | Rights and licenses | Other intangible assets | Total 2013 |
|---|---------------------------|---------------------|-------------------------|---------------|
| Cost at 1 January | 12,276 | 448 | 1,150 | 13,874 |
| Change in scope of consolidation | –2,808 | 855 | – | –1,953 |
| Additions | 110 | 33 | 1,090 | 1,233 |
| Disposals | –162 | – | – | –162 |
| Reclassification | 505 | – | –998 | –493 |
| Exchange differences | 59 | 4 | 10 | 73 |
| Cost at 31 December | 9,980 | 1,340 | 1,252 | 12,572 |
| Accumulated depreciation and impairment at 1 January | –8,408 | –418 | –676 | –9,502 |
| Change in scope of consolidation | 2,646 | – | – | 2,646 |
| Depreciation on disposals | 162 | – | – | 162 |
| Depreciation | –1,741 | –16 | –3 | –1,760 |
| Exchange differences | –46 | –4 | –10 | –60 |
| Accumulated depreciation and impairment at 31 December | –7,387 | –438 | –689 | –8,514 |
| Net carrying amount at 1 January | 3,868 | 30 | 474 | 4,372 |
| Net carrying amount at 31 December | 2,593 | 902 | 563 | 4,058 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.17 FURTHER DETAILS OF TANGIBLE AND INTANGIBLE ASSETS

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

FURTHER DETAILS OF TANGIBLE ASSETS

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|--|---------|---------|
| Insurance value | 293,154 | 283,578 |
| Commitments for purchases of properties, plants and other equipments | 8,100 | 14,446 |

The remaining tangible fixed assets stated at cost as of 31 December 2014 in note 4.15 consist mainly of furniture and fixtures in the amount of CHF 18,912,000 (2013: CHF 18,649,000) and IT and systems in the amount of CHF 10,425,000 (2013: CHF 10,207,000).

In the 2013 and 2014 financial years, no bank borrowings were secured on land and buildings. Lease rentals amounted to CHF 12,502,000 (2013: CHF 11,398,000), while CHF 909,000 (2013: CHF 829,000) was related to other leased tangible assets.

Commitments to purchase tangible fixed assets refer mainly to the purchase of a new screen printing machine at Security Printing Division. Delivery and installation is expected in the 2nd quarter of 2015.

4.18 PARTICIPATIONS

The participation in the Swiss Book Centre cooperative in Hägendorf, which was held by Orell Füssli Buchhandlungs Ltd, was redeemed at the end of 2014 at the issue price. This resulted in a profit of CHF 459,000. Currently, the Orell Füssli Thalia Ltd joint venture company has a small participation in the Swiss Book Centre, Hägendorf.

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

As of the balance sheet date, the Orell Füssli Group held the following investments:

PARTICIPATIONS

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|--|--------------|--------------|
| Photoglob Ltd (34 %) | 280 | 280 |
| Orell Füssli Kartographie Ltd (24 %) | 50 | 50 |
| Total participations in associates | 330 | 330 |
| Participation in cooperative Schweizer Buchzentrum | 100 | 2,110 |
| Other participations | 1,027 | 1,042 |
| Total participations | 1,457 | 3,482 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.19 OTHER NON-CURRENT FINANCIAL ASSETS

| <i>in CHF '000 at 31 December</i> | NOTES | 2014 | 2013 |
|---|-------|--------------|--------------|
| Loan assets | | 876 | 901 |
| Pension fund assets | 4.5 | 3,623 | 3,623 |
| Other non-current financial assets | | 1,125 | 1,021 |
| Total other non-current financial assets | | 5,624 | 5,545 |

4.20 OTHER CURRENT LIABILITIES

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|---------------|---------------|
| Prepayments from customers on construction contracts gross | 48,037 | 30,306 |
| ./. deductible customer advances received | -48,037 | -28,818 |
| Prepayments from customers on construction contracts net | - | 1,488 |
| Prepayments from customers | 55,367 | 46,560 |
| Liabilities to employees | 415 | 1,153 |
| VAT and similar taxes payable | 833 | 774 |
| Dividends payable | 3 | 3 |
| Other current payables | 3,773 | 2,121 |
| Total other current liabilities | 60,391 | 52,099 |

4.21 FINANCIAL LIABILITIES

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

MATURITIES OF FINANCIAL LIABILITIES

| <i>in CHF '000 at 31 December</i> | From borrowings | Liabilities from finance lease | Total 2014 | From borrowings | Liabilities from finance lease | Total 2013 |
|------------------------------------|-----------------|--------------------------------|---------------|-----------------|--------------------------------|---------------|
| Current financial liabilities | 8,720 | - | 8,720 | 11,449 | 300 | 11,749 |
| Non-current financial liabilities | 1,875 | 686 | 2,561 | 1,850 | 700 | 2,550 |
| Total financial liabilities | 10,595 | 686 | 11,281 | 13,299 | 1,000 | 14,299 |

The financing costs of the finance leases amounted to CHF 35,000 in the reporting year (2013: CHF 65,000). The interest-bearing liabilities do not include any collateralised financial liabilities in 2014 or 2013. Leases are effectively collateralised as the rights to the leased assets revert to the lessor in the event of a breach of contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.22 PROVISIONS

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

The remainder of the provisions for restructurings concern the closure of a branch in Winterthur in the first quarter of 2015.

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

The provisions created in the previous year in the Security Printing Division were used to compensate loss-generating PoC orders. In the year under review, the Security Printing Division accepted orders in connection with the expansion of an area of business, for which provisions had to be created.

