

dorma+kaba Holding AG

Annual Report

Financial statements,
governance and compensation

Financial Year

2015/2016

dormakaba 

Agenda

18 October 2016, Tuesday

- Annual General Meeting

8 March 2017, Wednesday

- Half-year results: presentation for media and financial community
- Publication of Interim Report and Executive Report

12 September 2017, Tuesday

- Full-year results: presentation for media and financial community
- Publication of Annual Report and Executive Report

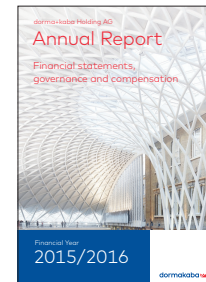
17 October 2017, Tuesday

- Annual General Meeting

Communication devices



Executive Report



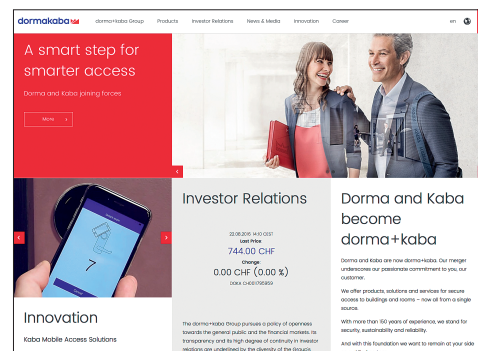
Financial statements, governance and compensation



Sustainability Report



My Access, customer magazine



www.dormakaba.com

Contact

Investor Relations

Siegfried Schwirzer
Phone +41 44 818 90 28
investor@dormakaba.com

Media Relations

Germaine Müller
Phone +41 44 818 92 01
communications@dormakaba.com

dorma+kaba Holding AG
Hofwisenstrasse 24
8153 Rümlang, Switzerland

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Sales and profitability targets achieved

In these consolidated full-year financial statements for 2015/2016, the former Dorma Group's entities are consolidated from 1 September 2015 (for ten months) in line with Swiss GAAP FER.

Unless otherwise stated, the published prior-year figures relate to the business activities of the former Kaba Group.

To ensure the financial key figures reflect the dorma+kaba Group's market position and to increase the significance and the interpretability, separate pro forma figures are shown as the Dorma Group would have been consolidated since 1 July 2015.

Hence, besides the actual results also pro forma results on Group level for the reporting period and for the full 2014/2015 financial year are available. The pro forma results of the previous year were converted with the exchange rate of the full-year financial statements 2015/2016 in order to increase the comparability also in this respect. Commentaries in the texts about the income statement refer to these pro forma figures (with the figures reported under Swiss GAAP FER in brackets).

Sales

On a pro forma basis, the combined Group generated net sales of CHF 2,302.6 million in the financial year 2015/2016 (reported: CHF 2,115.9 million), an increase of 2.6% using constant exchange rates. Organic sales growth was 2.3%, while acquisition effects contributed 0.3% to sales growth.

Profitability

On a comparable pro forma basis, EBITDA for the reporting period increased by CHF 29.1 million and came to CHF 332.7 million. The EBITDA margin improved to 14.4%, compared to 13.5% in the same period of the previous year (reported: CHF 311.4 million, resp. 14.7%). The higher profitability was mainly due to a very positive business development of Access Solutions AMER in North America and due to first cost savings as a consequence of the merger.

EBIT during the period under review reached CHF 278.2 million on a pro forma basis, and the EBIT margin increased to 12.1% from 11.1% in the same period of the previous year (reported: CHF 261.6 million, resp. 12.3%) for the same reasons as mentioned above.

Financial result, ordinary result and taxes

The net financial result on a pro forma basis came to CHF -16.2 million (reported: CHF -12.7 million). The pro forma financial expense of CHF 23.3 million (reported: CHF 19.1 million) included mainly interests for loans and pension liabilities as well as exchange rate losses.

The ordinary result on a pro forma basis came to CHF 262.0 million compared to CHF 239.9 million in the previous year (reported: CHF 248.9 million).

The extraordinary result of CHF -89.4 million (pro forma and reported) covers exclusively integration costs relating to the merger of dorma+kaba.

Tax expense on a pro forma basis was CHF 55.4 million, representing a tax rate of 32.1% (reported: CHF 54.8 million, or 34.4%). The tax rate in 2015/2016 was above the comparable base of the previous year (pro forma basis: 22.2%) as it was negatively impacted by losses related to post-merger integration projects which resulted in tax losses as dorma+kaba does not recognize deferred taxes on tax loss carryforwards.

Net profit

Net profit on a pro forma basis was impacted by the merger-related integration costs and came to CHF 117.2 million (reported: CHF 104.7 million) compared to CHF 186.6 million in the previous year. Net profit after minorities on a pro forma basis was CHF 60.4 million (reported: CHF 53.9 million).

Cash flow and balance sheet

Cash generated from operations was CHF 327.6 million, and free cash flow came to CHF 268.8 million compared to CHF -38.2 million in the previous year. Cash flow from financing activities was CHF -213.2 million mainly due to dividend payments in a total amount of CHF 240.7 million (payment of the ordinary dividend and the special dividend, which was related to the merger transaction, both by former Kaba).

The combined dorma+kaba Group reported total assets of CHF 1,579.3 million as at the balance sheet date of 30 June 2016. Within current assets, cash and cash equivalents amounted to CHF 213.2 million and inventories to CHF 364.0 million. Non-current assets consisted mainly of property, plant and equipment worth CHF 330.0 million. Liabilities totaled CHF 898.8 million, with financial liabilities coming to CHF 54.1 million. As at 30 June 2016, the combined Group's net cash position came to CHF 159.1 million. With an equity of CHF 680.5 million and an equity ratio of 43.2%, dorma+kaba Group holds a very solid financial profile.

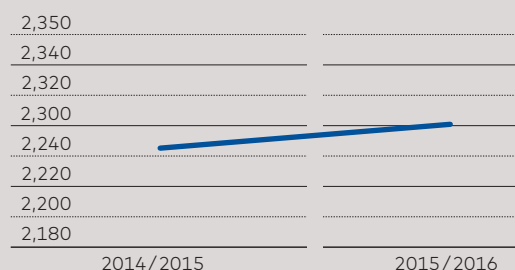
Currency effects

Due to the Swiss National Bank's discontinuation of the CHF 1.20 minimum rate on 15 January 2015, the Swiss franc showed a significant value increase against the Euro in the reporting period. The average Euro exchange rate against the Swiss franc compared to the previous year went down by 4.0% from CHF 1.133 to CHF 1.087. In contrast, the average exchange rate of the US dollar went up by 4.1% from CHF 0.941 to CHF 0.980, compensating part of the negative currency effects. The impact of foreign currencies on a pro forma basis on net sales for 2015/2016 was CHF -60.7 million, respectively CHF -5.8 million on EBITDA.

43.2

Equity ratio
2015/2016 in %

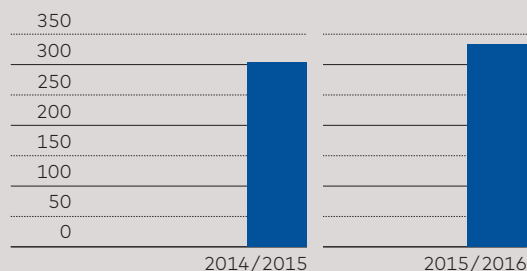
Sales (pro forma)
in CHF million



EBITDA margin (pro forma)
in %



EBITDA (pro forma)
in CHF million



Information for investors

as at 30 June

dorma+kaba Group

Kaba Group

in CHF million, except where indicated	2015/2016	2014/2015	2013/2014	2012/2013
Net sales	2,302.6 *	1,085.2	1,003.5	964.3
Organic growth in %	2.3 *	5.4	5.1	-1.0
Earnings before depreciation and amortization (EBITDA)	332.7 *	170.2	154.5	152.9
EBITDA in % of net sales	14.4 *	15.7	15.4	15.9
Earnings before interest and tax (EBIT)	278.2 *	145.0	130.6	121.5
EBIT in % of net sales	12.1 *	13.3	13.0	12.6
Net profit¹⁾	117.2 *	98.9	91.3	85.3
Net profit in % of net sales	5.1 *	9.1	9.1	8.8
Net profit after minorities	60.4 *	98.4	91.2	85.2
Basic earnings per share (in CHF)	14.4 *	25.6	24.0	22.4
Diluted earnings per share (in CHF)	14.4 *	25.6	24.0	22.4
Dividend per share (in CHF) ²⁾	12.0	12.0	11.0	11.0
Payout ratio in % ³⁾	55 *	51	46	49
Cash generated from operations	327.6	149.1	149.3	140.2
Net cash from operating activities	255.3	104.3	105.0	110.2
Net cash from operating activities in % of net sales	12.1	9.6	10.5	11.4
Net cash used in investing activities	13.5	-142.5	-69.0	-29.7
Free cash flow (net) before dividend	268.8	-38.2	36.0	80.5
Net cash flows from financing activities	-213.2	111.4	-93.4	-63.5
Of which dividends paid	-240.7	-41.8	-41.9	-34.2
Personnel expenses	792.6	406.0	390.2	376.9
Average number of full-time equivalent employees	15,779	8,948	7,738	7,398
Personnel expenses per employee (in CHF)	50,230	45,373	50,426	50,946
Total assets	1,579.3	734.3	650.9	964.2
Net operating assets	441.2	331.9	294.1	556.2
Return on net operating assets (RONOA) in %	63.1 *	43.7	44.4	21.8
Asset structure				
Total assets in % of net sales	68.6 *	67.7	64.9	100.0
Property, plant and equipment in % of net sales	14.3 *	14.3	15.6	16.4
Inventories in % of net sales	15.8 *	16.2	16.5	16.3
Receivables in % of net sales	17.5 *	17.1	17.8	18.2
Net working capital				
(Current assets less cash and cash equivalents and current income tax assets, less trade payables, accrued and other current liabilities, provisions)	316.2	177.9	152.7	153.9
Net working capital in % of net sales	13.7 *	16.4	15.2	16.0
Net debt	-159.1	-121.2	-35.4	-56.1
Net debt/EBITDA	-0.5 *	-0.7	-0.2	-0.4
Net debt in % of equity	-23.4	-27.4	-11.0	-9.6
Interest coverage	40.6 *	29.9	37.7	28.3
Shareholders' equity	680.5	442.1	323.3	583.8
Shareholders' equity in % of total assets	43.2	60.2	49.7	60.5
Return on equity (ROE) in %	17.2 *	22.4	28.2	14.6
Shareholders' equity per share (in CHF)	162.0	114.9	85.0	153.4

1) Only in 2015/2016: includes merger-related extraordinary expenses CHF 89.4 million.

2) Only in 2015/2016: proposal to the Annual General Meeting. In the form of a distribution of tax-privileged capital reserves.

3) Only in 2015/2016: payout ratio excludes extraordinary expenses CHF 89.4 million and the related tax impact.

* Pro forma based (other items as reported)

Information for investors

per share data

		dorma+kaba Group	Kaba Group		
		2015/2016	2014/2015	2013/2014	2012/2013
Capital stock					
Registered shares at CHF 0.10 par value	No	4,195,026	4,195,026	3,815,026	3,815,026
Outstanding shares at end of financial year	No	4,190,963	4,184,261	3,798,121	3,801,406
Weighted average number of shares outstanding (diluted)	No	4,200,816	3,848,787	3,803,998	3,804,696
Par value of average outstanding shares	CHF m	0.4	0.4	0.4	0.4
Par value of year-end outstanding shares	CHF m	0.4	0.4	0.4	0.4
Shareholders as at 30 June	No	7,181	6,683	6,750	6,910
Figures per share (fully diluted)					
EBIT per share (Group)	CHF	66.2 *	37.7	34.3	31.9
Earnings per share (Group)	CHF	14.4 *	25.6	24.0	22.4
Dividend (gross) per share ¹⁾	CHF	12.0	12.0	11.0	11.0
Payout ratio ²⁾	%	55 *	51	46	49
Shareholders' equity per share (Group)	CHF	162.0	114.9	85.0	153.4
Price per share					
- high	CHF	693.5	630.0	446.8	410.3
- low	CHF	543.0	413.8	356.0	341.5
- 31 December	CHF	683.5	502.5	433.5	387.5
- 30 June	CHF	679.5	556.5	438.5	354.3
Market capitalization					
- high	CHF m	2,906	2,636	1,697	1,560
- low	CHF m	2,276	1,731	1,352	1,298
- 30 June	CHF m	2,848	2,329	1,665	1,347
Dividend yield					
- low	%	1.7	1.9	2.5	2.7
- high	%	2.2	2.9	3.1	3.2

1) Only in 2015/2016; proposal to the Annual General Meeting. In the form of a distribution of tax-privileged capital reserves.

2) Only in 2015/2016; payout ratio excludes extraordinary expenses CHF 89.4 million and the related tax impact.

* Pro forma based (other items as reported or market rates)

Financial statements Group

Consolidated income statement

in CHF million except per share amounts	Note	Financial year ended 30.06.2016		Financial year ended 30.06.2015	
			in %		in %
Net sales	5	2,115.9	100.0	1,085.2	100.0
Cost of goods sold		-1,222.7	-57.8	-608.3	-56.1
Gross margin		893.2	42.2	476.9	43.9
Other operating income, net	6	14.8	0.7	6.1	0.6
Sales and marketing		-360.9	-17.1	-178.8	-16.5
General administration		-204.4	-9.7	-106.0	-9.8
Research and development		-81.1	-3.8	-53.2	-4.9
Operating profit (EBIT)		261.6	12.3	145.0	13.3
Result from associates	16	2.5	0.1	0.0	0.0
Financial expenses	8	-19.1	-0.9	-7.9	-0.7
Financial income	9	3.9	0.2	0.6	0.1
Ordinary result		248.9	11.7	137.7	12.7
Extraordinary result	20	-89.4	-4.2	0.0	0.0
Profit before taxes		159.5	7.5	137.7	12.7
Income taxes	10	-54.8	-2.6	-38.8	-3.6
Net profit		104.7	4.9	98.9	9.1
Operating profit before depreciation and amortization (EBITDA)		311.4	14.7	170.2	15.7
Net profit attributable to minority interests		50.8		0.5	
Net profit attributable to the owners of the parent		53.9		98.4	
Basic earnings per share (in CHF)		12.9		25.6	
Diluted earnings per share (in CHF)		12.8		25.6	

Consolidated balance sheet

Assets

in CHF million	Note	Financial year ended 30.06.2016		Financial year ended 30.06.2015	
			in %		in %
Current assets					
Cash and cash equivalents		213.2	13.5	142.5	19.4
Trade receivables	11	403.7	25.6	185.4	25.2
Inventories	12	364.0	23.0	175.8	23.9
Current income tax assets		41.4	2.6	6.3	0.9
Other current assets	13	47.4	3.0	22.3	3.1
Total current assets		1,069.7	67.7	532.3	72.5
Non-current assets					
Property, plant and equipment	14	330.0	20.9	155.0	21.1
Intangible assets	14	37.7	2.4	26.0	3.5
Investments in associates	16	33.9	2.1	0.0	0.0
Non-current financial assets	17	36.5	2.4	14.9	2.1
Deferred income tax assets	23	71.5	4.5	6.1	0.8
Total non-current assets		509.6	32.3	202.0	27.5
Total assets		1,579.3	100.0	734.3	100.0

Consolidated balance sheet

Liabilities and equity

in CHF million	Note	Financial year ended 30.06.2016		Financial year ended 30.06.2015	
			in %		in %
Current liabilities					
Current borrowings	18	52.6	3.3	19.7	2.7
Trade payables		120.1	7.6	58.2	7.9
Current income tax liabilities		47.9	3.0	13.3	1.8
Accrued and other current liabilities	19	290.2	18.4	137.8	18.8
Provisions	20	88.6	5.6	9.6	1.3
Total current liabilities		599.4	37.9	238.6	32.5
Non-current liabilities					
Non-current borrowings	18	1.5	0.1	1.6	0.2
Accrued pension costs and benefits	21	275.0	17.4	38.7	5.3
Deferred income tax liabilities	23	22.9	1.4	13.3	1.8
Total non-current liabilities		299.4	18.9	53.6	7.3
Total liabilities		898.8	56.8	292.2	39.8
Equity					
Share capital	3	0.4	0.0	0.4	0.1
Additional paid-in capital		807.6	51.1	807.6	110.0
Retained earnings		-347.8	-22.0	-330.6	-45.0
Treasury stock		-1.6	-0.1	-4.3	-0.6
Translation exchange differences		-15.8	-0.9	-33.7	-4.6
Total equity owners of the parent		442.8	28.1	439.4	59.9
Minority interests		237.7	15.1	2.7	0.3
Total equity		680.5	43.2	442.1	60.2
Total liabilities and equity		1,579.3	100.0	734.3	100.0

Consolidated cash flow statement

in CHF million	Note	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Net profit		104.7	98.9
Depreciation and amortization	14	49.8	25.2
Income tax expenses	10	54.8	38.8
Interest expenses	8	9.7	6.1
Interest income	9	-1.5	-0.4
(Gain) Loss on disposal of fixed assets, net		0.0	-0.2
Adjustment for non-cash items ¹⁾		13.8	5.5
Change in trade receivables		-7.9	-12.4
Change in inventories		8.7	-14.7
Change in other current assets		15.3	-1.3
Change in trade payables		0.5	1.9
Change in accrued pension cost		-0.7	-1.2
Change in accrued and other current liabilities		80.4	2.9
Cash generated from operations		327.6	149.1
Income taxes paid		-70.2	-39.0
Interest paid		-3.5	-6.2
Interest received		1.4	0.4
Net cash from operating activities		255.3	104.3
Cash flows from investing activities			
Purchase of property, plant and equipment	14	-47.1	-26.8
Proceeds from sale of property, plant and equipment	14	4.9	0.5
Acquisition of subsidiaries, net of cash acquired	4	64.4	-100.0
Purchase of intangible assets	14	-14.7	-12.0
Change in other non-current financial assets and prepaid transaction costs		6.0	-4.2
Net cash used in investing activities		13.5	-142.5
Cash flows from financing activities			
Other proceeds from (repayment of) current borrowings, net	18	29.0	-22.1
Proceeds from (repayment of) non-current borrowings	18	-1.6	-1.4
Change in other non-current liabilities		0.1	0.1
New shares issued		0.0	176.6
Dividends paid to company's shareholders		-240.7	-41.8
Net cash flows from financing activities		-213.2	111.4
Translation exchange differences		15.1	-11.2
Net increase (decrease) in cash and cash equivalents		70.7	62.0
Cash and cash equivalents at beginning of period		142.5	80.5
Cash and cash equivalents at end of period		213.2	142.5
Net increase (decrease) in cash and cash equivalents		70.7	62.0

1) Adjustments for non-cash items include impairments of intangible assets CHF 8.1 million and impairment of property, plant and equipment CHF 0.6 million.

Consolidated statement of changes in equity

in CHF million	Share capital	Additional paid-in capital	Retained earnings	Treasury stock	Cumul. translation adjustm.	Minority interests	Total equity
Financial year ended 30.06.2015							
Balance at 30.06.2014	0.4	631.0	-290.9	-6.4	-11.7	0.9	323.3
Net profit for the reporting period			98.4			0.5	98.9
Goodwill on acquisitions			-99.0				-99.0
Currency translation adjustments					-22.0	-0.2	-22.2
Dividend paid			-41.8				-41.8
Minority interest on acquisition of subsidiary						1.5	1.5
New shares issued		176.6					176.6
Shares awarded			2.7	2.1			4.8
Balance at 30.06.2015	0.4	807.6	-330.6	-4.3	-33.7	2.7	442.1
Financial year ended 30.06.2016							
Balance at 30.06.2015	0.4	807.6	-330.6	-4.3	-33.7	2.7	442.1
Net profit for the reporting period			53.9			50.8	104.7
Goodwill on acquisitions			-982.2				-982.2
Fair value of Kaba business transferred			1,158.8				1,158.8
Currency translation adjustments					17.9	8.4	26.3
Dividend paid			-240.7				-240.7
Minority interest on acquisition of subsidiary			-9.3			175.8	166.5
Shares awarded			2.3	2.7			5.0
Balance at 30.06.2016	0.4	807.6	-347.8	-1.6	-15.8	237.7	680.5

Notes to the consolidated financial statements for financial year 2015/2016

1. General information

Description of business

Strategy

dorma+kaba Group is one of the leading companies in the global security and access solutions market. With its excellent product and solutions portfolio along the entire value-added chain, the Group provides its customers with products, solutions and services for anything related to doors and secure access to buildings and rooms. dorma+kaba has distribution channels and production facilities in all of the industries' key markets and will accelerate global expansion through the strengthened presence in Europe, the Americas and Asia Pacific.

dorma+kaba is a growth-oriented company with a strong anchor shareholder group that will ensure the long-term oriented strategy of dorma+kaba Group. In order to grow profitably and to maximize the creation of value for all its stakeholders, dorma+kaba focuses on a clearly defined strategy with the following elements:

- Superior offering for needs along life cycle;
- Expanded presence in markets and verticals;
- Drive enterprise excellence along the value chain;
- Lead in innovation for superior customer value;
- Optimized management of the business portfolio and disciplined M&A activities;
- Have the right people at the right place.

These strategic pillars are based on the two foundations of sustainability and enhancing the global brand power.

Operating model

dorma+kaba has divided the areas of business in which the company is globally active into six segments. Access Solutions (AS), which comprises four segments, is structured by region: AS AMER (North and South America), AS APAC (Asia-Pacific), AS DACH (Germany, Austria, and Switzerland) and AS EMEA (Europe, Middle East, and Africa). The two other globally focused segments are Key Systems and Movable Walls.