MOVEMENT IN PROVISIONS 2014

| <i>in CHF '000</i> | Provisions for restructuring | Warranty provisions | Other provisions | Total 2014 |
|---|------------------------------|---------------------|------------------|------------|
| At 1 January | 4,269 | 556 | 9,865 | 14,690 |
| Additions (charged to income statement) | 119 | 413 | 4,642 | 5,174 |
| Reversals (charged to income statement) | -737 | -103 | -550 | -1,390 |
| Utilisation during the year | -2,305 | -378 | -9,250 | -11,933 |
| Exchange differences | - | -9 | - | -9 |
| At 31 December | 1,346 | 479 | 4,707 | 6,532 |
| Provisions maturing within 12 months | 1,344 | 479 | 3,750 | 5,573 |
| Provisions maturing over 1 year | 2 | - | 957 | 959 |

MOVEMENT IN PROVISIONS 2013

| <i>in CHF '000</i> | Provisions for restructuring | Warranty provisions | Other provisions | Total 2013 |
|---|------------------------------|---------------------|------------------|------------|
| At 1 January | 2,033 | 529 | 876 | 3,438 |
| Additions (charged to income statement) | 4,547 | 444 | 9,369 | 14,360 |
| Reversals (charged to income statement) | -412 | -68 | -146 | -626 |
| Utilisation during the year | -1,901 | -357 | -235 | -2,493 |
| Exchange differences | 2 | 8 | 1 | 11 |
| At 31 December | 4,269 | 556 | 9,865 | 14,690 |
| Provisions maturing within 12 months | 4,267 | 556 | 8,048 | 12,871 |
| Provisions maturing over 1 year | 2 | - | 1,817 | 1,819 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities were as follows:

DEFERRED INCOME TAX ASSETS AND LIABILITIES

| <i>in CHF '000</i> | Deferred tax assets | Deferred tax liabilities | Balance 2014 | Deferred tax assets | Deferred tax liabilities | Balance 2013 |
|-----------------------------|------------------------|-----------------------------|--------------|------------------------|-----------------------------|--------------|
| At 1 January | 9,675 | -1,694 | 7,981 | 4,621 | -2,209 | 2,412 |
| Charges to income statement | -433 | 183 | -250 | 5,017 | 523 | 5,540 |
| Exchange differences | -31 | 3 | -28 | 37 | -8 | 29 |
| At 31 December | 9,211 | -1,508 | 7,703 | 9,675 | -1,694 | 7,981 |

Deferred taxes are calculated at the effective applicable rate for each company. This results in an average weighted group tax rate of 21.1% (2013: 21.1%) as of the balance sheet date. The effective tax rate used for the financial statements in the current financial year has an impact through the non-capitalised losses carried forward and, therefore, it is significantly higher.

Deferred taxes include the following capitalised losses carried forward:

DEFERRED INCOME TAX ASSETS FROM LOSSES CARRIED FORWARD:

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|--------|--------|
| Deferred income tax assets on loss carry-forward gross | 11,518 | 13,191 |
| ./. Allowance | -1,637 | -2,810 |
| Deferred income tax assets on loss carry-forward net | 9,881 | 10,381 |

Deferred income tax assets arising from tax loss carry forward are recognised in as far as the related tax benefits are likely to be realised through future taxable profits. The value adjustment corresponds to a loss carried forward in the amount of CHF 6,231,000 (2013: CHF 10,133,000), which largely stems from Atlantic Zeiser GmbH.

4.24 DIVIDEND PER SHARE

No dividend for the 2013 financial year was paid in the current reporting year.

It will be proposed to the shareholders at the Annual General Meeting to be held on 7 May 2015 that no dividend will be paid in respect of the year ended 31 December 2014.

4.25 GOODWILL FROM ACQUISITIONS

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

THEORETICAL STATEMENT OF GOODWILL

| <i>in CHF '000</i> | 2014 | 2013 |
|--|--------|--------|
| Cost at 1 January | 6,654 | 5,245 |
| Additions in scope of consolidation (acquisitions) | - | 1,409 |
| Cost at 31 December | 6,654 | 6,654 |
| Accumulated amortisation at 1 January | -4,437 | -3,107 |
| Depreciation and impairment | -1,331 | -1,330 |
| Accumulated amortisation at 31 December | -5,768 | -4,437 |
| Theoretical net book value at 1 January | 2,217 | 2,138 |
| Theoretical net book value at 31 December | 886 | 2,217 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THEORETICAL IMPACT ON NET INCOME FOR THE PERIOD

| <i>in CHF '000</i> | 2014 | 2013 |
|--|-------------|-------------|
| Earnings before interest and taxes (EBIT) according to consolidated income statement | 4,040 | -20,747 |
| Goodwill amortisation | -1,331 | -1,330 |
| Theoretical earnings before interest and taxes (EBIT) including goodwill amortisation | 2,709 | -22,077 |
| Net income for the period after minority interests | -527 | -18,226 |
| Goodwill amortisation | -1,331 | -1,330 |
| Net income for the period after minority interests including goodwill amortisation | -1,858 | -19,556 |

THEORETICAL IMPACT ON SHAREHOLDERS' EQUITY

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|-------------|-------------|
| Equity before minority interests according to the consolidated balance sheet | 131,723 | 131,671 |
| Theoretical capitalisation of goodwill (net book value) | 886 | 2,217 |
| Theoretical equity before minority interests including goodwill (net book value) | 132,609 | 133,888 |

4.26 CONTINGENT LIABILITIES AND OTHER COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET
 Liability arising from the purchase of minority interests of 25.1% of SOFHA GmbH, Berlin, CHF 1,612,000.
 (2013: CHF 1,226,000)

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

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

MATURITIES OF FUTURE AGGREGATE MINIMUM LEASE PAYMENTS

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|--|-------------|-------------|
| No later than 1 year | 12,019 | 11,488 |
| Later than 1 year and no later than 5 years | 33,399 | 37,840 |
| Later than 5 years | 11,346 | 17,607 |
| Total future aggregate minimum lease payments | 56,764 | 66,935 |

4.28 CHANGES IN THE SCOPE OF CONSOLIDATION IN THE 2014 FINANCIAL YEAR

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

IN THE 2013 FINANCIAL YEAR

Orell Füssli Security Documents Ltd: This company specialised in printing identity cards, bank cards, etc. These activities have already been performed for some years by Orell Füssli Security Printing Ltd. The company was therefore liquidated on 30 September 2013.

Orell Füssli Thalia Ltd: The owners of Thalia Bücher Ltd and Orell Füssli Buchhandlungs Ltd agreed in spring 2013 to merge their activities in Swiss book retailing in order to remain competitive in face of international online marketers. After the competition authorities gave their unconditional consent to this application, the company commenced business on 1 October 2013. As is usual in the retail trade, the new financial year was fixed from 1 October to 30 September. Based on the options under Swiss GAAP FER, Orell Füssli Holding Ltd decided to consolidate this joint venture at 50% (pro rata consolidation). 50% of the income statement and balance sheet items are therefore included in the consolidated financial statements of the Orell Füssli Group.

Share capital of CHF 13,900,000 and a paid-in surplus of CHF 4,687,000 were created by the contribution of fixed assets. Orell Füssli Buchhandlungs Ltd contributed CHF 6,971,000 and Thalia Bücher Ltd CHF 11,616,000. Each party received 50% of the shares in return. The resulting goodwill for Orell Füssli Buchhandlungs Ltd was offset by a provision necessary in connection with the merger of the companies. Further assets and liabilities were transferred for loans and current accounts to the joint venture. In the case of inventories, the largest item, Thalia Bücher Ltd contributed CHF 12,200,000 and Orell Füssli Buchhandlungs Ltd CHF 6,000,000.

Fuchs Verlag Ltd: 100% of Fuchs Verlag Ltd was acquired by Orell Füssli Holding Ltd on 20 February 2013. The transaction was effected through Orell Füssli Verlag Ltd. Fuchs Verlag Ltd merged with Orell Füssli Verlag Ltd at the end of 2013.

The acquisition balance sheet is shown below:

ACQUISITION BALANCE SHEET OF FUCHS VERLAG LTD, ROTHENBURG

| <i>in CHF '000 at 1 January 2013</i> | FAIR VALUE |
|--------------------------------------|--------------|
| Receivables | 30 |
| Inventories | 540 |
| Liabilities | -73 |
| Accrued expenses and deferred income | -236 |
| Net assets | 261 |
| Effective purchase price | 1,670 |
| Goodwill | 1,409 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.29 RELATED PARTY TRANSACTIONS

All transactions with related parties are included in the consolidated annual financial statements for 2014 and 2013.

RELATED PARTY TRANSACTIONS

| <i>in CHF '000</i> | with associated entities | with shareholders | with other related parties | Total 2014 | with associated entities | with shareholders | with other related parties | Total 2013 |
|--------------------------|--------------------------|-------------------|----------------------------|------------|--------------------------|-------------------|----------------------------|------------|
| Net revenue from sales | 177 | 50,258 | – | 50,435 | 248 | 29,302 | – | 29,550 |
| Other operating income | 1,547 | – | – | 1,547 | 358 | 15 | – | 373 |
| Financial income | 62 | – | 1 | 63 | 73 | – | – | 73 |
| Cost of materials | 10 | – | – | 10 | 22 | – | 123 | 145 |
| Other operating expenses | 40 | – | 260 | 300 | 565 | – | 160 | 725 |

| <i>in CHF '000 at 31 December</i> | with associated entities | with shareholders | with other related parties | Total 2014 | with associated entities | with shareholders | with other related parties | Total 2013 |
|-----------------------------------|--------------------------|-------------------|----------------------------|------------|--------------------------|-------------------|----------------------------|------------|
| Trade accounts receivable | 166 | 295 | – | 461 | 312 | 1,604 | – | 1,916 |
| Other receivables | – | 7,913 | – | 7,913 | 1,931 | 8,295 | – | 10,226 |
| Financial assets | 1,300 | – | 200 | 1,500 | 2,167 | – | – | 2,167 |
| Trade payables | 5 | – | – | 5 | 1 | – | – | 1 |
| Other liabilities | 45 | 26,890 | – | 26,935 | – | 13,075 | – | 13,075 |
| Financial liabilities | 1,875 | – | – | 1,875 | 4,650 | – | – | 4,650 |

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

Except for the compensation disclosed in the compensation report (see pages 43 to 46 of this annual report), there were no other transactions with members of the Board of Directors or the Executive Board in 2014 and 2013.

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

4.30 EVENTS AFTER THE BALANCE SHEET DATE

After the publication of the sale of the minority interest in Photoglob Ltd by Orell Füssli Holding Ltd to the Swiss Book Centre Ltd in December 2014, the deal closing was completed at the beginning of January 2015. In March 2015, a final payment was made based on the definitive 2014 accounts. The move to the new location in Hägendorf will be implemented in the second quarter of 2015.

On 15 January 2015, the Swiss National Bank (SNB) took the decision to end its support of a minimum exchange rate of CHF 1.20 to the euro, which led to a substantial decrease in the CHF/EUR exchange rate. As this event occurred after the balance sheet date, its impact is not incorporated in the 2014 financial statements. The Orell Füssli Group applies the Swiss franc as the functional currency for its financial statements. A stronger Swiss franc compared with the other major currencies leads to a negative currency translation effect on the revenues and the results of the Atlantic Zeiser Group. On the other hand, Book Retailing's cost of sales benefited from the lower exchange rate with the euro. With regard to the financial situation of the companies, the fluctuation in the exchange rate does not cast doubt on the assumption that the group is able to continue as a going concern.

No further events that provide additional information on the items in the consolidated financial statements or cast doubt on the assumption that the company is a going concern or that would be otherwise material occurred between the balance sheet date and the date on which the annual report was approved by the Board of Directors (20 March 2015).

5 REPORT OF THE GROUP AUDITORS

To the general meeting of Orell Füssli Holding Ltd

As statutory auditor, we have audited the consolidated financial statements of Orell Füssli Holding Ltd, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 10 to 34), for the year ended 31 December 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers Ltd



Christian Kessler
Audit expert
Auditor in charge



Gian Franco Bieler
Audit expert

Zurich, 23 March 2015

6 FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD

6.1 INCOME STATEMENT

| <i>in CHF '000</i> | NOTES | 2014 | 2013 |
|--|-------|--------|--------|
| Income from participations | 7.1 | – | 1,056 |
| Other operating income | | 2,362 | 2,381 |
| Total operating income | | 2,362 | 3,437 |
| Personnel expenditure | 7.2 | –2,473 | –2,084 |
| Other operating expenses | | –1,377 | –1,381 |
| Earnings before interest and taxes | | –1,488 | –28 |
| Financial income | | 3,346 | 6,058 |
| Financial expenses | | –521 | –932 |
| Financial result | 7.3 | 2,825 | 5,126 |
| Net operating income before extraordinary income and expenses | | 1,337 | 5,098 |
| Extraordinary income | | 1 | – |
| Extraordinary expenses | 7.4 | –148 | –230 |
| Earnings before taxes (EBT) | | 1,190 | 4,868 |
| Income tax expenses | 7.5 | –82 | –380 |
| Net income for the period | 7.6 | 1,108 | 4,488 |

FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD

6.2 BALANCE SHEET AT 31 DECEMBER

| <i>in CHF '000</i> | NOTES | 2014 | 2013 |
|--|-------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 7.7 | 25,439 | 180 |
| Receivables from consolidated and related companies | 7.8 | 16,902 | 50,634 |
| Other receivables | | 42 | 28 |
| Total current assets | | 42,383 | 50,842 |
| Operating assets | | | |
| Participations in consolidated and related companies | 7.9 | 71,074 | 36,074 |
| Loans to consolidated and related companies | 7.9 | 24,311 | 49,010 |
| Total non-current assets | | 95,713 | 85,221 |
| Total assets | | 138,096 | 136,063 |
| Liabilities and equity | | | |
| Trade payables | | 87 | 154 |
| Payables to consolidated and related companies | 7.10 | 1,088 | 227 |
| Current provisions | | 3 | 5 |
| Other current liabilities | | 1,177 | 1,044 |
| Total current liabilities | | 2,355 | 1,430 |
| Provisions for restructuring | | 130 | 130 |
| Total non-current liabilities | | 130 | 130 |
| Share capital | | 1,960 | 1,960 |
| Legal reserves | | 11,140 | 11,140 |
| Unrestricted reserves | 7.11 | 121,403 | 116,915 |
| Net income for the period | | 1,108 | 4,488 |
| Total equity | | 135,611 | 134,503 |
| Total liabilities and equity | | 138,096 | 136,063 |

7 NOTES TO THE FINANCIAL STATEMENTS

7.1 INCOME FROM PARTICIPATIONS

In 2014 no dividend payments were made to the parent company. In the previous year, the earnings resulted from the liquidation of Orell Füssli Security Documents Ltd, Zurich. This company has not been operational for some years.

7.2 PERSONNEL EXPENDITURE

The increase of CHF 389,000 is due to the double occupancy of the CEO position for a four-month period, the expansion of the Board of Directors by an additional member and the staffing of the position of Head of Internal Audit since August 2013.

7.3 FINANCIAL RESULT

The financing needs of the subsidiaries have declined, leading to a reduction in the interest income of CHF 474,000. The remaining decrease of CHF 1,827,000 is primarily due to the lack of profit from currency and exchange rate hedging.

7.4 EXTRAORDINARY EXPENSES

No value adjustments were made on investments in 2014 and 2013.

In the 2014 financial year, payments of over CHF 148,000 (previous year: CHF 147,000) were made to retirees of the Orell Füssli Group.

7.5 INCOME TAX EXPENSES

Income tax is calculated on ordinary net income less income from participations. Due to the lack of dividend income, there is no participation deduction.

7.6 NET INCOME FOR THE PERIOD

The result for the year is CHF 3,380,000 lower than the previous year. Besides the lack of dividend income, the financial income also decreased.

7.7 CASH AND CASH EQUIVALENTS

In December, significant sums were received by Orell Füssli Security Printing Ltd, which could be used to reduce the loan amounts from Orell Füssli Holding Ltd.

7.8 RECEIVABLES FROM CONSOLIDATED AND RELATED COMPANIES

Orell Füssli Holding Ltd places the necessary financial resources at the disposal of its subsidiaries and other related companies in the form of loans or short-term current account credits. Due to the normalisation of production and the completion of contracts, the resource requirements of Orell Füssli Security Printing Ltd in 2014 decreased significantly.

The decrease of CHF 33,732,000 is primarily due to Orell Füssli Security Printing Ltd's repayment of bank overdrafts of over CHF 22,436,000 (see also note 7.7) and the conversion of cash open accounts into equity of over CHF 11,000,000 (see note 7.9).

7.9 PARTICIPATIONS IN AND LOANS TO CONSOLIDATED AND RELATED COMPANIES

The Board of Directors decided to increase the equity capital of Orell Füssli Security Printing Ltd by CHF 30,000,000, that of Orell Füssli Book Publishing Ltd by CHF 3,000,000 and that of Orell Füssli Dienstleistungs Ltd by CHF 2,000,000. This was realised by the conversion of loans and credit balances from open accounts into equity capital of the subsidiaries, which led to a corresponding increase in the participation values at the level of Orell Füssli Holding Ltd as of 31 December 2014.

The growth in the participations is based on the conversion of loans and open account credit balances of CHF 35,000,000. Whilst loans have been reduced through this conversion by a total of CHF 24,000,000, the open accounts (see note 7.8) were reduced by CHF 11,000,000. In the previous year, the conversion of a loan to Atlantic Zeiser Ltd of CHF 9,057,000 was converted into shares.

7.10 PAYABLES TO CONSOLIDATED AND RELATED COMPANIES

The excess liquidity of the subsidiaries is made available for use to the Holding.

NOTES TO THE FINANCIAL STATEMENTS

7.11 UNRESTRICTED RESERVES

The unrestricted reserves and retained earnings from the previous year are aggregated in accordance with the resolution adopted by the Annual General Meeting held on 11 May 2005.

UNRESTRICTED RESERVES

| <i>in CHF '000</i> | 2014 | 2013 |
|--|----------------|----------------|
| Opening balance at 1 January | 116,915 | 112,970 |
| ./. dividends paid | – | – |
| + retained earnings from previous period | 4,488 | 3,945 |
| Closing balance at 31 December | 121,403 | 116,915 |

7.12 RISK ASSESSMENT AND ICS

As part of its supervisory duties for the Orell Füssli Group, the Board of Directors of Orell Füssli Holding Ltd performs an annual systematic risk and ICS assessment (ICS: internal control system). The Board of Directors took note of the Report of the Management on Group-wide Risk Management and the ICS at its meeting on March 2014. In doing so, it took note of the review of the risk and ICS situation, assessed the measures decided in 2013 and approved the proposed measures for 2014.

7.13 SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

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

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

| <i>Number of shares at 31 December</i> | 2014 | | 2013 | |
|--|----------------------|--|----------------------|--|
| | Number of own shares | Total number of shares including shares of related parties | Number of own shares | Total number of shares including shares of related parties |
| Dr. Anton Bleikolm | 1,000 | 1,000 | 0 | 0 |
| Heinrich Fischer | 2,017 | 2,017 | 0 | 0 |
| Peter Stiefenhofer | 730 | 730 | 0 | 0 |
| Gonpo Tsering | 300 | 300 | 300 | 300 |
| Dieter Widmer | 200 | 200 | 200 | 200 |

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

SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD

| <i>Number of shares at 31 December</i> | 2014 | | 2013 | |
|--|----------------------|--|----------------------|--|
| | Number of own shares | Total number of shares including shares of related parties | Number of own shares | Total number of shares including shares of related parties |
| Martin Buyle | 250 | 250 | 0 | 0 |
| Michel Kunz | – | – | 265 | 265 |

7.14 MAJOR SHAREHOLDERS

| <i>at 31 December 2014</i> | Total registered shares | Participation in % |
|---|-------------------------|--------------------|
| Swiss National Bank (SNB), Berne (CH) | 653,460 | 33.34% |
| Dieter Meier, Hong Kong | 307,800 | 15.70% |
| Fam. Siegert, Meerbusch (D) | 194,000 | 9.90% |
| Sarasin Investmentfonds Ltd, Basle (CH) | 140,100 | 7.15% |

NOTES TO THE FINANCIAL STATEMENTS

7.15 FURTHER INFORMATION

| <i>in CHF '000 at 31 December</i> | 2014 | 2013 |
|---|--------|--------|
| Contingent liabilities in favour of third parties | 25,278 | 34,000 |

Orell Füssli held none of its own shares on 31 December 2014.