In order to meet customers' needs in the most effective way, dorma+kaba's operating model is based on a matrix structure and therefore all four Access Solutions segments have a dual responsibility. The global Access Solutions product portfolio is arranged into eight global product clusters, and is assigned to specific segments along with the relevant production facilities, regardless of the geographic location (intercompany sales): Services, Lodging Systems and Safe Locks, Door Hardware, Interior Glass Systems and Entrance Systems, and Master Key Systems and Electronic Access & Data. These global product clusters are complemented by local products in all Access Solutions segments.

dorma+kaba operates in the following businesses on a worldwide basis:

- **Access Solutions AMER (AS AMER):** The AS AMER segment includes solutions dorma+kaba Group's business activities for access solutions in North and South America. AS AMER also has overall responsibility across all segments for the global product clusters Services, Lodging Systems and Safe Locks.
- **Access Solutions APAC (AS APAC):** This segment includes dorma+kaba Group's business activities for access solutions in the Asia-Pacific region.
- **Access Solutions DACH (AS DACH):** The AS DACH segment includes the dorma+kaba Group's business activities for access solutions in Germany, Austria, and Switzerland. AS DACH also has cross-segment responsibility for the following global product clusters: Door Hardware, Interior Glass Systems and Entrance Systems, including the relevant production facilities and competence centers in Singapore, Suzhou (China), Melaka (Malaysia), and Sofia (Bulgaria).
- **Access Solutions EMEA (AS EMEA):** This segment includes the dorma+kaba Group's business activities for access solutions in Europe (excluding DACH), the Middle East, and Africa. AS EMEA also has cross-segment responsibility for the global product clusters Master Key Systems and Electronic Access & Data, including the associated production facilities and competence centers, in particular in Wetzikon and Rümlang (Switzerland), Herzogenburg and Eggenburg (Austria), and Villingen-Schwenningen (Germany).

Key Systems: Within the new dorma+kaba Group's segment structure, Key Systems has remained as it was before the merger. As a globally active segment Key Systems includes its established product clusters Keys, Key Cutting Machines, and Automotive Solutions.

Movable Walls: The Movable Walls segment, created in 2015, has global activities in the space-dividing systems sector. Movable Walls specializes in partitioning systems with its two product groups Acoustic Movable Partitions and Glass Horizontal Sliding Walls. It has production facilities in Germany, the U.S., and Malaysia.

Other: Operations involving contactless identification systems and trusted services that do not fit into the basic segment structure are included in this segment. These systems are based on Legic SmartCard and Connect technologies.

Offering

dorma+kaba stands for security, sustainability and reliability and aims to develop products, solutions, and services that make life for its customers more simple and secure. dorma+kaba offers an expanded, comprehensive portfolio of products, solutions, and services for doors and secure access solutions buildings and rooms from a single source – in hotels, shops, sporting venues, airports, hospitals, in the home or at the office. The product offering includes:

- **For the Access Solutions segments:** The four segments AMER, APAC, DACH and EMEA include all hardware- and software-based components, products, and solutions for access solutions as well as relevant services. The offering includes the global product clusters Door Hardware, Entrance Systems, Electronic Access & Data, Interior Glass Systems, Lodging Systems, Master Key Systems, Safe Locks and Services, as well as local products. The multifaceted portfolio ranges from door technology solutions, automatic door systems, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way up to fully networked electronic access solutions for companies, public facilities, hotels, and many other applications. The range also includes physical access systems, high-security locks, glass fittings, solutions for workforce management, as well as services for all these applications.
- **For the Key Systems segment:** This global segment features a high-performance range of key blanks and mechanical, electronic and (semi-)industrial key-cutting and origination machines. In addition, the portfolio also covers solutions for the automotive industry, such as vehicle keys, transponders as well as key programming devices and duplication equipment.
- **For the Movable Walls segment:** This global segment specializes in partitioning systems with its two product groups Acoustic Movable Partitions and Glass Horizontal Sliding Walls. Partitions are available from a manual application to fully automatic/electronic walls.

The parent company of the Group

is dorma+kaba Holding AG, which is a company limited by shares, incorporated and domiciled in Rümlang (Switzerland).

The address of its registered office is: Hofwissenstrasse 24, 8153 Rümlang, Switzerland.

The company is listed on the SIX Swiss Exchange (SIX).

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of dorma+kaba Group comply with Swiss law and have been prepared using the historical cost convention, except as disclosed in the accounting policies below, and in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/ FER = Fachempfehlung zur Rechnungslegung). Furthermore, the accounting complies with the provisions of the listing rules of the SIX and the Swiss company law. The financial statements are presented in Swiss francs (CHF). The accounting policies have been applied consistently by Group companies. A summary of the significant accounting policies is provided below.

2.2 Basis of consolidation

The consolidated financial statements of dorma+kaba Group include the operations of dorma+kaba Holding AG and all direct and indirect subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated accounts are based on the annual financial statements of the individual subsidiaries. All companies follow uniform measurement and reporting practices prescribed by the Group. Applying the full consolidation method, the assets, liabilities, income, and expenses of all subsidiaries are included in their entirety. Minority interests in equity and profit are disclosed separately. Subsidiaries are consolidated from the date on which control is acquired. The identifiable assets and liabilities are revalued and included according to the acquisition method. Any difference between the cost of acquisition and the fair value of the Group's share of net assets acquired constitutes goodwill. Subsidiaries sold are excluded from consolidation from the date on which control ceases. All intercompany balances, transactions and intercompany profits are eliminated on consolidation. Investments in associates and joint ventures where dorma+kaba Group exercises significant influence, but does not have control, normally with an interest between 20% and 50%, are accounted for using the equity method of accounting. Under the equity method, investments in associated companies and joint ventures are initially recognized at cost, and the carrying amount is increased or decreased to recognize dorma+kaba Group's share of the profit or loss of the investee after the date of acquisition. Profit or loss are attributed to the owners of the parent and to the minority interests. Profit and loss are attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Investments in which dorma+kaba does not have significant influence (usually in which dorma+kaba Group's interest is less than 20%) are recorded at cost.

The Group treats transactions with minority interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and minority interests to reflect their relative interests in the subsidiary.

2.3 Use of estimates

The preparation of financial statements in accordance with Swiss GAAP FER requires the use of estimates and assumptions which have an effect on the reported value of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and on the reported value of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions dorma+kaba Group may undertake in the future, actual results may ultimately differ from those estimates. Such estimates are applied to the following balance sheet positions, among others:

- Deferred tax assets are created for temporary differences provided that their utilization appears probable. The recoverable amount is therefore based on past performance and forecasts of the corresponding taxable entity over a period of several years. Deviations between actual and projected results can cause impairment losses. For information on carrying amounts see note 23.
- dorma+kaba operates pension plans in various countries. The calculation of pension provisions without own assets is based on actuarial assumptions that may differ from actual results. For information on carrying amounts see note 21.
- When testing assets for impairment, the recoverable amount is determined on the basis of expected future cash flows. The main assumptions on which these cash flows are based include growth rates and expected useful life. The cash flows actually generated can differ considerably from the estimates.
- In the course of their ordinary operating activities, corporate subsidiaries can face claims from third parties. Provisions for pending claims are measured on the basis of the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the corporation that cannot be met at all or in full through provisions or insurance cover. For information on carrying amounts see note 20.
- A restructuring is a program that is planned and controlled by the Management and materially changes the manner in which that business is conducted. Restructuring provisions are created when detailed formal plans are established and decided. Significant judgment is required to determine the costs of restructuring plans.

2.4 Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is dorma+kaba Group's presentation currency. Items included in the financial statements of each dorma+kaba Group company are measured using the currency of the primary economic environment in which that company operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

Assets and liabilities of subsidiaries reporting in currencies other than CHF are translated at the rates of exchange prevailing at the balance sheet date. Income, expenses, cash flows, and other movement items are translated at average exchange rates for the period. All resulting exchange differences are recognized in equity. On consolidation, exchange differences arising from the translation of the net investment in foreign companies and from borrowings and other currency instruments designated as hedges of such investments are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recycled to the income statement as part of the gain or loss on sale.

Significant exchange rates are in the table below: Rates in CHF for 1 foreign currency unit

	Exchange rate at 30.06.2016	Exchange rate at 30.06.2015	Average rate 2015/2016	Average rate 2014/2015
GBP	1.317	1.469	1.454	1.490
EUR	1.089	1.037	1.087	1.133
USD	0.981	0.934	0.980	0.941
CAD	0.756	0.756	0.739	0.807
AUD	0.729	0.715	0.713	0.789
SGD	0.727	0.692	0.705	0.719
BRL	0.303	0.297	0.266	0.358
AED	0.267	0.254	0.267	0.256
CNY	0.148	0.153	0.152	0.153
HKD	0.126	0.121	0.126	0.121
NOK	0.117	0.118	0.117	0.133
SEK	0.116	0.112	0.116	0.122
INR	0.015	0.015	0.015	0.015

2.5 Cash and cash equivalents

Cash includes petty cash, cash at banks, and cash on deposit. Cash equivalents include term deposits with banks and short-term money market investments carried at market value, both with original maturity dates of three months or less.

2.6 Financial assets

Long-term held securities are recorded at fair value. All realized and unrealized gains and losses are recognized in the income statements.

Other non-current financial assets are stated at amortized cost less valuation adjustments.

2.7 Trade receivables

Short-term accounts receivable are stated at nominal value less allowance for doubtful accounts. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. It is assessed based on maturity structure and identifiable solvency risks.

2.8 Inventories

Inventories are valued at the lower of purchase/manufacturing cost and net realizable value. Cost is determined using the weighted average method. Manufacturing cost includes direct labor and material as well as a commensurate share of related overhead cost. Allowances are made for obsolete and slow-moving items.

Cash discounts from suppliers are treated as purchase cost reductions.

2.9 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Buildings	20–50 years
Machinery, equipment, installations and tools	4–15 years
Other tangible fixed assets	3–15 years

Land is not depreciated. Where an asset comprises various components having different useful lives, each component is depreciated separately.

Items of minor value are charged directly to the income statement.

All gains and losses on disposal of property, plant and equipment are recognized in the income statement.

2.10 Intangible assets

Intangible assets embodying future economic benefits, such as acquired licenses, patents and similar rights as well as qualifying development costs are capitalized at cost and amortized using the straight-line method over a period of 2–5 years. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date book value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. The positive or negative goodwill resulting from acquisitions is offset in equity at the date of acquisition against retained earnings.

If the purchase price contains elements that are dependent on future results, they are estimated as closely as possible at the date of acquisition and recognized in the balance sheet. In the event of disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly. The consequences of a theoretical capitalization and amortization of goodwill are explained in note 15.

On the disposal of an entity, the goodwill previously offset in equity is transferred to the income statement.

All research costs are recognized in the income statement as incurred. Development costs are recognized as an asset when specific recognition criteria are met and the amount recognized is assessed to be recoverable through future economic benefits.

2.11 Impairment of assets

Property, plant and equipment, goodwill offset against equity, intangible assets and other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, goodwill, and other assets are grouped in cash-generating units for which cash flows are separately identifiable. The Group estimates the recoverable amount of those cash-generating units, which generally represent their value in use. Value in use is assessed using the discounted cash flow method. The estimates used in these calculations are based on updated budgets and medium-term plans covering a period of three years. Cash flows beyond the projection period are extrapolated in perpetuity.

When the carrying amount exceeds its recoverable amount, an impairment loss is recognized separately in the income statement. The recoverable amount is the higher of fair value less cost of disposal and value in use.

As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but only be disclosed in the notes to the consolidated financial statements.

2.12 Leases

Assets acquired under leasing agreements which effectively transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee are classified as finance leases. Assets held under finance leases are recorded at the lower of the estimated net present value of the future minimum lease payments and their fair value at the inception of the lease. The estimated net present value of the future minimum lease payments is recorded correspondingly as a finance lease obligation. Assets under finance leases are amortized over their estimated useful lives. Operating lease payments are charged to income on a straight-line basis over the lease term.

2.13 Net sales and revenue recognition

Net sales include all sales of goods and related services, after deduction of any sales reductions including rebates, discounts, value-added taxes and commissions.

Sales from supplied goods and services are recognized upon performance. Sales of goods are recognized when dorma+kaba Group has delivered the products to the customer, the customer has accepted the products, and it is probable that future economic benefits will flow to the entity.

Sales from long-term construction contracts are recognized using the percentage-of-completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total costs for the contract.

2.14 Retirement benefits

There are various pension plans in existence within the Group which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension/insurance funds, or by recognition as liabilities in the balance sheet of the respective Group companies. An economical obligation or a benefit from Swiss pension schemes is determined from the statements made on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans" and recognized in the balance sheet accordingly.

The provision for pension plans of foreign subsidiaries which are not organized as independent legal entity is determined based on the local valuation methods in effect.

2.15 Provisions

Provisions are recognized

- when the Group has a present obligation (legal or constructive) as a result of a past event;
- when it is probable that a use of resources will be required to settle the obligation; and
- when the amount of the obligation can be reliably estimated.

Costs relating to restructuring plans or agreements, including the reduction of excess staffing, the discontinuation of certain activities or the streamlining of facilities and operations and other restructuring measures, are recorded in the period in which the Group commits itself to a plan.

2.16 Financial liabilities

Financial liabilities measured at amortized cost are initially recorded at fair value, net of transaction costs incurred and subsequently measured at amortized cost. Any difference between the proceeds of disposal (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.17 Income taxes

Current income taxes are based on taxable income for the current year and charged to income when incurred. Deferred income taxes are determined using the liability method, with the applicable substantially enacted income tax rates applied on a comprehensive basis to eligible temporary differences. Deferred income tax assets from temporary differences are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes resulting from tax loss carryforwards applicable to future taxable income are only recognized if they reduce deferred tax liabilities.

2.18 Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to owners of the parent by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share also include all potentially dilutive effects.

2.19 Derivative financial instruments

Derivative financial instruments for hedging purposes of balance sheet items are valued at the same valuation principles as the underlying hedged positions.

The fair value of derivative financial instruments for cash flow hedging purposes is disclosed in the notes.

2.20 Risk assessment and risk management

The tasks of the Board of Directors include identifying risks, determining suitable measures and implementing these measures or having them implemented. The Board of Directors of dorma+kaba Holding AG conducted a Group-wide risk assessment in the year under review and also determined the risks to be managed at particular management levels. The Board of Directors is closely involved in assessing strategic risks and through dialogue with the Executive Committee ensures that operating risks are given due attention and reported accordingly. This approach gives the Board a comprehensive overview of the key risks and measures. With this overview, the Group is able to prioritize and allocate the necessary resources.

Financial risk policy

The dorma+kaba Group is exposed to various risks in connection with financial instruments, in particular to market risks of fluctuations in foreign exchange rates and interest rates. The Management monitors these risks on a regular basis. In managing the exposure resulting from such fluctuations, the dorma+kaba Group uses derivative financial instruments wherever Management deems it appropriate to do so given the prevailing circumstances. The counterparties involved are high-ranking financial institutions. The dorma+kaba Group does not enter into financial transactions if the associated risk cannot be estimated, for example no uncovered short transactions are executed. Hedging transactions always relate to existing assets and liabilities or to highly probable future business transactions.

In addition, the dorma+kaba Group is exposed to liquidity risk and credit risk. Risk management also involves securing comprehensive and efficient insurance protection.

Foreign exchange risk

The dorma+kaba Group is active all over the world and is therefore exposed to fluctuations in foreign exchange rates. Foreign exchange risks arise when future commercial transactions, recognized financial assets and liabilities, and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

In most companies of the dorma+kaba Group expenditures and earnings occur mainly in the local currencies of these companies and changes in foreign exchange rates affect only the net payment flow. Future cash flows in foreign currencies are hedged in limited cases only.

Foreign exchange risks on intercompany loans are covered to a large extent by forward exchange contracts.

The dorma+kaba Group does not actively manage the translation risk arising from net investment in foreign currencies and from net income generated by foreign operations.

Interest rate risk

The dorma+kaba Group's interest rate risks arise from its borrowings at variable rates. This interest rate risk is only hedged in limited cases. The Management strives for a well-balanced mix of long- and short-term interest rates considering the planned financing requirements. Financing and related interest are managed centrally. Cash and cash equivalents are invested on a short-term basis.

Liquidity risk

The liquidity risk is the risk that the dorma+kaba Group will be unable to meet its obligations when they fall due. The Group Treasury function ensures that optimal liquidity and credit lines are available to the Group's operations at any time to meet its obligations and to finance its projects. Procurement of bank loans is managed centrally.

Credit risk

Credit risks arise from the possibility that the counterparty to a transaction is unable or unwilling to fulfill its obligations and that the dorma+kaba Group suffers financial damage as a result.

Trade receivables are monitored on an ongoing basis locally and via Group management reporting procedures. The danger of cluster risks on trade accounts receivable is limited due to the large number and wide geographical spread of customers. The extent of the credit risk is determined mainly by the individual characteristics of each customer. Assessment of this risk involves a review of the customer's creditworthiness based on its financial situation and past experience.

Cash and cash equivalents are mainly held in the form of current accounts and current fixed-term deposits. Counterparty risks are monitored continuously and minimized by strictly limiting the associations to high-ranking banks.

2.21 Segment reporting

In accordance with the Management organization and the reporting to the top management level, the reporting segments consist of the businesses as described in note 1. This reporting forms the basis for assessing performance and allocating resources.

Segment accounting is prepared up to the level of EBITDA/EBIT because this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are reported in the respective segments. With the exception of central costs, which are not allocated to the individual segments for internal reporting purposes, the segment results are based on the same accounting principles that are used to determine the operating profit of the Group.

Intersegment transactions are based on the arm's length principle.

2.22 Share-based payments

Stock award plans

The fair value of the employee services received in exchange for shares is measured at fair value of the shares at the grant date and recognized as an expense with a corresponding entry in equity. Expenses for shares that vest immediately are recognized accordingly. Shares that are subject to future services are recognized over the vesting period.

2.23 Extraordinary result

The extraordinary result includes only cost related to the business combination between Dorma and Kaba, namely restructuring cost, impairment losses, and the cost of combining the brands into the dormakaba master brand. Restructuring cost are those necessarily entailed by the restructuring, and not associated with the ongoing activities of the entity, such as severance cost, early termination cost, and restructuring-related advisory cost. Business combination-related projects have been approved by the Board.

3. Shares

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
	Par value CHF 0.10	Par value CHF 0.10
For basic number of shares		
Number of shares outstanding at beginning of financial year	4,184,261	3,798,121
New shares issued	–	380,000
Own shares (acquired) re-issued	6,702	6,140
Number of shares outstanding at end of financial year	4,190,963	4,184,261
Weighted average number of shares outstanding (basic)	4,188,772	3,836,323
Profit applicable for calculation of earnings per share (basic and diluted) (in CHF million)	53.9	98.4
Basic earnings per share (in CHF)	12.9	25.6
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,188,772	3,836,323
Eligible shares under stock award plans and shares awarded in acquisitions	12,044	12,464
Weighted average number of shares outstanding (diluted)	4,200,816	3,848,787
Profit applicable for calculation of earnings per share (basic and diluted) (in CHF million)	53.9	98.4
Diluted earnings per share (in CHF)	12.8	25.6
Dividend (proposal for 2015/2016, in the form of a distribution of tax-privileged capital reserves) per share (in CHF)	12.0	12.0
Conditional shares at beginning of financial year	429,384	429,384
New conditional shares created	–	–
New conditional shares issued	–	–
Conditional shares at end of financial year	429,384	429,384
Authorized shares	419,000	380,000
Number of shares authorized but not yet issued	419,000	–
Number of own shares held	4,063	10,765

Earnings per share is calculated based on profit attributable to the owners of the parent only. Net profit attributable to minority interests is not taken into account. Minority shareholders hold 47.5% of the shares of dorma+kaba Holding GmbH + Co. KGaA, which is a direct subsidiary of the Group parent dorma+kaba Holding AG, which holds the remaining 52.5%.

4. Business combinations

Business combination with Dorma

On 1 September 2015, Dorma and Kaba completed the business combination announced in April 2015.

The following table summarizes the transaction. The identifiable assets and liabilities reflect the fair value at the date of the business combination.

The value of the Kaba businesses was calculated based on the average price of the Kaba share at the SIX Swiss Stock Exchange during the last five trading days before closing of the transaction.

in CHF million	As at the acquisition date
Consideration at 1 September 2015	
Cash paid	0.6
Acquisition-related costs	6.9
Total cash outflow	7.5
Fair value of Kaba business transferred	1,158.8
Total consideration	1,166.3
Identifiable assets and liabilities	
Cash and cash equivalents	73.0
Trade receivables	205.1
Inventories	191.5
Current income tax assets	40.0
Other current assets	44.4
Property, plant and equipment	168.4
Intangible assets	12.4
Investments in associates	32.3
Non-current financial assets	21.8
Deferred income tax assets	49.5
Current borrowings	-3.3
Trade payables	-60.3
Current income tax liabilities	-42.9
Accrued and other current liabilities	-124.3
Provisions	-25.0
Non-current borrowings	-1.0
Accrued pension costs and benefits	-226.1
Deferred income tax liabilities	-4.6
Other non-interest bearing liabilities	-0.3
Total identifiable net assets	350.6
Minority interests on net assets	-166.5
Goodwill	982.2
Total consideration	1,166.3

The Group has yet to finalize the valuation of the net identifiable assets acquired. Adjustments of the fair value and the purchase price may be required.

Additional acquisition-related cash payments

CHF 1.0 million were paid for Shenzhen Probruck Technologies Co. Ltd. (acquired on 28 October 2013) and CHF 0.1 million were paid for Flexon Llaves S.A. (acquired on 28 February 2013).

Total acquisition-related cash payments were CHF 8.5 million.

Prior-year acquisitions

Dorsët Kaba (India)

On 31 July 2014, Kaba increased its 49% stake (held since 2007) in a joint venture with Dorsët Group to 74% by acquiring another 25% of the shares. As part of the transaction, Dorsët Kaba took over from Dorsët Group the businesses of Mars Industries Pvt Ltd., Dorsët India Pvt Ltd., and Modtech Industries. This gave Kaba three production sites and four regional offices in India serving a broad distribution network. This direct access to the Indian market will boost sales in this promising growing market. Dorsët Kaba employs around 1,000 people and achieves annual sales of CHF 22 million.

The following table summarizes the consideration paid for Dorsët and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 31 July 2014	
Cash paid	30.0
Acquisition-related costs	0.2
Total cash outflow	30.2
Existing share in associate	3.2
Kaba shares awarded with the transaction	1.1
Total consideration	34.5
Identifiable assets and liabilities	
Cash and cash equivalents	1.5
Trade receivables	4.3
Inventories	4.4
Other current assets	0.5
Property, plant and equipment	2.2
Current borrowings	-0.5
Trade payables	-4.8
Current income tax liabilities	-0.3
Accrued and other current liabilities	-0.9
Non-current borrowings	-0.1
Accrued pension costs and benefits	-0.2
Total identifiable net assets	6.1
Minority interests	-1.5
Goodwill	29.9
Total consideration	34.5

Keyscan Inc. (Canada)

On 3 November 2014, Kaba acquired the Canadian company Keyscan Inc., a recognized specialist in networked access control solutions. Kaba strengthened with this acquisition its product offering in North America. Besides stand-alone and wireless access control systems, Kaba now also offers networked solutions. The acquisition of Keyscan allows Kaba to provide comprehensive electronic access control solutions for the commercial sector.