No further disclosures are required under art. 663b^{bis} of the Swiss Code of Obligations.

7.16 PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

The Board of Director's proposal to the Annual General Meeting on 7 May 2015 is to forego paying a dividend to shareholders.

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

| <i>in CHF '000</i> | 2014 |
|---|----------------|
| Unrestricted reserves | 121,403 |
| Net income for the year 2014 | 1,108 |
| Earnings available for appropriation | 122,511 |
| Dividend per share of CHF 0.00 | – |
| Total unrestricted reserves | 122,511 |

8 OVERVIEW OF SIGNIFICANT PARTICIPATIONS

SIGNIFICANT PARTICIPATIONS

| | City, Country | Currency | Nominal capital | % of capital held ¹⁾ | |
|--|--------------------|----------|-----------------|---------------------------------|------------------------|
| | | | in 1000 | direct | indirect ²⁾ |
| Consolidated companies | | | | | |
| Orell Füssli Security Printing Ltd | Zurich, CH | CHF | 10,000 | 100 | |
| Orell Füssli Technology Ltd | Zug, CH | CHF | 50 | 100 | |
| Orell Füssli Banknote Engineering Ltd | Zurich, CH | CHF | 100 | 100 | |
| Orell Füssli Buchhandlungs Ltd | Zurich, CH | CHF | 5,000 | 51 | |
| Orell Füssli Verlag Ltd | Zurich, CH | CHF | 1,000 | 100 | |
| Orell Füssli Dienstleistungs Ltd | Zurich, CH | CHF | 500 | 100 | |
| Atlantic Zeiser GmbH | Emmingen, D | EUR | 869 | 100 | |
| Atlantic Zeiser Inc. ⁴⁾ | West Caldwell, USA | USD | 0 | | 100 |
| Atlantic Zeiser (M) SDN BHD ⁴⁾ | Kuala Lumpur, MAL | EUR | 102 | | 100 |
| Atlantic Zeiser Ltd ⁴⁾ | Andover, UK | GBP | 0 | | 100 |
| Atlantic Zeiser SAS ⁴⁾ | Créteil Cedex, F | EUR | 38 | | 100 |
| Atlantic Zeiser SA ⁴⁾ | Madrid, E | EUR | 60 | | 100 |
| Atlantic Zeiser SRL ⁴⁾ | Milano, I | EUR | 100 | | 100 |
| SOFHA GmbH ⁴⁾ | Berlin, D | EUR | 281 | | 75 |
| Tritron GmbH ⁴⁾ | Battenberg, D | EUR | 200 | | 51 |
| Tritron USA inc. ⁵⁾ | Chester VA, USA | USD | 10 | | 51 |
| Pro rata consolidated participation | | | | | |
| Orell Füssli Thalia Ltd ³⁾ | Zurich, CH | CHF | 14,000 | | 50 |
| Equity accounted for participations | | | | | |
| Photoglob Ltd | Zurich, CH | CHF | 1,000 | 34 | |
| Orell Füssli Kartographie Ltd | Zurich, CH | CHF | 210 | 24 | |

¹⁾ Capital held and voting rights in % are identical

²⁾ Capital share of the respective parent company

³⁾ Held through Orell Füssli Buchhandlungs Ltd

⁴⁾ Held through Atlantic Zeiser GmbH

⁵⁾ Held through Tritron GmbH

9 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

To the general meeting of Orell Füssli Holding Ltd, Zurich

As statutory auditor, we have audited the financial statements of Orell Füssli Holding Ltd, which comprise the income statement, balance sheet and notes (pages 36 to 41), for the year ended 31 December 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers Ltd



Christian Kessler
Audit expert
Auditor in charge



Gian Franco Bieler
Audit expert

Zurich, 23 March 2015

Compensation Report 2014

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

COMPENSATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Principles

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

Based on the Board of Director's proposal, the Annual General Meeting approves the maximum compensation of the Board of Directors for the period until the next Annual General Meeting as well as the maximum compensation of the Executive Board for the financial year 2016.

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

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

Apart from the contributions to the pension fund, which are limited to a maximum of CHF 842,400 (maximum insured salary) by the Occupational Pensions Act (OPA/BVG), the Orell Füssli Group does not provide any special old-age benefit schemes.

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

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

COMPENSATION REPORT

Compensation of the Board of Directors

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

Compensation of the Executive Board

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

The variable component of the Executive Board's compensation is based on the bonus regulations as approved by the Board of Directors. The maximum value (for achieving all of the targets) of the variable component is determined individually and amounts to between 20 percent and 50 percent of the basic salary. It is calculated according to a predefined formula based on the EBIT as well as the achievement of agreed annual goals, whereby the weighting given to the EBIT and the individual goals is determined specifically for each member of the Executive Board (average weightings: EBIT 60 percent and individual goals 40 percent). The Executive Board members who exercise group functions only are assessed against the group's results in addition to the EBIT, whereas the other Executive Board members are measured mainly against the result of the division for which they are responsible. The individually determined goals, which have a three- to five-year horizon, comprise quantitative and qualitative components; such goals must also be specific, measurable, challenging, relevant and time-certain. They may concern, for example, the implementation of a project, adherence to a project budget or the further development of expertise. With the involvement of the Executive Board members, the CEO elaborates the goals of the individuals, the measurement criteria and the range of values. Lastly, he agrees on the proposed goals with the Chairman of the Board of Directors. After their approval by the Chairman of the Board of Directors, the proposed goals are reviewed by the Compensation Committee of the Board of Directors. The Compensation Committee adjusts them, if necessary, and passes on its recommendation to the attention of the Board of Directors. The Board then makes the final decision and approves the goals.