The acquisition of Keyscan Inc. also provides Kaba with access to a large established network of integrators and security dealers. Kaba plans to make Keyscan products available in various emerging markets within the Americas, too.

Keyscan Inc. is based in Whitby (Ontario/Canada). It has about 65 employees and generates sales of about CHF 18 million (2014).

The following table summarizes the consideration paid for Keyscan and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 3 November 2014	
Cash paid	39.2
Acquisition-related costs	0.4
Total cash outflow	39.6
Kaba shares awarded with the transaction	0.1
Total consideration	39.7
Identifiable assets and liabilities	
Cash and cash equivalents	1.2
Trade receivables	2.8
Inventories	2.1
Other current assets	0.2
Property, plant and equipment	0.2
Current borrowings	0.0
Trade payables	-0.5
Current income tax liabilities	-0.2
Accrued and other current liabilities	-2.0
Non-current borrowings	-0.1
Other non-interest bearing liabilities	-1.4
Total identifiable net assets	2.3
Goodwill	37.4
Total consideration	39.7

Advanced Diagnostics Ltd. of Nuneaton (UK)

On 7 November 2014, Kaba Group acquired Advanced Diagnostics Ltd. of Nuneaton (UK) and its related company Advanced Diagnostics USA Inc., based in Las Vegas (USA). The companies specialize in developing programming equipment for the automotive industry. The equipment is used to program transponder-based replacement keys.

Advanced Diagnostics generates annual sales of around CHF 10 million with 24 employees.

The following table summarizes the consideration paid for Advanced Diagnostics and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 7 November 2014	
Cash paid	32.4
Acquisition-related costs	0.5
Total cash outflow	32.9
Kaba shares awarded with the transaction	1.2
Total consideration	34.1
Identifiable assets and liabilities	
Cash and cash equivalents	3.0
Trade receivables	1.7
Inventories	0.5
Other current assets	0.1
Property, plant and equipment	0.3
Trade payables	-0.4
Current income tax liabilities	-0.2
Accrued and other current liabilities	-2.0
Other non-interest bearing liabilities	-0.6
Total identifiable net assets	2.4
Goodwill	31.7
Total consideration	34.1

5. Net sales

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Total net sales	2,115.9	1,085.2
Additional information for long-term contracts applying the percentage-of-completion method		
Amounts included in net sales based on the percentage-of-completion method	73.3	83.6
Cumulative progress invoices on contracts in progress	21.8	26.3
Construction contracts in progress (assets)	9.9	14.0
Billings in excess of cost of construction contracts (liabilities see note 19)	-0.6	-0.4
Accumulated contract costs including recognized profits (losses)	31.1	39.9
Advances for construction contracts (liabilities)	-4.0	-5.6
Retentions on construction contracts in progress (assets)	0.1	0.0

6. Other operating income, net

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Rent	0.7	1.0
Gain from the sale of fixed assets/business units	5.3	0.2
Re-invoiced cost	0.8	0.6
Licence income	0.7	1.1
Insurance reclaim	0.6	0.3
Other revenues	7.0	3.7
Other operating expense	-0.3	-0.8
Total other operating income (net)	14.8	6.1

7. Personnel expenses

in CHF million	Financial year ended 30.06.2016	in %	Financial year ended 30.06.2015	in %
Salaries and wages	639.1		325.4	
Social security expenses	120.8		60.1	
Share-based payments	4.9		3.2	
Pension cost (note 21)	20.6		15.7	
Employment termination expenses	6.3		1.0	
Other benefits	0.9		0.6	
Total personnel expenses	792.6		406.0	
Employees at balance sheet date	15,786		8,948	
Average number of full-time equivalent employees	15,779		8,948	
Average number of employees per geographic region				
Switzerland	799	5	687	8
Germany	3,523	22	779	9
Rest of EMEA	3,457	22	1,564	17
Americas	2,813	18	1,826	20
Asia Pacific	5,187	33	4,092	46
Total	15,779	100	8,948	100

8. Financial expenses

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Interest expenses	9.7	6.1
Foreign exchange losses/(gains)	6.6	1.2
Other financial expenses	2.8	0.6
Total financial expenses	19.1	7.9

9. Financial income

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Interest income	1.5	0.4
Other financial income	2.4	0.2
Total financial income	3.9	0.6

10. Income taxes

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Profit before taxes	159.5	137.7
Weighted applicable tax rate	28.0%	29.6%
Tax calculated at applicable tax rate	44.7	40.8
Current income taxes	67.3	37.9
Deferred income taxes	-12.5	0.9
Income taxes	54.8	38.8
Difference between applicable and effective income taxes	10.1	-2.0
Impact of losses and tax loss carryforwards	5.3	-1.3
Tax-exempt income	-4.8	-3.0
Non-deductible expenses	7.1	2.5
Non-recoverable withholding tax expenses	0.2	0.6
Tax charges (credits) relating to prior periods, net	0.8	0.0
Other	1.5	-0.8
Difference between expected and effective income taxes	10.1	-2.0
Income taxes charged to equity	-1.5	-1.1

The weighted applicable tax rate is calculated using the expected income tax rates of the individual Group companies in each jurisdiction. These rates vary significantly. The change in the weighted applicable tax rate from prior year is mainly due to the different contributions of individual Group companies to the total Group profit.

The main difference between applicable and effective taxes in the period lies in the fact that dorma+kaba does not recognize deferred tax assets on tax loss carryforwards regardless of the likelihood that such tax loss carryforwards can be utilized in the future. The major part of these tax losses occurred as a result of post-merger integration projects.

11. Trade receivables

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Accounts receivable from third parties	421.7	177.0
Accounts receivable from associates	0.1	0.0
Construction contracts in progress	9.9	14.0
Total trade receivables, gross	431.7	191.0
Allowance for doubtful accounts	-28.0	-5.6
Total trade receivables, net	403.7	185.4

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Maturity analysis of trade receivables	Gross	Gross
Not yet due	303.4	145.5
1–30 day(s) overdue	52.7	25.8
31–60 days overdue	18.0	7.6
61–90 days overdue	9.3	3.3
91–120 days overdue	6.1	1.4
121–150 days overdue	3.9	1.5
More than 150 days overdue	38.3	5.9
Total trade receivables, gross	431.7	191.0

The creditworthiness of not yet due and not impaired accounts receivable is considered good, based on the low losses in the past.

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Details of allowance for doubtful accounts		
Allowance at beginning of financial year	-5.6	-5.8
Additions	-3.8	-1.7
Releases	2.0	0.7
Usage	2.7	0.7
Acquisition of businesses	-23.0	-0.4
Translation exchange differences	-0.3	0.8
Allowance at end of financial year	-28.0	-5.6

Accounts receivable are individually considered to be impaired in case of clear evidence of insolvency or other indications that collectability is severely endangered. In addition, allowances are made on a systematic basis based on overdue ageing.

The Group does not hold material collateral as security for trade receivables.

12. Inventories

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Raw materials and supplies	160.8	85.0
Semi-finished goods and work in progress	76.4	46.2
Finished goods	175.6	73.4
Prepayments to suppliers	2.3	0.6
Total inventories, gross	415.1	205.2
Allowance for obsolete and slow-moving items	-51.1	-29.4
Total inventories, net	364.0	175.8
Details allowance for obsolete and slow-moving items		
Allowance beginning of year	-29.4	-31.0
Additions	-9.2	-2.5
Acquisition of businesses	-19.5	-0.9
Releases	1.9	0.3
Usage	5.9	2.3
Translation exchange differences	-0.8	2.4
Allowance end of year	-51.1	-29.4

Allowances for inventories are made in cases of incongruity between inventory levels and expected consumption on an item-by-item basis. These allowances are released if and as soon as the requested consumption is reached.

13. Other current assets

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Prepaid expenses	15.0	10.8
Retentions	1.3	0.4
Sales, withholding and other recoverable taxes	26.3	10.2
Fair value of forward contracts (see note 26)	2.6	0.0
Other receivables and miscellaneous	2.2	0.9
Total other current assets	47.4	22.3

14. Property, plant and equipment/Intangible assets

in CHF million	Land and buildings	Plant, machinery and equipment	Furniture and fixtures	Prepayments	Total property, plant and equipment	Intangible assets
Cost						
30 June 2014	155.8	187.0	85.9	10.3	439.0	48.1
Additions	2.5	10.3	7.2	6.8	26.8	12.0
Disposals	-0.1	-4.6	-5.6	0.0	-10.3	-1.3
Reclassifications	2.4	8.6	-2.0	-9.0	0.0	0.0
Acquisition of businesses	0.2	1.6	0.7	0.0	2.5	0.3
Translation exchange differences	-6.2	-10.9	-8.4	-0.5	-26.0	-5.0
30 June 2015	154.6	192.0	77.8	7.6	432.0	54.1
Accumulated depreciation						
30 June 2014	71.7	145.9	64.6	0.0	282.2	29.2
Additions	4.7	10.1	7.4	0.0	22.2	3.0
Disposals	-0.1	-4.3	-5.6	0.0	-10.0	-1.3
Reclassifications	1.4	0.0	-1.4	0.0	0.0	0.0
Acquisition of businesses	0.0	0.0	0.0	0.0	0.0	0.0
Translation exchange differences	-2.5	-8.6	-6.2	0.0	-17.4	-2.8
30 June 2015	75.2	143.1	58.8	0.0	277.0	28.1
Net book value as of						
30 June 2014 net	84.1	41.1	21.3	10.3	156.8	18.9
30 June 2015 net	79.4	48.9	19.0	7.6	155.0	26.0
Net carrying amount of assets under finance leases as of						
30 June 2014 net			0.2		0.2	0.0
30 June 2015 net			0.3		0.3	0.0
Cost						
30 June 2015	154.6	192.0	77.8	7.6	432.0	54.1
Additions	3.5	14.5	15.7	13.4	47.1	14.7
Disposals	-2.5	-14.2	-11.9	-0.5	-29.1	-6.5
Reclassifications	2.0	9.8	1.7	-13.5	0.0	0.0
Acquisition of businesses	97.0	33.4	30.1	7.9	168.4	12.4
Translation exchange differences	5.7	5.8	2.6	0.3	14.4	1.8
30 June 2016	260.3	241.3	116.0	15.2	632.8	76.5
Accumulated depreciation						
30 June 2015	75.2	143.1	58.8	0.0	277.0	28.1
Additions ¹⁾	6.8	21.1	14.6	0.0	42.5	15.9
Disposals	-1.2	-13.6	-9.4	0.0	-24.2	-6.5
Reclassifications	0.4	0.2	-0.6	0.0	0.0	0.0
Acquisition of businesses	0.0	0.0	0.0	0.0	0.0	0.0
Translation exchange differences	1.2	4.2	2.1	0.0	7.5	1.3
30 June 2016	82.4	155.0	65.5	0.0	302.8	38.8
Net book value as of						
30 June 2015 net	79.4	48.9	19.0	7.6	155.0	26.0
30 June 2016 net	177.9	86.3	50.5	15.2	330.0	37.7
Net carrying amount of assets under finance leases as of						
30 June 2015 net			0.3		0.3	0.0
30 June 2016 net			1.3		1.3	0.0

1) Additions include impairments of intangible assets CHF 8.1 million and impairment of property, plant and equipment CHF 0.6 million.

Intangible assets: additions to cost include CHF 7.7 million (2014/2015 CHF 6.6 million) invested in research and development projects.

15. Theoretical movement goodwill

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Cost		
Opening	175.0	90.7
Additions from acquisitions	982.2	99.0
Translation exchange differences	-4.0	-14.7
Closing	1,153.2	175.0
Accumulated amortization		
Opening	59.8	33.9
Additions	196.3	31.7
Translation exchange differences	-0.9	-5.8
Closing	255.2	59.8
Theoretical book values, net		
Opening	115.2	56.8
Closing	898.0	115.2

Effect income statement

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Operating profit (EBIT)	261.6	145.0
EBIT in % of net sales	12.3	13.3
Amortization goodwill	-196.3	-31.7
Theoretical operating profit (EBIT) incl. amortization goodwill	65.3	113.3
Theoretical EBIT in % of net sales	3.1	10.4
Net profit	104.7	98.9
Amortization goodwill	-196.3	-31.7
Theoretical net loss/profit incl. amortization goodwill	-91.6	67.2

Effect balance sheet

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Equity according to balance sheet	680.5	442.1
Theoretical capitalization net book value goodwill	898.0	115.2
Theoretical equity incl. net book value goodwill	1,578.5	557.3
Equity in % of balance sheet total	43.2	60.2
Theoretical equity incl. net book value goodwill in % of balance sheet total	63.7	65.6

16. Investments in associates and joint ventures

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Associates		
Beginning of year	0.0	0.0
Acquisition of Dorma associate Iseo Serrature s.p.a.	32.3	0.0
Dividends received	-1.1	0.0
Share of profit/(loss)	2.5	0.0
Translation exchange differences	0.3	0.0
Total investments in associates	33.9	0.0
Details of investments in associates		
Entity name		
Iseo Serrature s.p.a., Via San Girolamo 13, I-25055 Pisogne (BS)		
Assets	171.4	0.0
Liabilities	111.9	0.0
Revenues	142.7	0.0
Profit/(Loss)	6.1	0.0
Interest held in %	40	0.0
Goodwill included in investments in associates	11.0	0.0

17. Non-current financial assets

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Non-current financial assets		
Loans	0.1	0.1
Pension-related assets	22.7	4.4
Long-term prepaid expenses	8.6	7.0
Prepaid financing cost	0.0	1.0
Long-term held securities	5.1	2.4
Total non-current financial assets	36.5	14.9

18. Borrowings

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Current borrowings		
Bank overdrafts	9.1	10.7
Short-term bank loans	6.6	2.5
Current portion of debt	36.9	6.5
Total current borrowings	52.6	19.7

Bank overdrafts and short-term bank loans are repayable within one year and are subject to financial debt covenants. The short-term borrowings are fixed for a period of one to three months and the interest rates are based on LIBOR/EURIBOR. The carrying amounts of short-term financial borrowings approximate their fair value.

Non-current borrowings		
Bank loans	0.1	0.9
Other long-term liabilities	0.2	0.4
Finance lease obligation	1.2	0.3
Total non-current borrowings	1.5	1.6

At year-end, maturities of debt were as follows:

Within 1 year	36.9	6.5
Within 2 to 5 years	1.5	1.6
After 5 years	0.0	0.0
Total debt	38.4	8.1
Current portion of debt	36.9	6.5
Total long-term debt	1.5	1.6

19. Accrued and other current liabilities

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Advances from customers	23.7	13.4
Billings in excess of cost of construction contracts	0.6	0.4
Deferred income	40.1	22.3
Sales, withholding and other tax payable	36.5	12.6
Social security payable	9.1	6.0
Payable to pension fund	0.8	0.8
Accruals for vacation, overtime and other employee benefits	93.6	43.9
Accrued interest	0.1	0.0
Fair value of forward contracts (see note 26)	5.4	1.1
Other accruals and current non-interest-bearing liabilities	80.3	37.3
Total accrued and other current liabilities	290.2	137.8

20. Provisions

in CHF million	Warranty and customer returns	Restructuring	Other	Total
Financial year ended 30.06.2015				
Opening balance as at 01.07.2014	9.6	2.5	2.9	15.0
Additions	1.5	0.8	1.4	3.7
Releases	-3.1	-0.6	-0.3	-4.0
Usage	-1.5	-2.2	-0.8	-4.5
Acquisition of businesses	0.0	0.0	0.0	0.0
Translation exchange differences	0.0	0.0	-0.6	-0.6
Balance at 30.06.2015	6.5	0.5	2.6	9.6
Thereof due within 1 year	6.5	0.5	2.6	9.6
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	6.5	0.5	2.6	9.6
Financial year ended 30.06.2016				
Opening balance as at 01.07.2015	6.5	0.5	2.6	9.6
Additions	7.8	81.3	0.6	89.7
Releases	-0.5	-0.4	-1.7	-2.6
Usage	-6.3	-25.3	-2.1	-33.7
Acquisition of businesses	7.1	1.4	16.5	25.0
Translation exchange differences	0.3	0.1	0.2	0.6
Balance at 30.06.2016	14.9	57.6	16.1	88.6
Thereof due within 1 year	14.9	57.6	16.1	88.6
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	14.9	57.6	16.1	88.6

Warranty and customer return provisions

In certain markets there are lock models installed for which dorma+kaba developed upgrades. dorma+kaba committed to offer the upgrades at no cost to its customers and as a result a provision amounting to CHF 15.1 million was recognized as per 30 June 2011. Due to customers making use of dorma+kaba's offer, the provision has been reduced to CHF 1.7 million as per 30 June 2016, representing expected cash outflows in 2016/2017 related to this initiative.

Restructuring provisions

Restructuring provisions include expected future cash outflows related to restructuring plans that the Group has started to implement or announced. Restructuring plans mainly focus on optimizing administrative and manufacturing processes.

The major part of these restructuring provisions is due to post-merger integration projects following the merger between Kaba and Dorma as per 1 September 2015 which have been approved by the Board. These provisions mainly include severance cost, early termination cost, and restructuring related advisory cost (as per accounting policy 2.23).

Other provisions

Other provisions include mainly environmental risks, litigation and sales agents' indemnities.

21. Employee benefit liabilities

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015					Financial year ended 30.06.2016	Financial year ended 30.06.2015
	Economical part of the Corporation	Economical part of the Corporation	Acquisition of businesses Economical part of the Corporation	Translation differences	Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Pension institutions with surplus	-	-	-			7.6	7.5	7.2
Pension institutions with deficit	-	-	-					-
Pension institutions w/o surplus/deficit						9.1	9.1	6.8
Pension institutions without own assets	256.8	34.8	214.0	4.3	3.7	0.3 ¹⁾	4.0	1.7
Other long-term employee benefits	18.2	3.9	12.1					
Total	275.0	38.7	226.1	4.3	3.7	17.0	20.6	15.7

1) Net of interest expenses CHF 6.2 million related to recognized pension liabilities on the balance sheet.

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Contributions to pension institutions from group entities	16.6	14.0
Contributions to pension institutions from employer contribution reserves (ECR)	0.0	0.0
Total contributions	16.6	14.0
+/- Changes ECR from asset development, value adjustments, etc.	0.0	0.0
Contributions and changes employer contribution reserves	16.6	14.0
Increase/decrease economical benefit group from surplus	0.0	0.0
Decrease/increase economical obligation group from deficit	0.0	0.0
Decrease/increase economical obligation group from pension institutions without own assets	4.0	1.7
Total changes economical effects from surplus/deficit	4.0	1.7
Pension benefit expenses within personnel expenses in the period under review	20.6	15.7

22. Lease commitments

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Operating leases		
Expenses for operating leases amounted to	33.4	15.1
Future minimum lease payments resulting from non-cancellable operating lease contracts are due as follows:		
Liabilities under leases up to 1 year	36.6	14.9
Liabilities under leases 2 to 5 years	43.6	30.9
Liabilities under leases over 5 years	17.2	13.6
Total future payment commitments for operating leases	97.4	59.4

Operating lease commitments mainly refer to the lease of buildings which are used for operational purposes.

Finance leases		
Expenses for finance leases amounted to	1.3	0.3
Future minimum lease payments resulting from non-cancellable finance lease contracts are due as follows:		
Liabilities under leases up to 1 year	0.5	0.0
Liabilities under leases 2 to 5 years	0.7	0.3
Liabilities under leases over 5 years	0.0	0.0
Total finance lease obligation including current portion (net present value)	1.3	0.3
Less current portion	0.5	0.0
Long-term finance lease obligation	0.8	0.3

23. Deferred income taxes

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Expiration of tax loss carryforwards not recognized as deferred tax assets		
Expiry in 1 year	5.9	6.5
Expiry in 2 to 5 years	10.4	4.2
Expiry after 5 years	2.7	8.6
No expiry	170.0	135.3
Balance of tax loss carryforwards at end of financial year	188.9	154.6

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Balance sheet presentation of deferred income taxes		
Deferred income tax assets	71.5	6.1
Deferred income tax liabilities	22.9	13.3
Total deferred income taxes, net	48.6	-7.2

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

24. Capital management

Management of capital is governed by the following objectives:

- securing sufficient liquidity to meet the Group's needs to fulfil its financial obligations;
- securing sufficient financing capacity for future investments and acquisitions;
- ensuring creditworthiness;
- achieving a risk-adequate return for investors.

Continuous monitoring and reporting of key figures to the Management ensure that appropriate action is taken as soon as required.

A syndicated credit facility of CHF 500 million was secured in March 2016 for a five-year period. The facility has options for 2 years' prolongation and CHF 200 million increase. The only financial covenant is the net debt ratio (calculated as the ratio of net debt to EBITDA).

As of 30 June 2016 dorma+kaba complied with all financial covenants.

The corresponding key figures as at 30 June 2016 and 30 June 2015 respectively are shown below:

in CHF million, except where indicated	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Gearing		
Earnings before interest, tax, depreciation and amortization (EBITDA)	311.4	170.2
Net debt	-159.1	-121.2
Net debt/EBITDA (Gearing)	-0.5	-0.7
Earnings per share		
Basic earnings per share (in CHF)	12.9	25.6
Diluted earnings per share (in CHF)	12.8	25.6

A portion of profits generated is paid out to the owners as dividends, taking into account the current financing needs and compliance with legal requirements.

dorma+kaba envisages a dividend policy whereby the minimum payout ratio should be at 50% of consolidated net profit after minority interests.

The Group is not subject to externally imposed capital restrictions.