COMPENSATION REPORT

COMPENSATION 2014 (audited from this point until the end of page 46 by the external auditor)

The disclosed compensation amounts are for the services rendered in the year under review. Thus, the following tables comprise all compensation claims relating to the 2014 financial year. Compensation that has not yet been disbursed is accrued in the financial year concerned, even when the disbursement is made in the subsequent year.

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

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

COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2013

| <i>in CHF</i> | Fixed | Variable | Other payments | | Total |
|--|----------------|--------------|--------------------|--------------------------|----------------|
| | Compensation | compensation | | | |
| | in cash | in cash | Special allowances | Social security expenses | |
| Heinrich Fischer, Chairman Security Printing Committee (Chairman) | 150,000 | – | – | 11,012 | 161,012 |
| Gonpo Tsering Audit Committee (Member) | 34,583 | 1,667 | 500 | 2,743 | 39,493 |
| Dieter Widmer Audit Committee (Chairman), Security Printing Committee (Member) | 43,333 | 2,500 | 4,667 | 3,771 | 54,271 |
| Dr. Hans Kuhn, Deputy Chairman Compensation Committee (Chairman), Security Printing Committee (Member) | 34,583 | 1,250 | 917 | 2,743 | 39,493 |
| Andreas S. Wetter Compensation Committee (Member) | 34,583 | 833 | 1,083 | 2,725 | 39,224 |
| Nick Huber (until 7.5.2013) Compensation Committee (Member) | 8,333 | 833 | 83 | 697 | 9,946 |
| Dewet Moser (until 7.5.2013) Audit Committee (Member) | 8,333 | 1,667 | 83 | 760 | 10,843 |
| Total | 313,748 | 8,750 | 7,333 | 24,451 | 354,282 |

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

COMPENSATION REPORT

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

| in CHF | Fixed | Variable | Other | | Total |
|--|------------------|----------------|--------------------|---|------------------|
| | compensation | compensation | payments | | |
| | in cash | in cash | Special allowances | Social security and pension fund expenses | |
| Michel Kunz CEO Orell Füssli Group (Member of the Executive Board until 30.9.2014) ¹⁾ | 364,692 | 69,291 | 11,676 | 80,504 | 526,163 |
| Martin Buyle CEO Orell Füssli Group (Member of the Executive Board as of 1.10.2014) ¹⁾ | 113,334 | 34,000 | 1,190 | 21,437 | 169,961 |
| Other members of the Executive Board | 983,707 | 157,086 | 40,812 | 173,064 | 1,354,669 |
| Total | 1,461,733 | 260,377 | 53,678 | 275,005 | 2,050,793 |

¹⁾ The change in the CEO position was effective as of 1 October 2014. The total compensation for 2014 includes compensation for both CEOs (Michel Kunz from 1.1.2014 until 31.12.2014 and Martin Buyle from 1.9.2014 until 31.12.2014). The Executive Board consisted of six members as of 31.12.2014 (incl. CEO).

COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2013

| in CHF | Fixed | Variable | Other | | Total |
|--|------------------|----------------|--------------------|---|------------------|
| | compensation | compensation | payments | | |
| | in cash | in cash | Special allowances | Social security and pension fund expenses | |
| Michel Kunz CEO Orell Füssli Group | 362,004 | 31,112 | 10,886 | 63,685 | 467,687 |
| Other members of the Executive Board ¹⁾ | 1,422,329 | 226,300 | 48,130 | 271,104 | 1,967,863 |
| Total | 1,784,333 | 257,412 | 59,016 | 334,789 | 2,435,550 |

¹⁾ Martin Söderberg was elected a member of the Executive Board responsible for corporate development with effect from 1 April 2013. Beat Müller was appointed CFO on 1 April 2013. Fabio Amato, Head of the Book Retailing Division, left the company on 30 September 2013. The new head of joint venture company Orell Füssli Thalia Ltd is not a member of the Executive Board of the Orell Füssli Group. Dr. Anton Gasteiger resigned as CEO of Orell Füssli Security Printing Ltd and as a member of the Executive Board of the Orell Füssli Group on 7 July 2013. The above figures include compensation for Dr. Anton Gasteiger until his final departure on 31 December 2013. His total remuneration from 1 July 2013 until 31 December 2013 amounted to CHF 206,446, which includes holidays, bonus and pension fund contributions. The position of Head of the Security Printing Division was still vacant at the end of 2013, so that the Executive Board consisted of six members as at 31 December 2013.

Loans and other payments

In the 2013 and 2014 financial years, no loans were granted to the current or past members of the Board of Directors and the Executive Board. Additionally, no guarantees were given on behalf of the members of these bodies for loans granted by third parties. As of 31 December 2014, no such loan receivables were disclosed on the balance sheet.

Further disclosure

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

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

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

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

We have audited the accompanying compensation report of Orell Füssli Holding Ltd for the financial year ending 31 December 2014 (from page 45 to 46 as mentioned above).

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the compensation report for the year ended 31 December 2014 of Orell Füssli Holding Ltd complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Christian Kessler
Audit expert
Lead auditor



Gian-Franco Bieler
Audit expert

Zurich, 23 March 2015

Corporate Governance

This report complies with the requirements of the SIX Swiss Exchange's guidelines regarding information on corporate governance. Unless stated otherwise, the data refer to 31 December 2014.

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

1. GROUP STRUCTURE AND SHAREHOLDERS

Operating structure of the group

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

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

Companies included in the scope of consolidation

The registered office of the parent company, Orell Füssli Holding Ltd, is in Zurich. The company is listed on the SIX Swiss Exchange under Security Number (Valorenummer) 342 080 and the ISIN CH0003420806. Its market capitalisation as of 31 December 2014 was CHF 1 82 million.

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

Major shareholders

In the year under review, Dieter Meier (Hong Kong) increased his shareholding (Campdem Development SA, British Virgin Islands) from 13.99% to 15.70% due to the partial distribution of an estate. As of 31 December 2014, the Siegert family (Meerbusch, Germany) now holds 9.9% of the shares of Orell Füssli (previously 9.59%) and reported a change in the composition of its group. The disclosure notifications can be consulted on http://www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html. Please refer to the financial report for a list of major shareholders (Note 7.14).