25. Commitments and contingencies

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Current endorsement liabilities	2.7	1.3
Investments committed to purchase from third parties:		
Property, plant and equipment	9.8	3.9
Intangible assets	0.0	1.4

26. Derivative financial instruments

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
The following forward contracts existed for hedging purposes on the balance sheet date:		
Currencies		
– Contract value	515.1	385.8
– Fair value – held-for-trading, net	–2.8	–1.1

27. Segment reporting

in CHF million	Access Solutions AMER		Access Solutions APAC		Access Solutions DACH	
	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Net sales third parties	446.8	247.2	320.1	129.1	467.4	270.2
Intercompany sales	31.2	19.8	18.0	15.8	245.1	18.5
Total sales	478.0	267.0	338.1	144.9	712.4	288.8
Operating profit before depreciation and amortization (EBITDA)	105.3	78.5	30.9	3.4	129.8	45.6
in % of sales	22.0%	29.4%	9.1%	2.3%	18.2%	15.8%
Operating profit (EBIT)	99.7	75.9	27.0	0.6	116.4	44.1
in % of sales	20.9%	28.4%	8.0%	0.4%	16.3%	15.3%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Capital expenditure	7.6	4.7	6.4	3.8	14.8	2.5
Depreciation and amortization	5.5	2.7	3.9	2.8	13.4	1.5

in CHF million	Key Systems		Movable Walls		Other	
	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Net sales third parties	205.3	207.8	87.1	0.0	13.1	12.0
Intercompany sales	3.2	1.6	8.5	0.0	1.7	0.7
Total sales	208.5	209.3	95.6	0.0	14.8	12.7
Operating profit before depreciation and amortization (EBITDA)	35.7	35.8	11.2	0.0	0.2	1.8
in % of sales	17.1%	17.1%	11.7%		1.3%	13.8%
Operating profit (EBIT)	30.5	30.8	10.2	0.0	-1.0	1.6
in % of sales	14.6%	14.7%	10.6%		-6.8%	12.2%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Capital expenditure	8.3	7.7	1.2	0.0	6.4	5.9
Depreciation and amortization	5.2	5.0	1.1	0.0	1.2	0.2

Access Solutions EMEA		Eliminations		Access Solutions TOTAL		
Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	in CHF million
576.2	218.8	0.0	0.0	1,810.5	865.4	Net sales third parties
101.5	96.0	-391.0	-145.4	4.7	4.7	Intercompany sales
677.7	314.8	-391.0	-145.4	1,815.2	870.1	Total sales
48.9	38.0	0.0	0.0	314.9	165.5	Operating profit before depreciation and amortization (EBITDA)
7.2%	12.1%	0.0%	0.0%	17.3%	19.0%	in % of sales
33.7	27.3	0.0	0.0	276.9	147.9	Operating profit (EBIT)
5.0%	8.7%	0.0%	0.0%	15.3%	17.0%	in % of sales
						Result from associates
						Financial expenses
						Financial income
						Ordinary result
						Extraordinary result
						Profit before taxes
14.2	13.1	0.0	0.0	43.0	24.1	Capital expenditure
15.2	10.7	0.0	0.0	38.0	17.7	Depreciation and amortization

Corporate		Eliminations		Group		
Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	Financial year ended 30.06.2016	Financial year ended 30.06.2015	in CHF million
0.0	0.0	-0.1	0.0	2,115.9	1,085.2	Net sales third parties
0.0	0.0	-18.1	-6.9	0.0	0.0	Intercompany sales
0.0	0.0	-18.2	-6.9	2,115.9	1,085.2	Total sales
-50.7	-32.9	0.0	0.0	311.4	170.2	Operating profit before depreciation and amortization (EBITDA)
0.0%	0.0%	0.0%	0.0%	14.7%	15.7%	in % of sales
-55.0	-35.3	0.0	0.0	261.6	145.0	Operating profit (EBIT)
0.0%	0.0%	0.0%	0.0%	12.3%	13.3%	in % of sales
				2.5	0.0	Result from associates
				-19.1	-7.9	Financial expenses
				3.9	0.6	Financial income
				248.9	137.7	Ordinary result
				-89.4	0.0	Extraordinary result
				159.5	137.7	Profit before taxes
2.9	1.0	0.0	0.0	61.8	38.8	Capital expenditure
4.3	2.3	0.0	0.0	49.8	25.2	Depreciation and amortization

Reconciliation of assets and liabilities

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Segment operating assets	1,209.4	575.0
Cash and cash equivalents	213.2	142.5
Current income tax assets	41.4	6.3
Other current assets	4.9	0.5
Investments in associates	33.9	0.0
Non-current financial assets	5.0	3.9
Deferred income tax assets	71.5	6.1
Total assets	1,579.3	734.3
Segment operating liabilities	-768.2	-243.1
Current borrowings	-52.6	-19.7
Current income tax liabilities	-47.9	-13.3
Accrued and other current liabilities	-5.7	-1.2
Non-current borrowings	-1.5	-1.6
Deferred income tax liabilities	-22.9	-13.3
Total liabilities	-898.8	-292.2

28. Segment reporting – key figures by region

in CHF million	Net sales to third parties	in %	Non-current assets	in %	Capital expenditure	in %
Prior financial year ended 30.06.2015						
Switzerland	142.2	13	59.1	28	11.9	30
Germany	118.5	11	27.7	14	3.8	10
Rest of EMEA	331.2	31	45.5	23	11.2	29
Americas	356.7	32	53.8	27	7.7	20
Asia Pacific	136.6	13	15.9	8	4.2	11
Total	1,085.2	100	202.0	100	38.8	100
Financial year ended 30.06.2016						
Switzerland	155.8	7	64.7	12	11.4	18
Germany	300.1	14	210.0	42	11.5	19
Rest of EMEA	728.4	35	72.6	14	15.7	25
Americas	583.0	28	99.4	20	11.7	19
Asia Pacific	348.6	16	62.8	12	11.5	19
Total	2,115.9	100	509.6	100	61.8	100

29. Stock award plans

The Executive Stock Award Plan "ESAP 1" was introduced in 2007. Under the plan, participants were nominated each year by the Compensation Committee for an allocation of shares free of charge. Participants could choose to receive the shares unrestricted or subject to a five-year blocking period ("Blocking Period"). The award value corresponds to the closing price of the dorma+kaba Holding AG share at the SIX Swiss Exchange on the business day before the date of allocation.

In 2012, a new Executive Stock Award Plan "ESAP Plus" was introduced. Under the plan, participants were nominated each year by the Compensation Committee for an allocation of shares free of charge. ("Award Share[s]") that are automatically subject to a three-year blocking period ("Blocking Period"). Provided that at the expiry of the Blocking Period (i) the participant is still under a contract of employment with a dorma+kaba Group company and (ii) no notice of termination has been given by either the employer or employee, the participant shall receive free of charge additional shares ("Matching Shares") in the proportion of one additional share for every two Award Shares. The value of the Award Share corresponds to the closing price of the dorma+kaba Holding AG share at the SIX Swiss Exchange on the business day before the date of the allocation.

In 2013, the Executive Stock Award Plan "ESAP Plus 3" was introduced for new participants. ESAP Plus 3 has the same design as ESAP Plus except that under ESAP Plus, existing ESAP 1 participants were entitled to choose between an allocation under ESAP 1 or under ESAP Plus. Under ESAP Plus 3, this choice is no longer available.

ESAP 1 and ESAP Plus were discontinued from 2014/2015 financial year onwards.

In 2015, the Executive Stock Award Plan "ESAP 5" was introduced. Under ESAP 5, participants, nominated each year by the Compensation Committee, are granted Award Shares and Performance Share Units that are subject to a three-year vesting period ("Vesting Period") conditional upon (i) the continuous employment of the participant with a dorma+kaba Group company at the end of the Vesting Period and (ii) the fulfilment of the Earnings per Share ("EPS") performance condition during the Vesting Period, as determined in the ESAP 5 plan rules.

At the vesting date, Performance Share Units are converted into shares ("Matching Shares") based on a payout percentage of between 0% and 200% (0 to 2 Matching Shares for each Performance Share Unit based on the achieved EPS performance).

On 22 September 2014, a total of 3,285 shares were allocated under ESAP Plus 3 (out of treasury shares) with an award value of CHF 440.50 each.

On 21 September 2015, a total of 4,088 Award Shares were allocated under ESAP 5 (out of treasury shares) with an award value of CHF 653.00 each.

On 21 November 2015, a total of 840 Matching Shares were allocated under ESAP Plus with an award value of CHF 664.00 each.

The impact on dorma+kaba's 2015/2016 income statement amounts to CHF 2,669,464 for the Award Shares and CHF 557,760 for the Matching Shares (2014/2015 CHF 1,447,043 for Award Shares, no Matching Shares). CHF 6,938.40 (divided into 69,384 registered shares with a par value of CHF 0.10) of conditional capital is reserved for stock award plans.

30. Related parties

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Transactions with associates		
Sales of goods and services		
Associates	0.6	0.0
Purchase of goods and services		
Associates	1.9	0.0
Accounts receivable		
Associates	0.1	0.0
Accounts payable		
Associates	0.1	0.0

31. Events after the reporting period

None.

32. Release of consolidated financial statements for publication

These consolidated financial statements have been approved for issue by the Board of Directors on 31 August 2016 and will be presented for approval by the General Meeting of Shareholders of 18 October 2016.

Legal structure of the dorma + kaba Group

as at 30 June 2016

List of substantial Group and associated companies	Share capital in local currency	Voting rights in %	Participation of...
dorma + kaba Holding AG, Rümlang/CH	CHF	419,502.60	Public Quoted Company
dorma + kaba International Holding AG, Rümlang/CH	CHF	101,000.00	dorma + kaba Holding GmbH + Co. KGaA
ADRS Solutions Limited, Cambridge/GB	GBP	30.00	DORMA UK Ltd.
ADUK Products Ltd., Haslemere/UK	GBP	53.73	Kaba Holding (UK) Ltd.
Advanced Diagnostics Ltd., Haslemere/UK	GBP	100.00	ADUK Products Ltd.
Aluminium Services Inc., Scituate/US	USD	30,000.00	DORMA USA Inc.
Aluspec Ltd., Bridgnorth/GB	GBP	1,000.00	DORMA UK Ltd.
Ascot Doors Ltd., Hitchin/GB	GBP	21,000.00	DORMA UK Ltd.
Auto Entry Pty. Ltd., Hallam/AU	AUD	2.00	DORMA Door Controls Pty. Ltd.
Bauer AG, Rümlang/CH	CHF	100,000.00	dorma + kaba International Holding AG
Computerized Security Systems Inc., Madison Heights/US	USD	16,638.00	Kaba Corporation
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXP	202,059,403.00	Kaba Ilco Inc.
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30,000.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Access Solutions LLC, Doha/QA	QAR	200,000.00	DORMA Vertrieb-International GmbH
DORMA Arabia Automatic Doors Company Ltd., Dammam/ SA	SAR	4,000,000.00	DORMA Vertrieb-International GmbH DORMA Produktion International GmbH
DORMA Australia Pty. Ltd., Hallam/AU	AUD	10,702.00	DORMA Door Controls Pty. Ltd.
DORMA Austria GmbH, Eugendorf/AT	EUR	1,460,000.00	DORMA Nederland, B.V.
DORMA Automatic GmbH + Co. KG, Ennepetal/DE	EUR	2,850,000.00	DORMA Deutschland GmbH
DORMA Beschlagtechnik GmbH, Velbert/DE	EUR	5,120,000.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Bulgaria EOOD, Sofia/BG	EUR	1,314,147.96	DORMA Vertrieb-International GmbH
DORMA CBP Schweiz AG, Thal/CH	CHF	100,000.00	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA China Ltd, Suzhou/CN	CNY	127,759,074.00	DORMA Vertrieb-International GmbH
DORMA Colombia S.A.S., Bogota/CO	COP	950,000,000.00	DORMA Vertrieb-International GmbH
DORMA Croatia d.o.o., Zagreb/HR	HRK	5,650,000.00	DORMA Vertrieb-International GmbH
DORMA Danmark A/S, Rodovre/DK	DKK	596,000.00	DORMA Nederland, B.V.
DORMA Deutschland GmbH, Ennepetal/DE	EUR	126,780,000.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Door Controls Limited, Hong Kong/CN	HKD	100,000.00	DORMA Nederland, B.V.
DORMA Door Controls Ltd., Mississauga/CA	CAD	10.00	DORMA Nederland, B.V.
DORMA Door Controls Pty. Ltd., Hallam/AU	AUD	910,700.00	DORMA Vertrieb-International GmbH
DORMA Door Systems d.o.o. Beograd, Beograd/RS	RSD	4,474,250.00	DORMA Vertrieb-International GmbH
DORMA Dverni Technika CR s.r.o., Praha/CZ	CZK	100,000.00	DORMA Vertrieb-International GmbH
DORMA Far East (Thailand) Ltd., Bangkok/TH	THB	13,490,000.00	DORMA Deutschland GmbH
DORMA Far East Pte Ltd., Singapore/SH	SGD	500,000.00	DORMA Production GmbH + Co. KG
DORMA Far East SDN BHD, Kuala Lumpur/MY	MYR	200,000.00	DORMA Nederland, B.V.
DORMA Finance B.V., Dodewaard/NL	EUR	100,000.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Finland OY, Vantaa/FI	EUR	67,275.17	DORMA Vertrieb-International GmbH
DORMA Foquin N.V., Bruges/BE	EUR	900,000.00	DORMA Nederland, B.V.
DORMA France S.A.S., Certeil Cedex/FR	EUR	14,297,080.00	DORMA Vertrieb-International GmbH
DORMA Ghana Limited, Accra/GH	GHS	1,850,000.00	DORMA Vertrieb-International GmbH
DORMA Glas Pty. Ltd., Ingleburn/AU	AUD	60.00	DORMA Door Controls Pty. Ltd.
DORMA Gulf Door Controls FZE, Dubai/AE	USD	9,524,934.10	DORMA Vertrieb-International GmbH
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510,000.00	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146,000.00	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Raumtrennsysteme GmbH + Co. KG, Westerstede-Ocholt/DE	EUR	48,300,000.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Hüppe Raumtrennsysteme Verwaltungs-GmbH, Westerstede-Ocholt/DE	EUR	0.00	dorma + kaba Holding GmbH + Co. KGaA
DORMA Hüppe S.A., Marquain-lez-Tournai/BE	EUR	3,300,000.00	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Iberica S.A., Madrid/ES	EUR	600,000.00	DORMA Nederland, B.V.
DORMA India Private Ltd., Chennai/IN	INR	808,197,260.00	DORMA Vertrieb-International GmbH
DORMA Ireland Ltd., Dublin/IE	EUR	1,500,002.54	DORMA Vertrieb-International GmbH

List of substantial Group and associated companies	Share capital in local currency	Voting rights in %	Participation of...	
DORMA Italiana s.r.l., Lissone/IT	EUR	450,000.00	100	DORMA Nederland, B.V.
DORMA Kapi Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	TRL	3,750,000.00	99	DORMA Vertrieb-International GmbH
			1	DORMA Deutschland GmbH
DORMA Kenya Limited, Nairobi/KE	KES	40,000,000.00	100	DORMA Vertrieb-International GmbH
				DORMA Deutschland GmbH
DORMA Korea Inc., Seongnam Ciy/KR	KRW	150,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Kuwait for Ready Doors and Windows WLL, Kuwait/KW	KWD	10,000.00	100	DORMA Vertrieb-International GmbH
DORMA Magyarország Kft., Budapest/HU	HUF	82,400,000.00	100	DORMA Vertrieb-International GmbH
DORMA Mexico S. De R.L de C.V., Mexico City/MX	MXN	3,000.00	100	DORMA Deutschland GmbH
DORMA Middle East (LLC), Dubai/AE	AED	7,700,000.00	100	DORMA Vertrieb-International GmbH
DORMA Morocco s.a.r.l., Casablanca/MA	MAD	2,000,000.00	100	DORMA Vertrieb-International GmbH
				DORMA Deutschland GmbH
DORMA Movable Wall, Hagen/DE	EUR	25,000.00	100	dorma+kaba Holding GmbH + Co. KGaA
DORMA Movable Walls Pty. Ltd., Canberra/AU	AUD	374,406.72	100	DORMA Door Controls Pty. Ltd.
DORMA Nederland B.V., Dodewaard/NL	EUR	11,662.00	100	DORMA Vertrieb-International GmbH
DORMA Norge A/S, Oslo/NO	NOK	1,754,500.00	100	DORMA Nederland, B.V.
DORMA NZ Ltd., Auckland/NZ	NZD	384,000.00	100	DORMA Nederland, B.V.
DORMA Philippines Corp., Makati City/PH	PHP	18,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Polska Sp.z.o.o., Konstancin-Jeziorna/PL	PLN	13,400,000.00	100	DORMA Vertrieb-International GmbH
DORMA Portugal Sistemas de Controlos para Portas LTDA., Lisbon/PT	EUR	50,000.00	100	DORMA Vertrieb-International GmbH
DORMA Production (M) Sdn. Bhd., Melaka/MY	MYR	5,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SG	EUR	2,560,000.00	100	DORMA Deutschland GmbH
DORMA Production GmbH, Ennepetal/DE	EUR	25,000.00	100	DORMA Deutschland GmbH
DORMA Produktion International GmbH, Ennepetal/DE	EUR	60,000.00	100	DORMA Deutschland GmbH
DORMA Romania S.R.L., Bucharest/RO	RON	4,705,845.65	100	DORMA Vertrieb-International GmbH
DORMA Rus LLC, Moscow/RU	RUB	213,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Schweiz AG, St. Gallen/CH	CHF	1,500,000.00	100	DORMA Vertrieb-International GmbH
DORMA Sistemas de Controlos Para Portas LTDA., São Paulo/BR	BRR	35,160,684.00	100	DORMA Produktion International GmbH
DORMA Slovensko s.r.o., Bratislava/SK	EUR	6,639.00	100	DORMA Vertrieb-International GmbH
DORMA South Africa (Pty.) Ltd., Southdale/ZA	ZAR	950.00	100	DORMA Vertrieb-International GmbH
DORMA Sverige AB, Askim/SE	SEK	500,000.00	100	DORMA Nederland, B.V.
DORMA Time + Access GmbH, Bonn/DE	EUR	500,000.00	100	dorma+kaba Holding GmbH + Co. KGaA
DORMA UK Ltd., Hitchin/GB	GBP	250,000.00	100	DORMA Nederland, B.V.
DORMA Ukraine LLC, Kiev/UA	EUR	100,000.00	99	DORMA Vertrieb-International GmbH
			1	DORMA Deutschland GmbH
DORMA Uruguay S.A, Montevideo/UY	UYU	10,800.00	100	DORMA Vertrieb-International GmbH
DORMA USA Inc., Reamstown/US	USD	1,000.00	100	DORMA Nederland, B.V.
DORMA Vertrieb-International Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	110,000.00	100	DORMA Deutschland GmbH
DORMA Verwaltungs-GmbH, Ennepetal/DE	EUR	25,000.00	100	DORMA Deutschland GmbH
dorma+kaba Beteiligungs GmbH, Ennepetal/DE	EUR	1,000,000.00	52.5	dorma+kaba Holding AG
dorma+kaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642,105.00	52.5	dorma+kaba Holding AG
			47.5	Familie Mankel Industriebeteiligung GmbH + Co. KGaA
dorma+kaba International Holding GmbH, Ennepetal/DE	EUR	1,000,000.00	100	dorma+kaba Holding GmbH + Co. KGaA
DORMA-Glas GmbH, Bad Salzfluren/DE	EUR	520,000.00	100	DORMA Beschlagtechnik GmbH
Dorset Kaba Security Systems Pvt. Ltd., New Delhi/IN	INR	59,630,770.00	74	dorma+kaba International Holding AG
DOR-TECH Automation Ltd., Burlington/CA	CAD	100.00	100	DORMA Door Controls Ltd.
Edington Automatic Doors Pty. Ltd., Coorparoo/AU	AUD	12.00	100	DORMA Australia Pty. Ltd.
Farpointe Data Inc., Sunnyvale/US	USD	1,701,734.88	100	DORMA USA Inc.
Fermetures GROOM S.A.S., Fougères/FR	EUR	1,500,000.00	100	DORMA France S.A.S.
Forponto Informática S.A., São Paulo/BR	BRL	10,000.00	100	Task Sistemas de Computação S.A.
GLAMÜ Vertrieb von Duschkystemen und Sanitärartikel GmbH, Heitersheim/DE	EUR	26,250.00	100	provitriss GmbH

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
GRAL Beteiligungs-GmbH, Bad Salzflun/DE	EUR	25,000.00	100	DORMA Deutschland GmbH
GRAL Dusch- und Bad-Systeme Verwaltungs GmbH, Bad Salzflun/DE	EUR	25,564.59	100	DORMA Deutschland GmbH
H. Cillekens & ZN BV, Roermond/NL	EUR	15,882.30	100	Kaba Nederland, B.V.
Horizon Automatic Doors Pty. Ltd., Hallam/AU	AUD	10.00	100	DORMA Australia Pty. Ltd.
Iberkaba S.A., Madrid/ES	EUR	841,416.95	100	dorma + kaba International Holding AG
ISEO Serrature S.p.A., Pisogne/IT	EUR	23,969,040.00	40	DORMA Vertrieb-International GmbH
Kaba (China) Technologies Ltd., Shenzhen/CN	CNY	69,500,000.00	100	Kaba Ltd. (HK)
Kaba AB, Eskilstuna/SE	SEK	13,000,000.00	100	Unican Luxembourg S.A.
Kaba Access Systems (Shanghai) Co., Ltd., Shanghai/CN	USD	760,000.00	100	Kaba Ltd. (HK)
Kaba AG, Wetzikon/CH	CHF	6,800,000.00	100	dorma + kaba International Holding AG
Kaba Australia Pty Ltd., Moorebank/AU	AUD	37,687,426.00	100	dorma + kaba International Holding AG
Kaba Belgium NV/ SA, Turnhout/BE	EUR	1,760,981.10	100	dorma + kaba International Holding AG
Kaba Central Services GmbH, Villingen-Schwenningen/DE	EUR	3,070,000.00	100	dorma + kaba Holding GmbH + Co. KGaA
Kaba Corporation, Rocky Mount/US	USD	201,731,000.00	100	Kaba Finance Corp.
Kaba Delaware, LLC, Wilmington/US		N/A	100	Kaba AG
Kaba Denmark A/S, Odense/DK	DKK	600,000.00	100	Kaba Norway A/S
Kaba do Brasil Ltda., São Paulo/BR	BRL	22,514,978.00	100	Kaba AG
Kaba Finance Corp., Wilmington/US	USD	1,400.00	100	Kaba U.S. Holding Ltd.
Kaba FZE, Dubai/AE	AED	5,000,000.00	100	Kaba AG
Kaba Gallenschütz GmbH, Bühl/DE	EUR	2,560,000.00	100	Kaba Central Services GmbH
Kaba GmbH, Herzogenburg/AT	EUR	835,737.59	100	dorma + kaba International Holding AG
Kaba GmbH, Villingen-Schwenningen/DE	EUR	3,455,000.00	100	Kaba Central Services GmbH
Kaba Holding (UK) Ltd., London/GB	GBP	173,000.00	100	dorma + kaba International Holding AG
Kaba Holding AG, Rümlang/CH	CHF	100,000.00	100	dorma + kaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	USD	56,897,640.00	100	Kaba Corporation
Kaba Ilco Inc., Montreal/CA	CAD	1,000.00	100	Unican Luxembourg S.A.
Kaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50,000.00	100	dorma + kaba Holding GmbH + Co. KGaA
Kaba Jaya Security Sdn. Bhd., Kuala Lumpur/MY	MYR	350,000.00	70	Kaba AG
Kaba Ltd., Hong Kong/HK	HKD	560,250,000.00	100	Kaba AG
Kaba Ltd., Tiverton/GB	GBP	6,300,000.00	100	Kaba Holding (UK) Ltd.
Kaba Management AG, Rümlang/CH	CHF	50,000.00	100	dorma + kaba International Holding AG
Kaba Mas LLC, Lexington/US	USD	880,679.00	100	Kaba Corporation
Kaba Mauer GmbH, Heiligenhaus/DE	EUR	819,100.00	100	Unican Holding und Management GmbH
Kaba MøllerUndall A/S, Drammen/NO	NOK	5,670,438.00	100	Kaba Norway A/S
Kaba Nederland BV, Nijmegen/NL	EUR	90,756.04	100	Dorma Nederland, B.V.
Kaba New Zealand Ltd., Auckland/NZ	NZD	3,365,000.00	100	Kaba AG
Kaba Norway A/S, Drammen/NO	NOK	1,000,000.00	100	dorma + kaba International Holding AG
Kaba Polska Sp. z o. o., Warsaw/PL	PLN	1,000,000.00	100	dorma + kaba International Holding AG
Kaba S.A.S., Suresnes/FR	EUR	2,249,478.00	100	dorma + kaba International Holding AG
Kaba Security Equipment (Shenzhen) Co. Ltd., Shenzhen/CN	HKD	1,000,000.00	100	Path Line (China) Ltd.
Kaba Security Pte. Ltd., Singapore/SP	SGD	4,397,878.00	100	Kaba AG
Kaba srl, Castel Maggiore/IT	EUR	260,000.00	100	Kaba AG
Kaba U.S. Holding Ltd., Wilmington/US	USD	93,000,000.00	97	Kaba Delaware, LLC
			3	Kaba AG
Kaba Workforce Solutions, LLC, Wilmington/US	USD	19,712.76	100	Kaba U.S. Holding Ltd.
Kaba Zrt., Budapest/HU	HUF	250,000,000.00	100	Unican Luxembourg S.A.
Keyscan Inc., Whitby/CA	CAD	533.00	100	Kaba Ilco Inc.
Legic Identsystems AG, Wetzikon/CH	CHF	500,000.00	100	Kaba AG
MAME Türendesign GmbH, Rietberg/DE	EUR	169,350.00	100	DORMA-Glas GmbH
Mauer Thüringen GmbH, Bad Berka/DE	EUR	255,700.00	100	Kaba Mauer GmbH
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	INR	107,510,000.00	65	dorma + kaba International Holding AG
Modernfold Inc., Greenfield Indiana/US	USD	1.00	100	DORMA USA Inc.
Modernfold of Nevada LLC., Las Vegas/US	USD	1.00	100	Modernfold Inc.
Modus GmbH Montage von Duschsystemen und Sanitärartikeln, Heitersheim/DE	EUR	26,000.00	100	provitriss GmbH
Nihon Kaba K.K., Yokohama/JP	JPY	120,000,000.00	100	Kaba AG

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
Path Line (China) Ltd., Hong Kong/HK	HKD	113,900,000.00	100	Kaba Ltd. (HK)
provitris GmbH, Rietberg/DE	EUR	52,000.00	100	dorma+kaba Holding GmbH + Co. KGaA
PT. DORMA Far East, South Jakarta/ID	IDR	1,136,300,000.00	90	DORMA Vertrieb-International GmbH
			10	DORMA Produktion International GmbH
Rafi Shapira & Sons Ltd., Rishon LeZion/IL	ILS	143.00	70	Rafi Shapira
			30	DORMA Vertrieb-International GmbH
Rutherford Controls Int'l Corp., Virginia Beach/US	USD	54,300.00	100	DORMA USA Inc.
Rutherford Controls Int'l Inc., Cambridge/CA	CAD	1.00	100	DORMA Vertrieb-International GmbH
Service National Pty. Ltd., Canberra/AU	AUD	0.00	100	DORMA Door Controls Pty. Ltd.
Silca GmbH, Velbert/DE	EUR	358,000.00	90	Unican Holding und Management GmbH
			10	Unican Luxembourg S.A.
Silca Key Systems S.A., Barcelona/ES	EUR	162,296.90	100	Unican Luxembourg S.A.
Silca Ltd., Crawley/GB	GBP	411,050.00	100	Kaba Holding (UK) Ltd.
Silca S.A.S., Porcheville/FR	EUR	797,670.00	100	Kaba S.A.S.
Silca S.p.A., Vittorio Veneto/IT	EUR	10,000,000.00	97	Unican Luxembourg S.A.
			3	Kaba AG
Silca South America S.A., Tocancipa/CO	COP	4,973,013,775.00	64.4	dorma+kaba International Holding AG
			32.5	Kaba AG
Skill s.r.l., Bergamo/IT	EUR	10,000.00	100	DORMA Italiana s.r.l.
Task Sistemas de Computação S.A., Rio de Janeiro/BR	BRL	26,438,731.00	100	dorma+kaba International Holding AG
Unican Holding und Management GmbH, Velbert/DE	EUR	51,200.00	90	Kaba Central Services GmbH
			10	Unican Luxembourg S.A.
Unican Luxembourg S.A., Luxembourg/LU	EUR	15,191,560.72	100	dorma+kaba International Holding AG
Wah Mei (Toishan) Hardware Co., Ltd., Taishan/CN	USD	15,000,000.00	100	Path Line (China) Ltd.
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	USD	13,289,000.00	100	Kaba Ltd. (HK)
Wah Yuet Group Holdings Ltd., Tortola/VG	USD	100.00	100	dorma+kaba Holding AG
Wah Yuet Industrial Co. Ltd., Hong Kong/HK	HKD	1,000,000.00	100	Kaba Ltd. (HK)
Yantai DORMA Tri-Circle Lock Co. Ltd, Yantai City/Shandong/CN	CNY	10,000,000.00	60	DORMA Vertrieb-International GmbH
			40	Yantai Tri-Circle Intelligent Lock Co. Ltd.

Apart from dorma+kaba Holding AG in Rümlang, there are no companies in the dorma+kaba Group's scope of consolidation whose securities are listed on a stock exchange. The registered shares of dorma+kaba Holding AG are traded on the Swiss Reporting Standard board of the SIX Swiss Exchange (security no./ISIN: 1179595/CH 001179595 9; ISIN: 28214814/CH 028214814 4). As at 30 June 2016, the company's market capitalization was CHF 2,850.5 million.

Report of the statutory auditor to the General Meeting of dorma + kaba Holding AG, Rümlang

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of dorma + kaba Holding AG, which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes (pages 7 to 43), for the year ended 30 June 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and 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 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

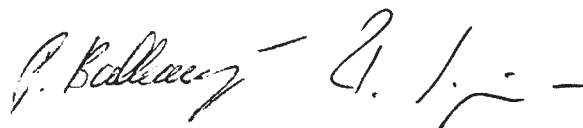
In our opinion, the consolidated financial statements for the year ended 30 June 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

PricewaterhouseCoopers AG
Zurich, 31 August 2016



Patrick Balkanyi
Audit expert
Auditor in charge

Reto Tognina
Audit expert

Financial statements Holding

Holding Company balance sheet

Assets

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Current assets		
Cash and cash equivalents	0.1	55.6
Receivables: third parties	0.0	0.1
Receivables: Group companies	0.0	0.9
Accruals	0.0	0.1
Total current assets	0.1	56.7
Non-current assets		
Investments	704.9	768.9
Loans to Group companies	184.2	304.9
Prepaid expenses	0.0	0.1
Total non-current assets	889.1	1,073.9
Total assets	889.2	1,130.6

Liabilities and equity

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Current liabilities		
Other current liabilities: third parties	1.0	3.1
Total current liabilities	1.0	3.2
Long-term provisions	13.9	15.2
Equity		
Share capital	0.4	0.4
Legal capital reserves		
– reserve from capital contribution	327.5	568.2
Legal reserves	261.0	261.0
Treasury shares	–2.8	–6.0
Statutory retained earnings		
– available earnings carried forward	288.7	223.7
Net loss/profit for the year	–0.5	65.0
Total equity	874.3	1,112.3
Total liabilities and equity	889.2	1,130.6

Holding Company income statement

in CHF million	Financial year ended 30.06.2016	Financial year ended 30.06.2015
Operating revenues		
Income from investments		
– Dividend income	0.0	52.0
– Other income from investments	0.0	10.9
– Income from services provided	0.3	4.5
Interest from Group loans	2.2	8.1
Other financial income	1.1	2.0
Total operating revenues	3.6	77.6
Operating expenses		
Financial expenses	–0.2	–1.3
Cost of services provided by Group companies	–0.0	–5.5
Personnel expenses	–1.9	–1.7
Other operating expenses	–1.5	–2.7
Direct taxes	–0.4	–1.4
Total operating expenses	–4.1	–12.6
Net loss/profit for the period	–0.5	65.0

Notes to the financial statements

1. Principles

1.1 General

The new Swiss accounting law is being applied for the first time with these annual financial statements. The structure of the previous year's numbers has been adjusted to ensure comparability.

These annual financial statements were prepared in accordance with the provisions of the Swiss accounting law (Title 32 of the Swiss Code of Obligations). The main valuation principles applied that are not prescribed by law are described below.

In accordance with the provisions of the Swiss accounting law (article 961d para. 1 CO), the company has decided not to provide additional information, a cash flow statement or an annual report, because dorma+kaba Holding AG, Rümlang (Switzerland), reports its consolidated financial statements based on a recognized standard (Swiss GAAP FER).

1.2 Loans to Group companies and other financial assets

Loans granted to Group companies and other financial investments in foreign currencies are valued at the market rate on the actual closing date. The valuation is at nominal values, taking into consideration any impairment required.

1.3 Investments

Investments are valued in line with the principle of individual valuation. General value adjustments can be applied.

1.4 Dividend income

Dividend income is booked when payment is received.

2. Information on balance sheet positions

2.1 Investments: company, domicile

		Share capital in local currency	Voting rights in %
dorma+kaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642,105	52.5
dorma+kaba Beteiligungs GmbH, Ennepetal/DE	EUR	1,000,000	52.5
Wah Yuet Group Holdings Ltd., Tortola/VG	USD	100	100.0
Investments as per 30 June 2015 – transferred to other Group companies as per 1 September 2015			
dorma+kaba Holding AG, Rümlang/CH	CHF	100,000	100.0
Kaba Central Services GmbH, Villingen-Schwenningen/DE	EUR	3,070,000	100.0
Kaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50,000	100.0
Kaba International Holding AG, Rümlang/CH	CHF	101,000	100.0

2.2 Loans to Group companies

Counterparty	Currency	Interest rate	Financial year ended 30.06.2016	Financial year ended 30.06.2015
dorma+kaba International Holding AG, Rümlang/CH	CHF	1%	184.2	304.0
Kaba S.A.S. Paris/FR	EUR	N/A	0.0	0.9
Total loans to Group companies			184.2	304.9

2.3 Long-term provisions

This provision concerns general risks.

2.4 Share capital

As of 30 June 2016, share capital amounted to CHF 419,502.60 divided into 4,195,026 registered shares at a par value of CHF 0.10.

Conditional capital as of 30 June 2016 amounted to CHF 42,938.

In accordance with the resolution of the Annual General Meeting of 20 October 2015, the Board of Directors is authorized to increase the share capital, until no later than 20 October 2017, by a maximum amount of CHF 41,900, by issuing a maximum of 419,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts.

No shares were issued out of authorized capital in the year under review.

2.5 Principal shareholders

	As at 30.06.2016		As at 30.06.2015	
	No. of shares at CHF 0.10 par value	in %	No. of shares at CHF 0.10 par value	in %
Pool shareholders²⁾	1,152,885	27.5	1,145,503	27.3
Public shareholders				
UBS Fund Management (Switzerland) AG		<3	127,474	3.1
Other public shareholders	3,017,962	71.9	2,900,295	69.1
Total public shareholders	3,017,962	71.9	3,027,769	72.2
Members of the Board and current Executives				
Members of the Board (non-executive)	431,452	10.3	51,859	1.2
Current Executives	9,024	0.2	6,556	0.2
Total members of the Board and current Executives	440,476	10.5	58,415	1.4
Less double-counting in respect of Pool Shareholders who are members of the Board ⁵⁾	-416,297	-9.9	-36,661	-0.9
Total shares	4,195,026	100.0	4,195,026	100.0

1) The following persons are party to the pool agreement dated April 29 2015: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA/Ennepetal, Mankel Family Office GmbH/Ennepetal, KRM Beteiligungs GmbH/Ennepetal, Christine Mankel-Madaus/München, Stephanie Brecht-Bergen/Hamburg, Karl-Rudolf Mankel/Ennepetal as well as Martina Bössow/Dubai (UAE), Anja Bremi/Zollikon, Ulrich Bremi/Zollikon, Balz Dubs/Zurich, Karina Dubs/Zurich, Kevin Dubs/Zurich, Linus Dubs/Zurich, Anja Flückiger/Forch, Christian Forrer/Bern, Karin Forrer/Ittigen, Anna Katharina Kuenzle/Thalwil, Clive Kuenzle/Zurich, Creed Kuenzle/Herrliberg, Michael Kuenzle/Meilen, Alexandra Sallai/Worb, Christoph Sallai/Worb, Andrea Ullmann/Zollikon, Sascha Ullmann/Zollikon, Adrian Weibel/Meilen and Tonia Weibel/Meilen.

2) The shareholdings of Pool Shareholders who are also members of the Board of Directors are included under Pool Shareholders and Members of the Board.

2.6 Treasury shares

	30.06.2016 in CHF million	30.06.2016 Number	30.06.2015 in CHF million	30.06.2015 Number
Treasury shares at the beginning of the period	6.0	10,765	7.4	16,905
Purchased/revalued/sold	-3.2	-6,702	-1.4	-6,140
Treasury shares at the end of the period	2.8	4,063	6.0	10,765

3. Information on the income statement

3.1 Dividend income

The dividend income for the year was CHF 0 million (previous year: CHF 52.2 million).

3.2 Financial income

The financial income came primarily from interest income on the loans granted to Group companies.

3.3 Financial expenses

The financial expenses primarily are related to bank fees.

3.4 Other operating expenses

The main expense items related to external consulting services and marketing expenses.

3.5 Direct taxes

Direct taxes are comprised of capital taxes and for the prior year also income taxes.

4. Other information

4.1 General information

dorma+kaba Holding AG is incorporated and domiciled in Rümlang (Switzerland). The address of its registered office is: Hofwisenstrasse 24, 8153 Rümlang, Switzerland.

The company is listed on the Swiss Stock Exchange (SIX).

4.2 Full-time equivalents

As of 30 June 2016, dorma+kaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

in CHF million	30.06.2016	30.06.2015
Guarantees	–	584.2
Of which used	–	25.9

The dorma+kaba companies in Switzerland are treated for VAT purposes as one single entity (Group taxation article 15 Swiss VAT law). If one company is unable to meet its payment obligations to the taxation authorities, the other Group companies within the entity are jointly and severally liable.

5. Conditional and authorized capital

	30.06.2016 CHF 0.10 par value	30.06.2016 Number	30.06.2015 CHF 0.10 par value	30.06.2015 Number
Conditional capital at the end of the period	42,938	429,384	42,938	429,384
Authorized capital at the end of the period	41,900	419,000	–	–

Conditional capital of CHF 36,000 (CHF 36,000 in the prior year) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,938.40 (CHF 6,938.40 in the prior year) for shares or share options to associates and members of the Board of Directors of which CHF 0 (CHF 0 in the prior year) were exercised in financial year 2014/2015.

The authorized capital at year-end amounts to CHF 41,900 (CHF 0 in the prior year).

6. Shareholdings of members of the Board of Directors and the Executive Committee

As at the respective reporting date, the individual members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares in dorma+kaba Holding AG. None of the members of the Board of Directors and the Executive Committee held any options.

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
	Number of shares	Number of shares
Board of Directors		
Brecht-Bergen Stephanie (entry as of 20 October 2015)	189,768	N/A
Chiu Elton SK	583	483
Daeniker Daniel	1,160	874
Dörig Rolf	4,553	4,403
Dubs-Kuenzle Karina	36,761	36,661
Graf Ulrich	7,276	7,770
Gummert Hans Ludwig (entry as of 20 October 2015)	76	N/A
Hess Hans	1,133	983
Heppner John	374	203
Mankel-Madaus Christine (entry as of 20 October 2015)	189,768	N/A
Pleines Thomas (end of tenure 20 October 2015)	N/A	482
Total Board of Directors	431,452	51,859
Executive Committee		
Brinker Bernd (entry as of 1 September 2015)	0	N/A
Cadonau Riet	3,050	2,500
Gaspari Roberto	1,900	1,450
Häberli Andreas	885	610
Jacob Christoph (entry as of 1 September 2015)	0	N/A
Kincaid Michael	655	480
Lee Jim-Heng	498	N/A
Lichtenberg Jörg (entry as of 1 September 2015)	0	N/A
Malacarne Beat	1,025	650
Roth Hans-Jürg (end of tenure 31 January 2016)	0	80
Sichelschmidt Dieter (entry as of 1 September 2015)	0	N/A
Zocca Stefano	1,011	786
Total Executive Committee	9,024	6,556

7. Events after the balance sheet date

None.

dorma + kaba Holding AG:

Appropriation of balance sheet profits

Proposal for appropriation of available retained earnings as at 30 June 2016

in CHF million	2016	2015
Unappropriated retained earnings at the beginning of the period	288.7	223.7
Net loss/profit for the period	-0.5	65.0
Unappropriated retained earnings at the end of the period	288.2	288.7
Allocation from reserve from capital contribution ¹⁾	0.0	190.4
Allocation from reserve from capital contribution ²⁾	50.3	50.3
Total at the Annual General Meeting's disposal	338.5	529.4

1) Extraordinary distribution as approved by the General Meeting held on 22 May 2015.

2) Reserve from capital contribution will only be released in the amount of the resolution of the Annual General Meeting.

The Board of Directors will propose the following appropriation of balance sheet profits to the shareholders at the Annual General Meeting of 18 October 2016: distribution from reserve from capital contribution of CHF 50,340,312 (CHF 50,265,108 in the prior year) on the share capital of CHF 419,503 (CHF 419,503 in the prior year), no contribution to other reserves (CHF 0 in the prior year).

Proposal for the distribution to the shareholders

in CHF million	Proposal to the Annual General Meeting 2016	Proposal to the Annual General Meeting 2015
Extraordinary distribution from reserve from capital contribution	0.0	190.4
Proposed distribution from reserve from capital contribution ³⁾	50.3	50.3
To be carried forward	288.2	288.7
Total at the Annual General Meeting's disposal	338.5	529.4

3) After approval of the Annual General Meeting the amount will be paid out free of Swiss withholding tax from capital contribution reserve.

After approval of this proposal by the Annual General Meeting the distribution from reserve of capital contribution will be paid out on 24 October 2016 as follows according to instructions received: CHF 12.00 (CHF 12.00 in the prior year) gross per listed registered share at CHF 0.10 par value.

Report of the statutory auditor to the General Meeting of dorma + kaba Holding AG, Rümlang

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of dorma + kaba Holding AG, which comprise the balance sheet, income statement, and notes (pages 47 to 53), for the year ended 30 June 2016.

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 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 30 June 2016 comply with Swiss law and the company's articles of incorporation.

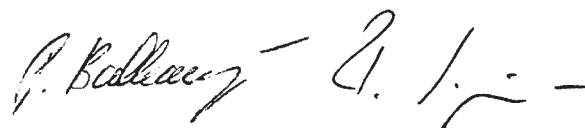
Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG
Zurich, 31 August 2016



Patrick Balkanyi
Audit expert
Auditor in charge

Reto Tognina
Audit expert

Corporate Governance

General framework

This report on corporate governance sets out the principles of management and control at the highest level of the dorma+kaba Group in accordance with the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (Directive Corporate Governance, DCG). Unless otherwise stated, the information in this report for the 2015/2016 financial year is dated 30 June 2016. dorma+kaba Group's corporate governance largely follows the guidelines and recommendations set out in the Swiss Code of Best Practice for Corporate Governance of July 2002 and revised editions of 2007 and 2014. dorma+kaba Group has made some adjustments and simplifications to suit its management and shareholder structure and medium size. dorma+kaba Group's principles and rules regarding corporate governance are set out in its Articles of Incorporation¹⁾, its Organizational Regulations and in the regulations of its Board committees.

1) The Articles of Incorporation are published on the dorma+kaba website at www.dormakaba.com/corporate-governance.