Cross-shareholdings

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

2. CAPITAL STRUCTURE

Capital

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

As of 31 December 2014, Orell Füssli Holding Ltd had neither contingent nor authorised capital at its disposal, and no convertible bonds or options were outstanding.

Changes in capital

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

Transfer restrictions

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

3. BOARD OF DIRECTORS

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

Biographical details of the members of the Board of Directors

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

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

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

Heinrich Fischer



CHAIRMAN Member of the Board of Directors since 2012

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

Significant professional activities and functions:

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

Other board appointments:

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

Gonpo Tsering



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

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

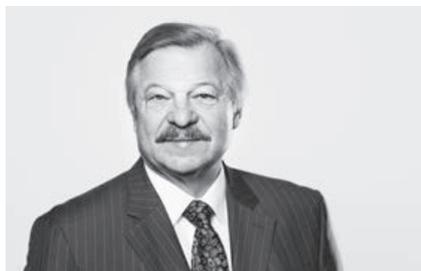
Significant professional activities and functions:

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

Other board appointments:

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

Dr. Anton Bleikolm



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

Swiss and Austrian, born 1949; Qualifications: Studies of Organic Chemistry at the Technical University in Graz, Master's Degree and PhD

Significant professional activities and functions:

- 1973 – 1976 Technical University Graz, Institute for Organic Chemistry, Assistant Professor
- 1976 – 1980 Hoechst Ltd, Graz, Research Chemist, synthetic polymers and automotive coatings
- 1980 – 1991 SICPA S.A., Research
- 1991 – 2000 SICPA S.A., Technical Director
- 2000 – 2010 SICPA S.A., Managing Director
- 2010 – 2012 SICPA Group, Chief Operating Officer and Head Security Ink Division
- 2012 – 30.9.2014 SICPA Group, Strategic Advisor to the CEO and Chairman
- Since 2014 Owner and Chairman AFB-Engineering & Services, Ecublens

Other board appointments:

- None

Dr. Thomas Moser



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

Swiss, born 1967; Qualifications: Dr.oec.publ., University of Zurich

Significant professional activities and functions:

- 1996 – 1999 KOF Swiss Economic Institute ETH Zurich, Economist
- 1999 – 2001 Swiss National Bank, Zurich, Economist
- 2001 – 2004 International Monetary Fund, Washington (IMF), USA, Advisor, from 2002 Senior Advisor to the Swiss Executive Director at the IMF
- 2004 – 2006 Swiss National Bank, Zurich, Assistant Director
- 2006 – 2009 International Monetary Fund, Washington, USA, Executive Director of the IMF constituency headed by Switzerland
- Since 2010 Swiss National Bank, Zurich, Alternate Member of the Governing Board
- Since 2011 Member of the Regional Advisory Group for the Caucasus and Central Asia of the International Monetary Fund

Other board appointments:

- None

Peter Stiefenhofer



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

Swiss, born 1953; Qualifications: Master in Economy and Business Administration, University of Zurich, Swiss Certified Accountant, Advanced Executive Program, Northwestern University, Kellogg School of Management, Evanston ILL/USA

Significant professional activities and functions:

- 1980 – 1990 Fides Revision (KPMG), Zurich, Public Auditor, Consultant for IT projects
- 1990 – 1993 Zellweger Luwa, Uster, Group Controller
- 1993 – 2001 Zellweger Analytics, Inc., Lincolnshire, IL/USA, CFO and COO
- 2001 – 2007 Saurer Ltd, Arbon, CFO and Secretary to the Board of Directors
- Since 2008 Owner and Chairman of Alovista Ltd and invest-in-Europe GmbH, Schaffhausen (Executive Consulting)
- Since 2014 General Manager Sea Dynamic GmbH, Baar

Other board appointments:

- Member of the Board of Directors, Abbestate Holding Inc., Charlotte, NC/USA

Dieter Widmer



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

Swiss, born 1963; Qualifications: Swiss certified public accountant (CPA) and auditor

Significant professional activities and functions:

- 1986 – 2010 KPMG, Zurich, Vancouver, Berne, Auditor and Management Consultant, as of 1997 Head of KPMG Berne, as of 1998 Partner and as of 2002 Member of the Executive Committee of KPMG Switzerland, as of 2007 Member of the Non-Executive Board and Member of the Audit Committee of KPMG Europe LLP (Frankfurt/London)
- Since 2010 vaeth, Forch, Owner, Management Consultant and independent Member of various Boards of Directors

Other board appointments:

- Member of the Red Cross Council, Swiss Red Cross, Berne
- Co-owner and Member of the Board of Directors, EquityNova Ltd, Zug
- Co-owner and Member of the Board of Directors, EnergyOn Holding Ltd, Zug
- Co-owner and Member of the Board of Directors, Kelag Systems AG, Sennwald
- Chairman of the Board of Directors, Curena Ltd, Zurich
- Member of the Board of Directors, Blattmann Switzerland Ltd, Wädenswil
- Member of the Board of Directors, Mühle Walther Ltd, Bolligen
- Member of the Board of Directors, Dr. Eicher + Pauli AG, Liestal

Election and term of office

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

Internal organisation

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

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

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

Audit Committee

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

Compensation Committee

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

Security Printing Committee

The ad hoc committee of the Board of Directors formed in 2012 to deal with issues relating to Security Printing was wound up in 2014 as it was possible to handle all of the related topics during the ordinary Board of Directors meetings.

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

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

Information and control instruments of the Board of Directors

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

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

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

Internal audit

The principal task of the Internal Audit (IA) unit, which was set up in 2013 by the Board of Directors, is to assess the effectiveness and the efficiency of risk management, the internal management and control systems, and the governance processes and to make improvements, where necessary. In addition, IA reviews compliance with standards and provides independent, objective assurance and consulting services. The Head of IA reports directly to the Chairman of the Audit Committee. In the year under review, three audits focusing on the Security Printing Division, four audits focusing on the Atlantic Zeiser Division, one audit focusing on Book Retailing and one audit focusing on Orell Füssli Holding were performed. Further audits will be conducted at the group level and within the divisions in 2015.