Group structure and shareholders

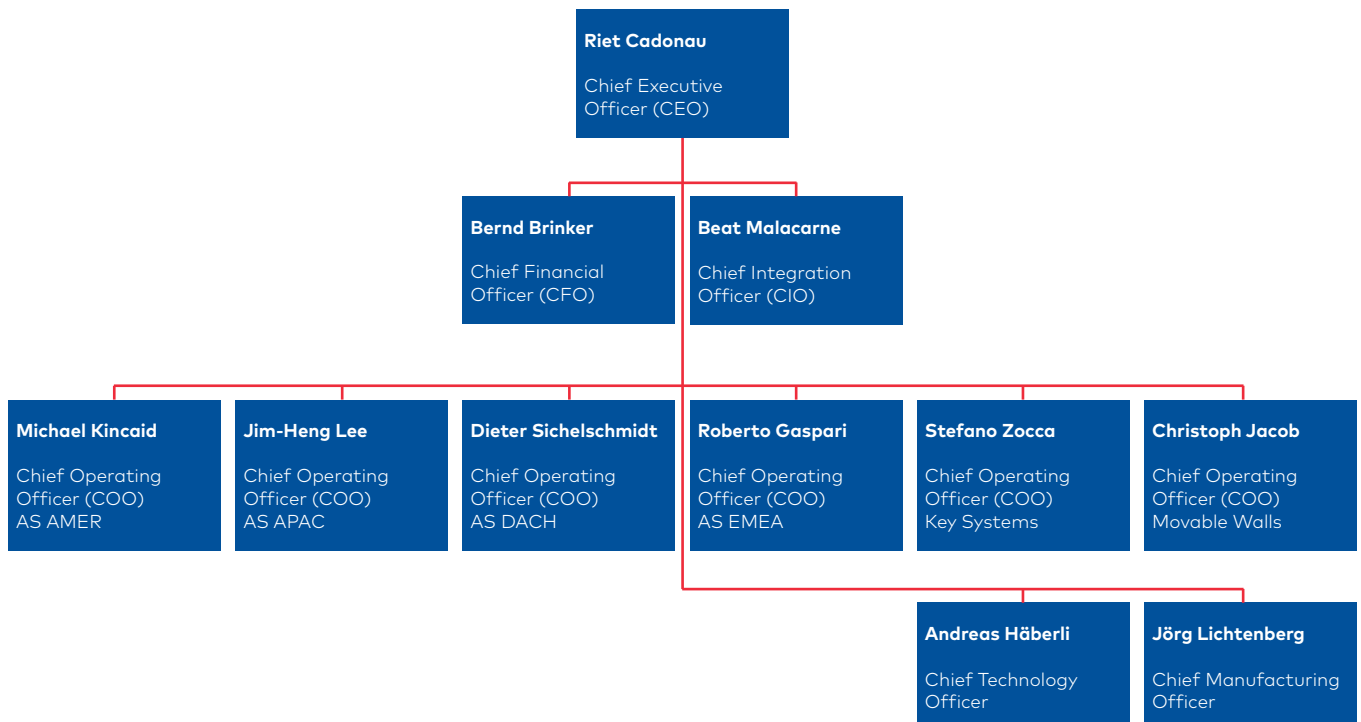
Group structure

dorma+kaba Group's organizational structure consists of the following six segments:

- The four regional segments within Access Solutions (AS)
 - AS AMER (North and South America)
 - AS APAC (Asia-Pacific)
 - AS DACH (Germany, Austria, Switzerland)
 - AS EMEA (rest of Europe, Middle East, Africa)
- Key Systems and
- Movable Walls

The companies that lie within the Group's scope of consolidation are listed from page 40 of the Financial statements.

Executive Committee dorma+kaba Group as of 30 June 2016



Shareholders

	As at 30.06.2016		As at 30.06.2015	
	No of shares at CHF 0.10 par value	in %	No of shares at CHF 0.10 par value	in %
Pool shareholders²⁾	1,152,885	27.5	1,145,503	27.3
Public shareholders				
UBS Fund Management (Switzerland) AG		<3%	127,474	3.1
Other public shareholders	3,017,962	71.9	2,900,295	69.1
Total public shareholders	3,017,962	71.9	3,027,769	72.2
Members of the Board and current Executives				
Members of the Board (non-executive)	431,452	10.3	51,859	1.2
Current Executives	9,024	0.2	6,556	0.2
Total members of the Board and current Executives	440,476	10.5	58,415	1.4
Less double-counting in respect of Pool shareholders who are members of the Board ⁵⁾	-416,297	-9.9	-36,661	-0.9
Total shares	4,195,026	100.0	4,195,026	100.0

1) The following persons are party to the pool agreement dated April 29 2015: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA/Ennepetal, Mankel Family Office GmbH/Ennepetal, KRM Beteiligungs GmbH/Ennepetal, Christine Mankel-Madaus/München, Stephanie Brecht-Bergen/Hamburg, Karl-Rudolf Mankel/Ennepetal as well as Martina Bössow/Dubai (UAE), Anja Bremi/Zollikon, Ulrich Bremi/Zollikon, Balz Dubs/Zurich, Karina Dubs/Zurich, Kevin Dubs/Zurich, Linus Dubs/Zurich, Anja Flückiger/Forch, Christian Forrer/Bern, Karin Forrer/Ittigen, Anna Katharina Kuenzle/Thalwil, Clive Kuenzle/Zurich, Creed Kuenzle/Herrliberg, Michael Kuenzle/Meilen, Alexandra Sallai/Worb, Christoph Sallai/Worb, Andrea Ullmann/Zollikon, Sascha Ullmann/Zollikon, Adrian Weibel/Meilen and Tonia Weibel/Meilen.

2) The shareholdings of Pool Shareholders who are also members of the Board of Directors are included under Pool Shareholders and Members of the Board.

Major shareholders

The above table sets out dorma+kaba Holding AG's shareholder structure on the balance sheet date and lists the names of shareholders who have reported holding a stake of 3% or more of voting rights in dorma+kaba Holding AG. With regard to the stock exchange reporting obligations that apply on reaching, exceeding or falling below certain thresholds, in financial year 2015/2016 the following shareholder made disclosure notifications to dorma+kaba Holding AG and the SIX Swiss Exchange (more details are available via the search feature provided by the Disclosure Office of the SIX Swiss Exchange at www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html):

- UBS Fund Management (Switzerland) AG: 12 August 2015 below 3%

The Mankel/Brecht-Bergen Family and the Kaba Family Shareholders (collectively referred to as the Anchor Shareholder Group) have concluded a pool agreement that governs the mutual rights and obligations of the Kaba Family Shareholders and the Mankel/Brecht-Bergen Family. The pool agreement states that the Anchor Shareholder Group can propose a maximum of five representatives to the General Meeting for election to the Board of Directors. This Anchor Shareholder Group undertakes to exercise its voting rights in concert when voting on significant General Meeting resolutions. The members of the Anchor Share-

holder Group also grant each other the right of first refusal if they intend to sell shares in dorma+kaba Holding AG. Finally, if they sell 27% or more of dorma+kaba Holding AG voting rights, members of the Anchor Shareholder Group undertake to commit the buyer to make a public takeover offer to all dorma+kaba Holding AG shareholders at the same price as that at which the members of the Anchor Shareholder Group are selling. This is designed to prevent any price discrimination against minority shareholders. The pool agreement lasts until 29 April 2030. As far as dorma+kaba Holding AG is aware, there are no shareholder agreements or other agreements between the major shareholders mentioned that involve the dorma+kaba Holding AG shares they own or the exercise of the shareholder rights these shares confer.

Cross-shareholdings

dorma+kaba Group has not entered into any capital or voting cross-shareholdings with other companies.

Capital structure

Capital

dorma+kaba Holding AG's share capital as at 30 June 2016 is CHF 419,502.60, divided into 4,195,026 fully paid-up registered shares with a nominal value of CHF 0.10 each. As at 30 June 2016, dorma+kaba Holding AG has authorized capital of CHF 41,900, divided into 419,000 registered shares with a nominal value of CHF 0.10 each, and conditional capital of maximum CHF 42,938.40 for issuing bonds or similar instruments (up to a maximum of CHF 36,000, divided into 360,000 registered shares with a nominal value of CHF 0.10 each) and for employee participation programs (maximum CHF 6,938.40, divided into 69,384 registered shares with a nominal value of CHF 0.10 each).

Conditional capital

The share capital of dorma+kaba Holding AG may be increased by an amount not exceeding CHF 36,000 by issuing up to 360,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each, through the exercise of conversion and/or option rights that have been granted in connection with the issue of bonds or similar instruments by dorma+kaba Holding AG or a Group company, and/or through the exercise of option rights that have been conferred on shareholders. If bonds or similar instruments are issued in connection with conversion and/or option rights, the subscription rights of existing shareholders are excluded. The right to subscribe to the new registered shares falls to the respective holders of conversion and/or option rights. The purchase of registered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the transfer and voting rights restrictions set out in the Articles of Incorporation.

The Board of Directors is entitled to limit or abolish the pre-emptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing the acquisition of companies, parts of companies or equity interests.

The share capital of dorma+kaba Holding AG may be increased by no more than CHF 6,938.40 by issuing to employees and members of the Board of Directors of dorma+kaba Holding AG and of Group companies no more than 69,384 registered shares with a par value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or members of the Board of Directors subject to one or more sets of regulations to be defined by the Board of Directors and taking into account performance, function and level of responsibility. The group of beneficiaries and the principles of allocation are disclosed in the Compensation Report (see page 72 et seq.). Said registered shares or option rights may be issued to employees or members of the Board of Directors at a price below the market price. In connection with the issue of option rights to employees and members of the Board of Directors, the pre-emptive subscription rights of existing shareholders are excluded. The purchase of shares within the context of employee share ownership schemes, as well as any subsequent transfers of such shares, are subject to the transfer and voting rights restrictions set out in the Articles of Incorporation.

Authorized capital

The Annual General Meeting of 20 October 2015 created authorized capital and authorized the Board of Directors of dorma+kaba Holding AG to increase the share capital of the company by no more than CHF 41,900 through the issue of a maximum of 419,000 fully paid-up registered shares with a nominal value of CHF 0.10 each by 20 October 2017 at the latest. An increase in installments is allowed. Subscription to and acquisition of new shares and each subsequent transfer shall be subject to the transfer and voting right restrictions set out in the Articles of Incorporation. The Board of Directors determines the date of issue of new shares, the issue price, type of payment, conditions of exercising subscription rights and the start date for dividend entitlement. The Board of Directors can issue new shares by having a bank or third-party underwrite them all and then making an offer to existing shareholders. The Board of Directors is authorized to set the issue price of new shares as close as possible to the market value of the shares. The Board of Directors is authorized in this case to restrict or exclude trading with subscription rights. The Board of Directors can let unexercised subscription rights lapse or can take these rights, or the shares for which these rights are granted but not exercised, and place them at market conditions or use them in some other way in the interests of dorma+kaba Holding AG. The Board of Directors is also authorized to restrict or remove and allocate to third parties shareholders' subscription rights if the shares are being used in connection with the acquisition of companies, parts of companies or participations, or if shares are being placed to finance or refinance such transactions.

Changes in capital in the last four financial years

As a result of an increase from authorized capital, which was renewed by the Annual General Meeting of 28 October 2014, the share capital of dorma+kaba Holding AG increased as at 28 May 2015 by CHF 38,000 from CHF 381,502.60 to CHF 419,502.60; the authorized capital (divided into 380,000 registered shares with a nominal value of CHF 0.10 each) was cancelled accordingly. This capital increase was carried out in connection with the planned merger between Kaba Group and Dorma Group and was not dependent on completion of the merger. The 380,000 shares issued from authorized capital were subscribed by Familie Mankel Industriebeteiligungs GmbH+Co. KGaA. There was no change in the capital in either the 2013/2014 or the 2015/2016 financial years.

Shares and non-voting shares (Partizipationsscheine)

Each share entitles the holder to one vote at the General Meeting of dorma+kaba Holding AG. Voting rights can only be exercised if the shareholder is registered with voting rights in dorma+kaba Holding AG's share register. The shares of dorma+kaba Holding AG are not physical but are issued purely as security rights. They are registered as book-entry securities. Shares carry full dividend rights. There are no outstanding shares with privileged dividend rights or other preferential rights. dorma+kaba Holding AG has not issued any non-voting shares (Partizipationsscheine).

Profit-sharing certificates (Genussscheine)

dorma+kaba Holding AG has not issued any profit-sharing certificates (Genussscheine).

Limitations on transferability and nominee registrations

Transfers of shares of dorma+kaba Holding AG require the approval of the company's Board of Directors. Approval may be refused if the acquirer of the shares does not expressly declare that these were acquired in its own name and for its own account. The Board of Directors will register individual persons who do not expressly declare that they hold the shares for their own account ("nominees") in the share register with the right to vote provided the nominee has entered into an agreement with the Board of Directors with respect to its position and if the nominee is subject to recognized banking or financial market supervision. Otherwise, such shares held by nominees can be registered in the share register without voting rights.

In the year under review the Board of Directors granted no exemptions from the transfer restrictions.

Cancelling or changing the limitations on the transferability of shares requires a resolution by the General Meeting supported by at least two-thirds of the votes represented. Book-entry securities based on dorma+kaba Holding AG shares cannot be transferred by assignment. Neither can collateral be placed by assignment on these book-entry securities. The transfer of such book-entry securities follows the stipulations of the Federal Intermediated Securities Act.

Convertible bonds and options

Neither dorma+kaba Holding AG nor any of its Group companies have issued any convertible bonds or warrants that are still outstanding, or any options. This does not include the allocation of shares to employees under the stock award plans, details of which are given in the Compensation Report on page 78.

Board of Directors

The duties and responsibilities of the Board of Directors of dorma+kaba Holding AG are defined by the Swiss Code of Obligations, the Articles of Incorporation and the Organizational Regulations.

Members of the Board of Directors

The Board of Directors of dorma+kaba Holding AG has ten non-executive members. No members of the Board have sat on the Executive Committee of dorma+kaba Holding AG, Kaba Group or Dorma Group at any time in the last five financial years.

No members of the Board have significant business relations with dorma+kaba Holding AG. The maximum number of mandates that members of the Board of Directors are allowed to take on the governing bodies of legal entities outside the dorma+kaba Group is regulated in section 27 of the Articles of Incorporation. The following table lists the name, age and date of joining of the individual members of the Board of Directors.

Members of the Board of Directors as of 30 June 2016

Name/Position	Year of birth	Entry
Ulrich Graf (Chairman)	1945	1989
Rolf Dörig (Vice-Chairman)	1957	2004
Stephanie Brecht-Bergen	1985	2015
Elton SK Chiu	1957	2010
Daniel Daeniker	1963	2010
Karina Dubs-Kuenzle	1963	2001
Hans Gummert	1961	2015
John Heppner	1952	2013
Hans Hess	1955	2012
Christine Mankel-Madaus	1982	2015

Changes of capital of dorma+kaba Holding AG within the last four financial years

in CHF million	30.06.2016	30.06.2015	30.06.2014	30.06.2013
Equity				
Share capital	0.4	0.4	0.4	0.4
Reserve from capital contribution	327.5	568.2	433.5	475.3
Legal reserves	261.0	261.0	261.0	261.0
Treasury shares	-2.8	-6.0	-7.4	-4.8
Unappropriated retained earnings	288.2	288.7	223.7	172.2
Total equity	874.3	1,112.3	911.2	904.1

Members of the Board of Directors as of 30 June 2016



Ulrich Graf, Chairman
Chair Nomination Committee

Swiss citizen

Education: Degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) (CH)

Career: 1989–2006 CEO Kaba Group¹⁾ (CH) and President Kaba Holding AG; 1976–1989 various executive positions at Kaba Group¹⁾ (CH)

External activities and interests: Chairman of the Board of Directors of Dätwyler Holding AG¹⁾ (CH) and Griesser Group (CH); member of the Board of Directors Feller AG (CH); Chairman of the Board of Trustees of Rega (Swiss Air Rescue) (CH); member of the Supervisory Board Dekra e.V. (DE)



Rolf Dörig, Vice-Chairman
Chair Compensation Committee, Member Nomination Committee

Swiss citizen

Education: Dr. iur., attorney-at-law (CH), Advanced Management Program Harvard Business School (USA)

Career: 2002–2008 CEO, 2008 Delegate and since 2009 Chairman of the Board of Directors Swiss Swiss Life¹⁾ (CH); 1986–2002 various executive positions at Credit Suisse¹⁾ (CH); 2000–2002 member of the Executive Board and responsible for Swiss corporate and retail banking

External activities and interests: Since 2009 Chairman of the Board of Directors Swiss Life¹⁾ (CH) and Adecco Group¹⁾ (CH); member of the Supervisory Board of Danzer Holding AG (AT) and member of the board of Walter Frey Holding AG (CH)



Stephanie Brecht-Bergen

German citizen

Education: Master of Science in General Management, EBS University (DE); MBA, Pepperdine University (CA/USA); PhD candidate, Management & Economics department, EBS University (DE)

Career: Since 2014 Management Board Member of Mankel Family Office GmbH (DE); since 2009 shareholder of Dorma Holding GmbH + Co. KGaA (DE); 2010–2013 research assistant, EBS University (DE)

External activities and interests: Since 2008 Management Board member of the foundation "Rudolf Mankel Stiftung" (DE)



Elton SK Chiu

Chinese citizen, residing in Hong Kong

Education: Higher diploma in accountancy at Hong Kong Polytechnic (HK); Corporate Financial Management Program at the University of Michigan (USA)

Career: Since 2003 President ELP Business Advisory Ltd. (founded by Chiu) and Vice-Chairman Centurylink International Investment Ltd. as well as practicing consultant at Chan+Man, Certified Public Accountants (all HK); 1989–2003 various management positions JT International (China) Ltd. (HK) and its predecessor companies, most recently as General Manager; since 2006 non-executive member of the Board of the Kaba affiliate Wah Yuet Group (HK/CN)

External activities and interests: Fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA, practicing), member of the Association of Chartered Certified Accountants of United Kingdom (FCCA) and the Institute of Chartered Accountants, England and Wales (FCA)



Daniel Daeniker
Chair Audit Committee

Swiss citizen

Education: Dr. iur. University of Zurich (CH), Zurich bar; LL.M. at the Law School of the University of Chicago (IL/USA)

Career: Since 2013 Managing Partner at Homburger AG (CH), where he became Partner in 2000 and which he joined in 1991; lecturer in law at the University of Zurich (CH)

External activities and interests: Member of the Board of Directors Rothschild & Co SCA¹⁾ (FR)



Karina Dubs-Kuenzle

Swiss citizen

Education: Swiss federal certificate of higher vocational education and training in advertising (incl. International Advertising Association's Advertising Diploma)

Career: Since 2009 partner Fehba Import Export AG (CH); 1997–2016 partner of Dubs Konzepte AG (CH); advertising assistant at Wirz Werbeberatung AG (CH) and at Heiri Scherer Creative Direction (CH)

External activities and interests: Member of the Board of Directors of Fehba Import Export AG (CH)

1) listed company



Hans Gummert

Member Audit, Nomination and Compensation Committees

German citizen

Education: Universities of Tübingen and Bonn (DE); attorney-at-law, admitted to the bar in 1990

Career: Partner since 1991 and Managing Partner since 2009 at the law and tax consultancy firm Heuking Kühn Lüer Wojtek (DE/BE/CH)

External activities and interests: Member of the Board ISEO Serrature S.p.A. (IT); Member of the shareholders committee Hoberg & Driesch GmbH (DE); Member of the Board of Directors Chiron-Werke SE (DE); Member of the advisory board Coroplast Fritz Müller GmbH & Co. KG (DE); Chairman of the Supervisory Board of Dorma Holding GmbH + Co. KGaA (DE); Chairman of the Supervisory Board of Familie Mankel Industriebeteiligungs GmbH + Co. KGaA (DE); Board member of Zaplox AB (SE); member of the Supervisory Board of ara AG (DE); Board member of Schüco Middle East Window & Façade Systems LLC (UAE)



John Heppner

American citizen

Education: Bachelor of Science University of Wisconsin-Milwaukee (WI/USA), MBA University of Wisconsin-Milwaukee (WI/USA)

Career: 2006–2013 President and CEO Fortune Brands Storage and Security (USA) with global responsibility for Master Lock Company LLC and Waterloo Industries; 2000–2006 Chief Operating Officer Master Lock Company LLC (USA); 1998–2000 Executive Vice President Sales + Marketing Master Lock Company LLC (USA); 1996–1998 Marketing + New Business Master Lock Company (USA); 1992–1996 Vice President Logistics and Corporate Controller Master Lock Company LLC (USA)

External activities and interests: Member of the National Association of Corporate Directors (USA)



Hans Hess

Member Audit, Nomination and Compensation Committees

Swiss citizen

Education: Master's Degree in Material Science and Engineering ETH Zurich (CH); Master of Business Administration (MBA) from the University of Southern California (USA); Stanford Executive Program at Stanford University (USA)

Career: Since 2006 owner of Hanesco AG (CH); 1996–2005 President and CEO Leica Geosystems AG¹⁾ (CH); 1993–1996 President Leica Optronics Group (CH); 1989–1993 Vice President Leica Microscopy Group (CH); 1983–1988 Head of Polyurethane Business Unit Huber + Suhner AG¹⁾ (CH); 1981–1983 Development Engineer Sulzer¹⁾ (CH)

External activities and interests: Chairman of the Board of Directors Comet Holding AG¹⁾ (CH) and Reichle & De-Massari Holding AG (CH); member of the Board of Directors Burckhardt Compression Holdings AG¹⁾ (CH); Chairman of Swissmem (CH); Vice-Chairman of Economiesuisse (CH)



Christine Mankel-Madaus

German citizen

Education: Diplomkauffrau, EBS University (DE)

Career: Since 2014 Management Board Member of Mankel Family Office GmbH (DE); since 2009 shareholder of Dorma Holding GmbH + Co. KGaA (DE); 2006–2009 audit assistant, BDO AG Wirtschaftsprüfungsgesellschaft (DE)

External activities and interests: Since 2008 Management Board member of the foundation "Rudolf Mankel Stiftung" (DE)

Elections and terms of office

The Board of Directors of dorma+kaba Holding AG is elected by the Annual General Meeting, with each member standing for election individually. The Articles of Incorporation state that the Board of Directors shall have between five and ten members. Prospective members shall be elected for a one-year term of office up to the conclusion of the next Annual General Meeting. Members of the Board of Directors can be re-elected. When they reach 70 years of age, members of the Board of Directors normally resign at the next General Meeting. The Board of Directors has decided not to apply the age limit it voluntarily included in the Organizational Regulations to the Board of Directors member Ulrich Graf because it wants to continue to use his experience (especially his significant integration knowledge with regard to the Unican takeover) and support during the implementation and integration work associated with the merger of Kaba Group with Dorma Group. The Board of Directors is proposing to the Annual General Meeting on 18 October 2016 that all serving members of the Board of Directors be re-elected and that Ulrich Graf be re-elected as Chairman of the Board.

Internal organization

According to the Swiss Code of Obligations and dorma+kaba Holding AG's Articles of Incorporation and Organizational Regulations, the main responsibilities of the Board of Directors are:

- The strategic direction and management of dorma+kaba Group;
- Structuring the accounting system, the financial controls and the financial planning;
- Appointing and dismissing members of the Executive Committee and other key managers;
- Overall supervision of business activities;
- Preparation of the annual report, preparation of the General Meeting and implementation of its resolutions;
- Approving the signing authority of dorma+kaba Holding AG employees;
- Approving the purchase and sale of companies, business areas or other assets worth more than CHF 5 million;
- Approving investments, purchases and disposals of real estate worth more than CHF 5 million.

The relevant decisions are taken by the whole Board of Directors. The CEO and CFO regularly participate in meetings of the Board of Directors in an advisory capacity. Other members of the Executive Committee are brought in to advise on individual items of the agenda. The Board of Directors held eight meetings during the 2015/2016 financial year; these usually lasted for a whole working day. In addition, the Board's committees met 13 times. The agendas for Board meetings are defined by the Chairman at the CEO's request. Each member of the Board of Directors may propose agenda items. Members of the Board of Directors always receive documentation prior to Board meetings so they can prepare for discussion of each item on the agenda. The Board of Directors holds discussions with the company's managers and visits one or more dorma+kaba Group locations, usually on an annual basis.

Committees

The Board of Directors has formed an Audit Committee, a Compensation Committee and a Nomination Committee. Members of the Compensation Committee are elected at each Annual General Meeting. Each committee has written terms of reference that define its tasks and responsibilities. The chairs of these committees are chosen by the Board of Directors. The committees meet regularly and are obliged to produce minutes as well as recommendations to the regular Board meetings. Committee meeting agendas are defined by the committee chair. Members of the committees receive documentation prior to the meetings so they can prepare for discussion of agenda items.

Audit Committee

The Audit Committee is composed of three non-executive members of the Board of Directors, who have professional or other experience of financing and accounting:

Daniel Daeniker (Chair)

Hans Gummert

Hans Hess

The Board of Directors has specified that members of the Audit Committee must meet certain requirements with regard to independence and skills and that they must not be members of the Executive Committee. The term of office is one year or until the conclusion of the next Annual General Meeting; members may be re-elected. The Audit Committee meets at least twice a year, but will be convened by the chair as often as business requires. During the 2015/2016 financial year the Audit Committee met four times, with each meeting lasting at least two hours. The CFO usually takes part in the meetings in an advisory capacity, as do, where necessary, the CEO, representatives of the audit firm, representatives of Internal Audit and of the Accounting Department, and the Head of the Legal Department. In the 2015/2016 financial year, representatives of the audit firm participated in two meetings, the Head of the Legal Department, representatives of Internal Audit and Accounting in four and external consultants in three. The Audit Committee minutes the deliberations and decisions taken during meetings. The principal responsibilities of the Audit Committee are to evaluate risk management and accounting processes, monitor financial reporting and internal auditing, and assess external audits. With regard to external audits, the Audit Committee has the following responsibilities:

- Approval of the audit priorities;
- Acceptance of the audit report and of any recommendations made by the auditors prior to the submission of the annual accounts (individual and consolidated financial statements) to the whole Board of Directors for approval;
- Proposing to the whole Board of Directors which external auditor should be recommended to the General Meeting;
- Assessing the external auditor's performance, pay and independence, and checking that audit activities do not clash with any consultancy mandates.

The Audit Committee's tasks relating to internal audits include:

- Approving the rules on internal audit's organization and responsibilities;
- Approving audit plans;
- Checking the results of the audit and implementing the recommendations of the internal or external auditor;
- Transferring (if necessary) internal auditing activities to third parties or to the external auditor in an expansion of its audit activities;
- Monitoring the existing Internal Control System (ICS). Internal audits, among other things: the ICS, compliance with Management Information System (MIS) guidelines, compliance with guidelines on limiting legal risk, and the reporting/minimization of insurable risks. In individual cases, external specialist auditors may be brought in to help;
- Auditing the compliance report;
- Monitoring outstanding legal proceedings;
- Evaluating and monitoring business and financial risks.

The risk management system periodically records legal, operational and business risks. Legal risks include current or potential legal disputes; operational risks include scenarios such as operational failures and natural disasters; whereas business risks include for instance payment defaults or general negative market developments. Risks are quantified and weighted with regard to their likelihood and their possible financial and/or business impact. Preventative measures that have been planned or already implemented are also subject to review. Risks are recorded if they have a potential financial impact of CHF 2.5 million or more. The Audit Committee regularly reports to the Board as a whole about its activities, and it notifies the Board immediately about important matters.

Nomination Committee

The Nomination Committee consists of four members, the majority of Committee Members must be non-executive members of the Board of Directors:

Ulrich Graf (Chair)

Rolf Dörig

Hans Gummert

Hans Hess

The term of office for each member is one year or until the conclusion of the next Annual General Meeting; members may be re-elected. The Nomination Committee meets at least once a year. During the 2015/2016 financial year the Nomination Committee met four times, with each meeting lasting at least two hours. The CEO also usually takes part in the meetings in an advisory capacity, the only member of the Executive Committee to do so. In addition, external consultants took part in one meeting during the 2015/2016 financial year. The Nomination Committee sets out the principles for appointing and re-electing members of the Board of Directors and submits proposals to the Board about its composition. The Nomination Committee also recommends the appointment and de-selection of members of the Executive Committee; the final decisions on appointments and de-selections are taken by the Board of Directors as a whole. The Nomination Committee minutes its deliberations and decisions and regularly reports to the whole Board of Directors.

Compensation Committee

The organization and responsibilities of the Compensation Committee as well as the details of dorma+kaba Group's compensation policy are set out on pages 72 et seq. of the Compensation Report.

Powers and responsibilities

Management organization

The Board of Directors has the highest responsibility for business strategy and supervises management of the dorma+kaba Group. It has the highest decision-making authority and sets the strategic, organizational, financial planning and accounting rules that dorma+kaba Group must follow. The Board of Directors has delegated management of ongoing business to the Executive Committee under the leadership of the CEO. Therefore, the CEO is responsible for overall management of the dorma+kaba Group. The powers and functions of the Executive Committee are set out in the Organizational Regulations of dorma+kaba Holding AG. The CFO, the CIO (Chief Integration Officer), the COOs, the CTO (Chief Technology Officer) and the CMO (Chief Manufacturing Officer) report to the CEO, who is responsible for overall management and for cooperation across segments and functions. These roles have a seat on the Executive Committee.

Chief Executive Officer (CEO)

The CEO manages dorma+kaba Group. He is responsible for all the things that are not allocated to other company bodies by law, by the Articles of Incorporation or by the Organizational Regulations. After consulting with the Executive Committee, the CEO submits the strategy, the long- and medium-term objectives and the management guidelines for the dorma+kaba Group to the Board of Directors for approval. In response to a proposal by the CEO, the whole Board of Directors decides on the annual budget (consolidated), individual projects, the consolidated financial statements and the financial statements of dorma+kaba Holding AG. The CEO submits recommendations to the Nomination Committee about personnel issues at the Executive Committee level. The CEO also makes proposals to the Compensation Committee regarding the remuneration of members of the Executive Committee (including allocation of shares from the share allocation plans). The CEO regularly reports to the whole Board of Directors about business performance, anticipated important business issues and risks, as well as about changes in management at the operating segment level. Members of the Board of Directors may request and examine further information. The CEO must inform the Chairman of the Board of Directors immediately about any important unexpected developments.

Information from and control over the Executive Committee

dorma + kaba Group's Management Information System (MIS) works as follows: monthly, quarterly, semi-annual and annual financial statements (balance sheet, income statement and cash flow statement) are prepared of the Group's individual reporting units. These figures are consolidated for each segment and for the Group as a whole. The financial figures are compared with the prior year and the budget. The achievability of the budget, which shows the first year of a three-year medium-term plan for each reporting unit, is assessed against the quarterly statements and in the form of a forecast. The CEO and CFO submit monthly written reports to the Board of Directors about progress against the budget and comparisons with the prior year. At monthly meetings (monthly performance reviews) the segment heads (COOs) inform the CEO and the CFO about business performance and notable events based on written reports about e.g. achievement of budget targets. At Board of Directors meetings, a summary of these reports is discussed and assessed with the CEO and the CFO.

Executive Committee

Management philosophy

The dorma + kaba Group delegates entrepreneurial responsibility for operational business to segment level. The corresponding management organization is based on decentralized responsibility and rapid decision-making structures situated close to local markets. This helps to keep activities focused on the customer. Group functions like Accounting, Communications, Controlling, Human Resources, IT and Legal define and monitor Group-wide standards and are responsible for functional, Group-wide projects. The CFO is responsible for the Group's financial affairs. All the integration tasks associated with the merger of dorma + kaba are controlled by the CIO (Chief Integration Officer).

The COOs are responsible for the business activities of their respective segments, including development, production, sales and services. The Group Innovation Management area focused on digitization as well as Intellectual Property Management and Quality Management is strategically managed at Executive Committee level by the CTO (Chief Technology Officer). The CMO (Chief Manufacturing Officer) is responsible for the global purchasing as well as the supplier control and helps the operating segments optimize the production and supply chain.

Members of the Executive Committee as of 30 June 2016

Name/Position	Year of birth	Entry Executive Committee
Riet Cadonau CEO	1961	2011
Bernd Brinker CFO	1965	2015
Beat Malacarne Chief Integration Officer	1962	2011
Michael Kincaid COO Access Solutions AMER	1961	2013
Jim-Heng Lee COO Access Solutions APAC	1962	2014
Dieter Sichelschmidt COO Access Solutions DACH	1951	2015
Roberto Gaspari COO Access Solutions EMEA	1959	2006
Stefano Zocca COO Key Systems	1963	2011
Christoph Jacob COO Movable Walls	1962	2015
Andreas Häberli Chief Technology Officer	1968	2011
Jörg Lichtenberg Chief Manufacturing Officer	1964	2015

Members of the Executive Committee

The table above gives the name, age, position and date of joining of each Executive Committee member. The function of Chief of Staff was removed on completion of the merger between Dorma and Kaba, so Hans-Jürg Roth left the Executive Committee on 1 September 2015. The maximum number of mandates that members of the Executive Committee are allowed to take on the governing bodies of legal entities outside the dorma + kaba Group is regulated in paragraph 27 of the Articles of Incorporation.

Members of the Executive Committee as of 30 June 2016



Riet Cadonau
Chief Executive Officer

Swiss citizen

Education: Master of Arts in economics and business administration from the University of Zurich (CH); Advanced Management Program at INSEAD (FR)

Career: Since 2015 CEO and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2011–2015 CEO and member of the Executive Committee Kaba Group¹⁾ (CH); 2007–2011 CEO Ascom Group¹⁾ (CH); until 2007 Managing Director ACS Europe+Transport Revenue (today a Xerox company); 2001–2005 member of the Executive Board Ascom Group, from 2002 Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS at the end of 2005; 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board of Director of IBM Global Services

External activities and interests: Since 2016 member of the Board of Directors of Georg Fischer AG¹⁾ (CH) and since 2013 member of the Board of Directors of Zehnder Group¹⁾ (CH); 2006–2011 member of the Board of Directors Kaba Group and Griesser Group (CH); 2004–2009 President of the Swiss Management Association (www.smg.ch)



Bernd Brinker
Chief Financial Officer

German citizen

Education: Degree in Business Administration (Diplom-Kaufmann) from the University Cologne (DE)

Career: Since 2015 CFO and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2014–2015 Chief Financial Officer of Dorma Group (DE); 2006–2014 Evonik Industries¹⁾ (DE); 2009–2014 Head of Corporate Portfolio Management and M&A, 2006–2008 Head of Investor Relations; 2001–2006 Head of Finance and Investor Relations Degussa AG¹⁾ (DE); 1991–2001 various management positions at VIAG AG¹⁾ (today E.ON, DE) and its subsidiary SKW Trostberg AG¹⁾ (DE), lastly as Head of Finance



Beat Malacarne
Chief Integration Officer

Swiss citizen

Education: Swiss certified accountant

Career:

Since 2015 Chief Integration Officer and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2011–2015 Chief Financial Officer and member of the Executive Committee of Kaba Group¹⁾ (CH); 2009–2011 Chief Financial Officer, member of the Executive Board SBB Cargo AG (CH); 2006–2009 Project Manager Internal Control System (ICS) and Deputy Manager Holcim Group Support Ltd.¹⁾ (CH); 2005–2006 Chief Financial Officer and member of the Executive Board ACC Ltd.¹⁾ (IN); 2004–2005 Project Manager Financial Integration India Holcim Group Support Ltd.¹⁾ (CH); 1999–2004 Chief Financial Officer and member of the Executive Board Siam City Cement Public Company Ltd.¹⁾ (TH); 1997–1999 Vice President Finance and member of the Asian Executive Board Hilti Asia Ltd. (CN)



Roberto Gaspari
Chief Operating Officer
Access Solutions EMEA

Italian citizen

Education: Economics Degree from the Bocconi University (IT)

Career: Since 2015 COO Access Solutions EMEA and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2011–2015 Head of Division Access+Data Systems EMEA and member of the Executive Committee Kaba Group¹⁾ (CH); 2006–2011 Head of Division Key Systems Europa/Asia Pacific and member of the Executive Board Kaba Group¹⁾ (CH); 2002–2011 General Manager Silca S.p.A. (IT); 1997–2002 Managing Director Italy and France Watts Industries Inc. (USA); 1988–1997 Managing Director Cisa S.p.A. (IT)



Stefano Zocca
Chief Operating Officer
Key Systems

Italian citizen

Education: Economics Degree from the Bocconi University (IT)

Career: Since 2015 COO Key Systems and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2011–2015 member of the Executive Committee of Kaba Group¹⁾ (CH), since 2013 Head of Division Key Systems and 2011–2013 Head of Division Key Systems EMEA/AP/SAM; 1988–2011 various positions at Whirlpool EMEA (IT): 2004–2011 General Manager Middle East, Africa+Turkey, since 2010 also of Central Europe, 2000–2004 Customer Service Regional Director, South, Central+East Europe, Middle East+Africa, 1994–2000 European Procurement Manager; 1988–1994 various positions in industrial and logistics operations; 1986–1988 Procurement and Planning Assistant Imbal (IT)



Michael Kincaid

Chief Operating Officer
Access Solutions AMER

US citizen

Education: Bachelor of Mechanical Engineering, Master of Business Administration

Career: Since 2015 COO Access Solutions AMER and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2013–2015 COO Access+Data Systems Americas and member of the Executive Committee of Kaba Group¹⁾ (CH); 2012–2013 Senior Vice President North American Sales of ADS Americas and Deputy Head of Division; 2007–2012 Vice President and General Manager Access Control, Kaba Ilco Corp. (USA); 2003–2007 Vice President and General Manager Access Control Regional Marketing Organization, Kaba Ilco Corp. (USA); 1998–2003 Vice President Sales and Marketing Unican Electronics Division, Montreal (CA); 1984–1998 various technical and management positions at divisions of Unisys and SNC Lavalin



Jim-Heng Lee

Chief Operating Officer
Access Solutions APAC

Singaporean citizen

Education: Diploma in Business Studies (Finance) at Ngee Ann Polytechnic Singapore (SG); Certified Public Accountant at Institute of Certified Public Accountants of Singapore (SG); Chartered Certified Accountant at University of Huddersfield (UK); MBA in Marketing at University of Strathclyde (UK)

Career: Since 2015 COO Access Solutions APAC and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2014–2015 Head of Division Access+Data Systems Asia Pacific and member of the Executive Committee Kaba Group¹⁾ (CH); 2012–2014 Vice President and General Manager of Materials Group China, Avery Dennison Corporation¹⁾ (CN); 1996–2011 various senior management positions at Assa Abloy¹⁾; e.g. 2010–2011 Vice President Asia Pacific (HK); 2006–2010 President China Door Group (CN); 2003–2005 Vice President Mergers & Acquisitions (HK)



Dieter Sichelschmidt

Chief Operating Officer
Access Solutions DACH

German citizen

Education: Degree in Mechanical Engineering from the Chamber of Commerce and Industry Dortmund (DE) and further education in Marketing Management at St.Gallen Marketing School (CH), in Competitive Strategies at ZFU, and in General Management at USB

Career: Since 2015 COO Access Solutions DACH and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2011–2015 Area President Asia Pacific&Australia at Dorma (CN); 2001–2010 Director Division Door Control at Dorma (DE); 1993–2010 Head of Product Management Door Control, Sales Manager OEM Business Germany at Dorma (DE); 1991–1993 Product Manager Division Door Closer at Dorma (DE); 1988–1991 Head of PQS Door Control at Dorma (DE); 1973–1988 Employee Development / Product Quality Assurance at Dorma (DE)



Christoph Jacob

Chief Operating Officer
Movable Walls

German citizen

Education: Master of Civil Engineering from the University of Applied Sciences Cologne (DE), Advanced Management Program Harvard (USA)

Career: Since 2015 COO Movable Walls and member of the Executive Committee dorma+kaba Group¹⁾ (CH); 2011–2015 Area President MMA at Dorma (DE); 2004–2010 Regional Director Emerging Markets&South Europe at Dorma (DE); 2002–2004 Regional Director Emerging Markets at Dorma (DE); 2000–2002 different management positions and consulting / CEO at CASEA AG (DE); 1997–1999 Group Managing Director at Dorfner Group of companies (DE); 1994–1997 General Manager at Quick-mix Berlin/Brandenburg GmbH&Co. KG (DE); 1990–1994 Assistant to the Board at Hebel AG (DE); 1987–1990 Project Sales Manager at Schlagmann Baustoffwerke GmbH&Co. KG (DE)



Andreas Häberli

Chief Technology Officer

Swiss citizen

Education: Master's Degree in electrical engineering ETH Zurich (CH); PhD in micro-engineering ETH Zurich (CH); financial management for executives St.Galler Business School (CH)

Career: Since 2015 Chief Technology Officer and member of the Executive Committee dorma+kaba Group¹⁾ (CH); 2011–2015 Chief Technology Officer and member of the Executive Committee Kaba Group¹⁾ (CH); 2003–2010 Head of Development and member of Management Board Kaba AG (CH), from 2009 also of Kaba GmbH (AT); 1999–2003 member Management Board Sensirion (CH); 1997–1999 Chip Design Engineer Invox (CA/USA)



Jörg Lichtenberg

Chief Manufacturing Officer

German citizen

Education: Degree in engineering, Degree in economic engineering Universities of Hannover and Brunswick (both DE)

Career: Since 2015 Chief Manufacturing Officer and member of the Executive Committee of dorma+kaba Group¹⁾ (CH); 2014–2015 Vice President Global Operations Industrials Group Gardner Denver (DE); 2007–2014 Director Group Logistics and Production Strategy resp. Director Operations Area North Eastern Europe resp. Director Operations Division Automatics Dorma GmbH&Co. KG (DE); 2003–2007 CEO Schiffer Dental Care Products LLC (USA); 1999–2002 member of the Executive Committee Lindal Group Lindal Ventil GmbH (DE); 1993–1999 Factory Manager resp. Business Development Manager Automatics Dorma GmbH & Co. KG (DE); 1991–1993 Kienbaum Consulting (DE)

Management contracts

Neither dorma+kaba Holding AG nor its Group companies have entered into any management contracts with third parties.

Compensation

The compensation policy and all the information relating to the compensation paid to the company's management bodies are shown in the Compensation Report (page 72 et seq). Sections 22–25 and paragraph 28 of the Articles of Incorporation contain rules relating to compensation principles, loans to governing bodies and General Meeting votes on compensation.

Compliance

Compliance principles are set out in the Dorma and Kaba Codes of Conduct, as well as in directives and guidelines. Adherence to these rules is extremely important to dorma+kaba Group as an internationally active, listed company. Major compliance topics include bribery and corruption, antitrust and competition law as well as safeguarding the employees' personal integrity. The Code of Conduct and all directives and guidelines are available to dorma+kaba's employees on the Group Intranet. The company's compliance mechanisms were introduced on a precautionary basis, are reviewed regularly and are adjusted where necessary to the changing business environment. In financial year 2014/2015, the former Kaba Group carried out an internal compliance audit with generally satisfactory results. Points for optimization were identified and these were reviewed following the merger of Dorma and Kaba. These points were included in the consolidated dorma+kaba Code of Conduct. Managers at dorma+kaba Group are regularly trained in compliance matters.

Code of Conduct and Supplier Code of Conduct

The dorma+kaba Group's Codes of Conduct contain standards and rules on bribery and corruption, equal employment opportunities, workplace harassment, conflicts of interest, antitrust and competition law and procedures for reporting misconduct; they also refer to the company's values. The Codes of Conduct are available to all employees of the dorma+kaba Group in various languages and in electronic and printed form. When employees join the company they confirm in writing that they have received and taken note of the documents. Senior managers and the general managers of local companies are responsible for implementation and enforcement of the Codes of Conduct and are trained in dealing with the Codes. The Compliance Officer within the Legal Department monitors these processes and, alongside line managers, is one of the defined contacts for reporting infringements of the Code of Conduct. The former Kaba Group had also issued a Supplier Code of Conduct in order to extend the company's expectations and values into the supply chain. The company's aim is to ensure its own ethical and environmental standards are maintained in the production and preparation of the raw materials and components it purchases and uses to make the products. As of 1 July 2016, a consolidated dorma+kaba Code of Conduct was newly implemented and applies to the entire Group.

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 in the United Kingdom. We are fully aware of the importance of the Modern Slavery Act and highly appreciate this valuable approach to eradicate slavery and human trafficking from all areas of life.

dorma+kaba Holding AG is fully committed to uphold the principles of and adherence to international conventions, laws and our internal rules and regulations. Our core values and principles are defined in our dorma+kaba Code of Conduct, covering human rights, forced, compulsory and child labor, environmental responsibility and ethical behavior. For further information on the processes that we have in place, please see the websites of our subsidiaries in the United Kingdom.

Values of the dorma+kaba Group

The Executive Committee and senior management of dorma+kaba Group have defined the corporate values based on the separate value statements of the former Kaba and the former Dorma Group. Under the name "dorma+kaba values" these new corporate values are being implemented from 1 July 2016 and rolled out across the whole company. These are: Customer First, Curiosity, Courage, Performance and Trust. These values are the foundations on which dorma+kaba employees work and take and implement decisions; they also serve as guiding principles for conduct and collaboration within the Group and for dorma+kaba Group's approach to addressing customer needs.