Terje Paulsen



HEAD OF INTERNAL AUDIT

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

Significant professional activities and functions:

- 1984–1992 Electrolux Holding Ltd, Zurich, Internal Audit/Controller, CFO
 - 1993–2000 Autoneum, Winterthur, Detroit, Sevelen, Division Controller Internal Audit, Head Business Unit
 - 2000–2001 Mahle König, Rankweil, CFO & General Manager
 - 2002–2003 Raiffeisen Informatik, Dietikon, Head Corporate Services
 - 2004–2005 Kaiser AG, Schaanwald, Interim CFO
 - 2006–2007 OC Oerlikon, Pfäffikon, Internal Audit Team Leader
 - 2007–2013 Oerlikon Space/RUAG Space, Zurich, CFO Space Division
 - Since 1 August 2013 Head of Internal Audit Orell Füssli Group
- Other board appointments
- None

4. EXECUTIVE BOARD

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

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

Martin Buyle*



CEO ORELL FÜSSLI HOLDING LTD

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

Significant professional activities and functions:

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

Other board appointments:

- Various directorships with companies in the Orell Füssli Group

Beat Müller*



CFO ORELL FÜSSLI HOLDING LTD

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

Significant professional activities and functions:

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

Other board appointments:

- Various directorships with companies in the Orell Füssli Group

Manfred Minich*



HEAD ATLANTIC ZEISER DIVISION

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

Significant professional activities and functions:

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

Other board appointments:

- None

* Member of the Executive Board Orell Füssli Holding Ltd

Dr. Dieter Sauter



HEAD SECURITY PRINTING DIVISION

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

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

Other board appointments:

- None

Philipp Seewer



HEAD SECURITY PRINTING DIVISION

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

Significant professional activities and functions:

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

Other board appointments:

- None

Dr. Matti Schüsseler*



HEAD PUBLISHING DIVISION

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

Significant professional activities and functions:

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

Other board appointments:

- None

* Member of the Executive Board Orell Füssli Holding Ltd

Peter Crottogini*



HEAD HUMAN RESOURCES ORELL FÜSSLI HOLDING LTD

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

Significant professional activities and functions:

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

Other board appointments:

- None

Dr. Martin Söderberg*



HEAD CORPORATE DEVELOPMENT ORELL FÜSSLI HOLDING LTD

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

Significant professional activities and functions:

- 1987–1989 Tetra Pak Stockholm, Logistics Officer
- 1989–1991 Tetra Pak Pully, Decision Support Manager
- 1993–1995 McKinsey & Co. Zurich and Geneva, Management Consultant
- 1995–2000 General Motors Europe Zurich, Manager New Business Development and Strategic Planning
- 2001–2003 Management Consultant
- 2003–2009 Swiss Post Berne, Corporate Development, Vice President Strategy
- 2009–2010 Swiss Post Berne, Advisor to the Chairman of the Board of Directors
- 2011 Management Consultant
- Since 1 February 2012 Head Corporate Development Orell Füssli Group

Other board appointments:

- None

* Member of the Executive Board Orell Füssli Holding Ltd

Orell Füssli Thalia Ltd

Dr. Michele Bomio



CEO ORELL FÜSSLI THALIA LTD

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

Significant professional activities and functions:

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

Other board appointments:

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

5. SHAREHOLDERS' PARTICIPATION RIGHTS

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

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

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

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

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

6. CHANGE IN CONTROL AND DEFENSIVE MEASURES

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

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

7. AUDITORS

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

PricewaterhouseCoopers were first elected external auditors of the consolidated financial statements and those of the holding company at the Annual General Meeting of shareholders held on 14 May 2003. Christian Kessler has officiated as lead auditor since the 2009 financial year.

Audit fees of CHF 399,525 to PricewaterhouseCoopers were incurred in 2014.

Additional fees totaling CHF 179,199 were charged by PricewaterhouseCoopers in the year under review.

Audit supervision and control instruments

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

8. INFORMATION POLICY

A press release including key group figures for the year under review is issued in mid-March, after the close of the financial year. The detailed annual financial statements are published each year together with the Annual Report in April. A presentation for financial analysts is held on the same day.

The Annual General Meeting of shareholders is held in May. The group issues a press release with the half-year figures in about mid-August. The planned publication dates can be accessed online (www.orellfuessli.com/events). Shareholders receive the annual financial statements (short report) and the interim report. Press releases can also be accessed online (www.orellfuessli.com/press_releases).

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

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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HISTORY OF THE ORELL FÜSSLI GROUP

- 1519 Company is founded by Christoph Froschauer, a printer who had immigrated from Bavaria. He becomes a citizen of Zurich, and his company becomes the government printing press.
- 1531 Folio Bible is printed (the so-called “Zurich Bible”)
- 1576 The land surveyor Jos Murer publishes a plan of the city
- 1761 The Orell and Gessner publishing companies merge to form Orell, Gessner & Cie. Hans Conrad Gessner’s bookshop is also absorbed into this partnership.
- 1766 Hans Rudolf Füssli takes over the publishing company of Heidegger & Cie.
- 1770 The Orell, Gessner & Cie. and Füssli & Cie. publishing companies merge to form Orell, Gessner, Füssli & Cie.
- 1780 First edition of the “Zürcher Zeitung” newspaper, which became the “Neue Zürcher Zeitung” in 1821. It was spun off as an independent public limited company in 1868.
- 1798 The Gessner family withdraw from the partnership; the publishing company and bookshops now trade as Orell Füssli & Cie.
- 1827 First securities are printed
- 1843 First postage stamps are printed in continental Europe, the second series worldwide – “Züri 4” and “Züri 6”
- 1880 Development of the ten-colour photochromic printing technique
- 1890 Company is converted into a public limited company (Art. Institut Orell Füssli Ltd)
- 1897 Listing on Zurich Stock Exchange
- 1911 Company begins printing banknotes for the Swiss National Bank
- 1992 Orell Füssli Buchhandlungs Ltd is founded; the book retailer H. Hugendubel, Germany, takes a minority interest in the company
- 1996 Internet book retailing launched at www.books.ch
- 1999 Company is restructured to form Orell Füssli Holding Ltd
- 2001 Takeover of Teledata Ltd
- 2002 Acquisition of a majority shareholding in Atlantic Zeiser Group Ltd (Germany), which becomes wholly-owned in 2005
- 2003 Takeover of the publishing units Atlantis and pro juventute
- 2004 Acquisition of bookstores Rösslitor Bücher, St. Gall
- 2007 Acquisition of Globi Verlag, Zurich
- 2008 Divestment of Orell Füssli Business Information Division
- 2010 Acquisition of a majority shareholding in SOFHA GmbH, Berlin
- 2013 Merger of Orell Füssli Book Retailing Ltd and Thalia Bücher AG to form Orell Füssli Thalia Ltd

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