Shareholders' participation rights

Voting-right restrictions and proxy voting

At dorma+kaba Holding AG's General Meetings, each registered share entitles the owner to one vote.

The voting restriction was lifted by resolution passed at the extraordinary General Meeting dated 22 May 2015 and became effective at 1 September 2015. A shareholder may arrange for another shareholder to represent him or her with a written power of proxy or may be represented by the independent proxy.

Majorities required by the Articles of Incorporation

For resolutions covering

- the conversion of registered shares into bearer shares,
- the dissolution of the company (including as a result of a merger),
- changes to the Articles of Incorporation provisions on opting out, decision-making by the General Meeting and applicable quora, the number and terms of office of members of the Board of Directors and the process of Board of Directors decision-making,
- the introduction of voting right restrictions and
- capital increases

a majority of at least two-thirds of the votes represented is required. Otherwise the General Meeting of dorma+kaba Holding AG passes its resolutions and decides its elections by a majority of votes cast, irrespective of the number of shareholders present or votes represented. These rules are subject to overriding statutory provisions.

Convocation of the General Meeting of Shareholders and agenda

General Meetings are convened as stipulated in law. The Board of Directors of dorma+kaba Holding AG is obliged to include items on the agenda of the General Meeting if these items are requested by shareholders who together represent 0.5% of the share capital, and if the request is made in writing at least four weeks before the General Meeting. Items must be included in writing with details of the matter concerned and the proposals.

Entries in the share register/invitation to the General Meeting of 18 October 2016

Shareholders who are entered in the share register with voting rights by 10 October 2016 will receive a direct invitation to the Annual General Meeting of 18 October 2016 together with the proposals of the Board of Directors. Once they have sent back the response form they will receive their entry ticket and voting material. Shareholders who sell their shares before the General Meeting are no longer entitled to vote. If they sell some of their shares, or buy more, they should swap their entry ticket at the information desk on the day of the General Meeting. No entries will be made in the share register between 11 and 18 October 2016. All the information about the General Meeting can be found at www.dormakaba.com/agma.

Changes of control and defense measures

Compulsory offer

Section 5a of the Articles of Incorporation of dorma+kaba Holding AG includes a formal selective opting-out. The text of the formal selective opting-out is as follows (translation of the German version):

In the following cases, Familie Mankel Industriebeteiligungs GmbH + Co. KGaA and Mankel Family Office GmbH as well as their respective direct or indirect quota holders – individually or together with shareholders of the Company with whom they entered into a pool agreement (Shareholder Pool) in connection with the combination of Kaba Group with Dorma Group – are exempted from the obligation to make an offer pursuant to Article 32 para. 1 of the Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995:

(a) Combination of KABA Group with DORMA Group pursuant to the transaction agreement dated April 29, 2015 between Familie Mankel Industriebeteiligungs GmbH + Co. KGaA and Mankel Family Office GmbH on the one hand and the Company on the other hand;

(b) Transactions in shares of the Company between parties of the Shareholder Pool and/or with third parties that result in changes of the majorities within the Shareholder Pool, changes in the composition of the Shareholder Pool or changes in the direct overall participation of the parties to the Shareholder Pool in the Company, as long as such a direct overall participation does not exceed 33⅓% of the voting rights in the Company;

(c) Dissolution of the Shareholder Pool;

(d) Consummation of the transfer agreement described in § 36 of the Articles of Incorporation.

Clauses on changes of control

If control of dorma+kaba Holding AG changes hands, dorma+kaba International Holding AG (joint liability with dorma+kaba Holding AG) is obliged to pay two members of the senior management a compensation to improve their pension entitlement in the amount of one year's salary (incl. variable salary component) if their employment contracts are terminated within a year of the change of control or if they resign within a year of the change of control.

The rules of the ESAP 1, ESAP Plus, ESAP Plus 3 and ESAP 5 stock award plans state that if there is a change in the control of dorma+kaba Holding AG (as defined in the regulations) the share blocking period will be lifted if this is permitted by law. If there is a change in the control of dorma+kaba Holding AG (as defined in the regulations),

under the ESAP Plus, ESAP Plus 3 and ESAP 5 rules participants have the right to a cash payment in compensation for their right (detailed in the regulations) to a (loyalty-based) allocation of additional shares ("matching shares"), provided the plan participants concerned still have an employment contract (that is not under notice) with dorma+kaba Group when the change of control occurs.

Section 36 of the Articles of Incorporation of dorma+kaba Holding AG states that according to the transfer agreement (called transfer agreement), which was concluded on 29 April 2015 related to the merger of Kaba Group and Dorma Group, if there is a change of control of dorma+kaba Holding AG, the Mankel/Brecht-Bergen Family has the right to buy back a 2.6% stake in dorma+kaba Holding GmbH + Co. KGaA and dorma+kaba Beteiligungs-GmbH in order to regain control (50.1%) of these companies. A change of control of dorma+kaba Holding AG happens if a third party (i) holds 33⅓% or more of voting rights in dorma+kaba Holding AG in shares, (ii) holds 33⅓% or more of voting rights in dorma+kaba Holding AG in purchase positions and the responsible Swiss authority has decided with legal effect that a mandatory offer has been triggered, or (iii) publishes the end result of a voluntary offer which, when completed, will give it at least 33⅓% of the voting rights of dorma+kaba Holding AG. The Mankel/Brecht-Bergen Family can only exercise the rights pursuant to the transfer agreement if dorma+kaba Holding AG receives a written statement of assurance that (i) nobody associated with the Mankel/Brecht-Bergen Family supports the change of control or has ever been involved in it, and (ii) the Mankel/Brecht-Bergen Family holds a stake of at least 47.5% of dorma+kaba Holding GmbH + Co. KGaA and dorma+kaba Beteiligungs-GmbH. The price according to the transfer agreement is based on the market price or nominal value of the shares and in the former case is calculated using a fixed formula agreed by the parties in the transfer agreement. Under certain conditions and for a specific time period, performance of the transfer agreement can be made retrospectively. The transfer agreement is annulled if the Mankel/Brecht-Bergen Family's stake in dorma+kaba Group falls below 25%. Approval of the transfer agreement can be cancelled by resolution of the General Meeting. Such a decision to cancel must be taken (i) following the publication of a public takeover offer to acquire all of the outstanding shares of dorma+kaba Holding AG and before the end of the offer period and (ii) with the following majority requirements: up to the end of 31 December 2018 with a majority of at least 75% of the votes represented and from 1 January 2019 with a majority of at least 50% of the votes represented. The transfer agreement and its performance were declared valid under takeover law by the Swiss Takeover Board on 22 April 2015.

The transfer agreement is available for shareholders to inspect at the company's head office.

Auditors

Duration of mandate and term of office of Head Auditor PricewaterhouseCoopers AG, Zurich, has been the auditor for dorma+kaba Holding AG since 1907, and Group auditor of the dorma+kaba Group since 1982 (auditor 2008/2009). The responsible lead auditor took on this function in the 2009/2010 financial year. In accordance with the rules on terms of office pursuant to the Swiss Code of Obligations, from financial year 2016/2017 a new lead auditor will be responsible for auditing the annual and consolidated accounts of dorma+kaba Holding AG.

Auditing fees and additional fees

The fee paid to audit firm PricewaterhouseCoopers for services relating to the audit of the annual financial statements of dorma+kaba Holding AG and Group companies and the consolidated financial statements of dorma+kaba Group came to around CHF 3.12 million in the 2015/2016 financial year. In financial year 2015/2016 dorma+kaba Group also paid expenses in the amount of around CHF 0.77 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 0.30 million of this was for general advisory services relating to acquisition projects, and around CHF 0.30 million for taxation services (direct and indirect taxes). Another CHF 0.17 million was spent on support for subsidiaries relating to changes and/or implementation of new accounting practice rules or accounting questions.

Information pertaining to external auditors

Each year, the Board of Directors' Audit Committee assesses the performance, fees and independence of the auditor and suggests to the Board of Directors which external auditor should be proposed to the Annual Shareholders' Meeting for selection. Each year the Audit Committee also assesses the scope of external auditing, the audit plans and the relevant processes and discusses the results of the audit with the external auditors. During the 2015/2016 financial year, representatives of the auditors attended two meetings of the Audit Committee. You can find more information about the Audit Committee from page 63 et seq.

Information policy

This reporting on financial year 2015/2016 and these financial statements as at 30 June 2016 include the Executive Report, the Annual Report with Financial Statements, the Corporate Governance Report, the Compensation Report and the Sustainability Report. The Executive Report is sent to shareholders together with the invitation to the Annual General Meeting; the other publications can be ordered using the enclosed order form or online at www.dormakaba.com/news-service. The share price, business publications, media releases and presentations may also be downloaded

from www.dormakaba.com. Media and analyst conferences take place at least once a year, but usually twice a year. The dorma+kaba Group typically holds a Capital Market Day once a year at which financial analysts and investors can gain a deeper insight into the company by meeting members of the Executive Committee and management as well as seeing product presentations. In addition, the CEO, the CFO and the Head of Investor Relations regularly take part in various external investor meetings. dorma+kaba Holding AG publishes price-sensitive information in accordance with its disclosure obligations under the rules of the SIX Swiss Exchange AG (Listing Rules, Art. 53, and rules on ad hoc publicity). dorma+kaba Holding AG informs its shareholders in writing about the course of its business every half year. The information on how the business is performing is available at www.dormakaba.com/media-releases and www.dormakaba.com/publications. The notifications, reports and presentations of dorma+kaba Group are not continually updated by the company; the statements and data contained therein are therefore valid as of the relevant date of publication. For those wishing to obtain current information, dorma+kaba Holding AG recommends that they do not refer solely to past publications. A list of the most important dates in the financial year can be found at www.dormakaba.com/agenda.

Compensation Report

The Compensation Report describes the principles underlying the compensation policy, and provides information about the steering process and the compensation actually paid to the Board of Directors and Executive Committee of dorma+kaba Holding AG. It meets the requirements of Articles 14 to 16 of the Ordinance Against Excessive Pay at Publicly Listed Companies of 20 November 2013 (VegüV), Article 663c of the Swiss Code of Obligations, the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and economiesuisse's Swiss Code of Best Practice for Corporate Governance.

Introductory notes from the Compensation Committee

On 1 September 2015, Dorma and Kaba merged to form dorma+kaba as one of the global leaders in the market for security and access solutions. In addition to normal business operations, the 2015/2016 financial year was impacted by the considerable extra work involved in ensuring this merger was as strategically and financially successful as expected. Overall, 2015/2016 was both highly eventful and commercially successful. The group remained on schedule with regard to the integration and reorganization and managed to achieve its key financial objectives. This is reflected in the variable compensation for members of the Executive Committee, as described further in this report.

In the reporting year, the Compensation Committee has concentrated its efforts on consolidating the compensation policy for the newly combined company. The purpose of the compensation programs of dorma+kaba is to attract, engage and retain executives and employees, to drive outstanding performance and to encourage behaviors that are in line with dorma+kaba's values as well as with the long-term interests of the company's shareholders. We are still in the process of harmonizing the compensation programs throughout the organization in order to ensure their alignment to the company strategy and to the evolving environment in which dorma+kaba operates. In particular, the performance indicators in the short-term incentive plan have been aligned. In addition, the employment contracts of the members of the Executive Committee have been amended in order to fully comply with the provisions of VegüV. Additionally, the Compensation Committee performed its regular activities throughout the financial year such as the propositions of compensation for the members of the Board of Directors and Executive Committee, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the Annual General Meeting of Shareholders (the General Meeting).

At the upcoming General Meeting, our shareholders will again be asked to prospectively approve the aggregate maximum amounts of compensation of the Board of Directors for the period until the following General Meeting and of the Executive Committee for the financial year 2017/2018. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the Board of Directors and to the Executive Committee by way of a consultative vote on the 2015/2016 Compensation Report.

Looking ahead, we will continue to regularly review our compensation policy in order to promote sustainable performance, alignment to the long-term interests of our shareholders and employees' engagement, while being compliant with the regulatory environment. The Board of Directors would like to thank our shareholders for their valuable feedback on our approach to executive compensation.

Basic principles of compensation

The compensation system of dorma+kaba reflects the commitment to attract, engage and retain the best talent within the industry. It is designed to engage executives and employees to implement the company's strategy, to achieve the company's short-term and long-term business objectives and to create sustainable shareholder value.

The compensation system for the members of the **Executive Committee** is built on the following key principles:

Reward for short-term and long-term performance

An important part of compensation is paid as variable incentives linked mainly to the overall performance of dorma+kaba. Those incentives are well balanced between rewarding for short-term results (short-term incentive) and sustainable success (long-term incentive).

Fairness and transparency

Compensation decisions are transparent and fair. The target level of total compensation is based on the function. The global grading system based on Hay Group methodology ensures that functions are evaluated in a consistent manner across the organization.

Alignment to shareholders' interest

The share-based compensation delivered under the long-term incentive plan encourages the sustainable commitment of executives and management members, and aligns their interests to those of the shareholders.

Competitiveness

The structure and levels of compensation take into account the market practice (benchmarks based on Hay Group data).

Compensation for the members of the **Board of Directors** consists exclusively of a fixed payment in cash and shares. This ensures that the Board of Directors remains independent in exercising its supervisory duties towards the Executive Committee.

Managing compensation

Compensation Committee

In accordance with the Articles of Incorporation and the Organizational Regulations of dorma+kaba Holding AG, the Board of Directors is responsible for the principles underlying the compensation policy and for the steering process; it is supported in this work by the Compensation Committee.

The Compensation Committee consists of three members of the Board of Directors who are elected annually and individually by the General Meeting for a period of one year. At the General Meeting of 2015, the shareholders elected Rolf Dörig (chairperson), Hans Gummert and Hans Hess as members of the Compensation Committee.

The Compensation Committee's main tasks are:

- Propose and periodically review the compensation policy and regulations for the attention of the Board of Directors;
- Propose to the Board of Directors the specific design of the fundamental compensation elements and the determination of the compensation-related performance objectives;
- Propose to the Board of Directors the maximum aggregate compensation amount of the Board of Directors and of the Executive Committee to be submitted to the shareholders' vote at the General Meeting;
- Propose to the Board of Directors the compensation to be paid to its members within the limits approved by the General Meeting;
- Decide on the terms of appointment, significant changes in existing employment contracts and compensation for the members of the Executive Committee within the limits approved by the General Meeting;
- Decide on the share-based compensation to be awarded to the members of the Executive Committee and the Senior Management;
- Propose to the Board of Directors the Compensation Report.

Compensation for the Executive Committee as well as the Senior Management is set as part of an annual process.

The Compensation Committee meets as often as business requires but at least once a year. In the financial year 2015/2016, the Compensation Committee held four meetings and one telephone conference of approximately one to two hours each. All meetings were attended by all members. The Chairman of the Compensation Committee reports to the Board of Directors after each meeting on the activities of the committee. The minutes of the committee's meetings are available upon request to the members of the Board of Directors. As a general rule, the Chairman of the Board of Directors and the CEO attend the meetings in advisory capacity. They do not attend the meeting, or parts thereof, when their own compensation and/or performance are being discussed.

The Compensation Committee may decide to consult external advisors on specific compensation matters. As in previous years, Hay Group, an internationally recognized consulting firm, has been appointed to provide benchmarking data on compensation of Executive Committees and Senior Management of comparable companies. This consulting firm does not have any non-Human Resources related mandate with dorma+kaba.

Shareholders' involvement

The Board of Directors values the dialogue with shareholders and wants to know and understand their views about executive compensation. In this context, the Board of Directors already started holding a consultative vote on the Compensation Report in the financial year 2012/2013. This vote allows shareholders to express their opinion on the compensation policy and systems applicable to the Board of Directors and the Executive Committee. Since the 2015 General Meeting, the Board of Directors also seeks an annual prospective binding approval from shareholders of the maximum aggregate amount of compensation of the Board of Directors and the maximum aggregate amounts of fixed and variable compensation of the Executive Committee.

Annual process and responsibilities for compensation of the Board of Directors and Executive Committee

	Feb	June	Aug	Oct
Compensation policy review and compensation principles for next financial year	CC			
Compensation plans, budget and share award plan design		CEO CC		
Maximum aggregate compensation amount of the Board and EC for next compensation period			CC BoD	AGM
Compensation structure and level of Board of Directors for next compensation period			CC BoD	
Individual target compensation of EC members for next financial year		CEO CC		
Individual short-term incentive payments EC members for previous financial year			CEO CC	
Individual share awards EC members and Senior Management			CEO CC	
Compensation Report		CC	CC BoD	AGM

AGM: Annual General Meeting, BoD: Board of Directors, CC: Compensation Committee, CEO: Chief Executive Officer

- body which recommends
- body which reviews
- body which approves

The Articles of Incorporation include the principles of compensation applicable to the Board of Directors and to the Executive Committee. Those provisions can be found under www.dormakaba.com/en/investor-relations/corporate-governance and include:

- Principles of compensation of the Board of Directors (Article 23);
- Principles of compensation of the Executive Committee (Article 24);
- Binding vote at the General Meeting (Article 22);
- Additional amount for new members of the Executive Committee (Article 25);
- Credits and loans (Article 28).

Compensation architecture for the Board of Directors

Members of the Board of Directors only receive a fixed compensation based on the responsibilities and time requirement of their function, without any entitlement to performance related compensation. This ensures that the Board of Directors remains independent while exercising its supervisory duties towards the Executive Committee. The amount of compensation for each function of the Board of Directors is determined annually taking into account the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally. The compensation system is defined in a directive dated 20 October 2015.

1. Composition of compensation

The compensation paid to the Board of Directors comprises a cash payment of CHF 90,000 and a fixed award of 100 shares of dorma+kaba Holding AG, or in the case of the Chairman of the Board of Directors, 200 shares. Additional fees are paid for specific functions such as chairmanship of the Board of Directors, chairmanship and/or membership in a committee of the Board of Directors or for performing special additional tasks assigned by the Board of Directors. The Chairman of the Board of Directors is not eligible to additional compensation for his participation in the committees.

The members of the Board of Directors may decide to receive part of the cash payment in the form of shares of the company. The number of shares awarded is calculated using the average closing price for the last five trading days of the last month of the relevant compensation period. The awarded shares are restricted for a period of three years; this blocking period remains in place if a member leaves the Board of Directors. In addition, a shareholding ownership guideline is in place, requiring Board members to hold a minimum volume of 500 shares of dorma+kaba. This can be built up over a period of three years after the implementation of the guideline (in October 2014) or within three years after joining the Board of Directors (in case of new members).

Compensation is paid on a pro-rata basis to Board members twice a year. For the financial year 2015/2016, the first compensation period ended on 30 April 2016, the second will end on 31 October 2016. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special additional tasks performed on behalf of the Board of Directors.

As at 30 June 2016, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dorma+kaba and current or former members of the Board of Directors, or closely related parties to them. Investments held by members of the Board of Directors or related persons (including conversion and option rights) – if any – are listed on page 80 et seq. and on page 52 in the appendix to the balance sheet.

All amounts in CHF	Basic compensation p.a.	Additional compensation for Chairman roles p.a.	Additional compensation for committee membership roles p.a.	Share award p.a.	Additional payments	Reimbursement of expenses
Chairman BoD		240,000	–	200		
Chairman Audit Committee		60,000	–			
Chairman Compensation Committee		45,000	–			
Chairman Nomination Committee		45,000	–			
Member Audit Committee		–	15,000			
Member Compensation Committee		–	10,000		Compensation for special tasks commissioned by Board of Directors	Actual expenses for travel or journeys outside Switzerland or as caused by special work done by members on behalf of the Board of Directors
Member Nomination Committee		–	10,000			
Ordinary BoD member	90,000	–	–	100		

2. Assessment of actual compensation paid to the Board of Directors in the 2015/2016 financial year

The increase in actual compensation paid to the Board of Directors compared to the previous year is due to the fact that there are two additional members in the Board of Directors and to the increase in the share price of 6.8% (on average). The compensation system of the Board of Directors has not been changed compared to the previous financial year.

At the General Meeting 2015, the shareholders approved a maximum aggregate amount of CHF 2,510,000 for the Board of Directors for the compensation period from the General Meeting 2015 until the General Meeting 2016. The compensation effectively paid for the portion of this term of office included in this compensation report (October 2015–30 June 2016) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the compensation report 2016/2017.

Compensation architecture for the Executive Committee

The compensation awarded to members of the Executive Committee is primarily driven by the success of the company. In addition to a competitive fixed compensation there is a performance-related component that rewards for performance and allows members of the Executive Committee to participate in the company's long-term value creation. The overall compensation consists of the following elements:

- Annual base salary;
- Benefits (such as retirement benefits);
- Short-term incentive;
- Long-term incentive (share-based compensation).

In order to ensure consistency across the organization, roles within the organization have been evaluated using the job grading methodology of Hay Group. The grading system is the basis for compensation activities such as benchmarking and determination of compensation structure and levels. For comparative purposes dorma+kaba refers to external compensation studies that are conducted regularly by Hay Group. These studies include the compensation data of 2,500 technology and industrial companies, including listed and privately held competitors in the security sector that are comparable with dorma+kaba in terms of annual turnover, number of employees and international reach.

Compensation paid to the Executive Committee must in principle be based on the market median in the relevant national or regional market, and must be within a range of –20% to +35% of this figure. The variable component of compensation is targeted to make up for at least 50% of the overall compensation.

1. Annual base salary

Members of the Executive Committee receive an annual base salary for fulfilling their functional role. It is based on the following factors:

- Content, responsibilities and complexity of the function;
- External market value of the respective role: amount paid for comparable positions in the industrial sector in the country where the member works;
- Individual profile in terms of skills set, experience and seniority.

2. Benefits

As the Executive Committee is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits consist mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the participants and their dependents in respect to the events of retirement, disability, death and illness/accident. The members of the Executive Committee with a Swiss employment contract participate in the occupational pension plans offered to all employees in Switzerland which consist of a basic pension fund and a supplementary plan for management positions. The pension fund of dorma+kaba in Switzerland is in line with benefits provided by other Swiss multinational industrial companies.

Members of the Executive Committee under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, as a minimum, in accordance with the legal requirements of the respective country.

Further, members of the Executive Committee are also provided with certain executive perquisites such as company car or car allowance, representation allowance and other benefits in kind according to competitive market practice in their country of employment.

3. Variable compensation

The variable compensation consists of a short-term incentive (STI) and long-term incentive (LTI).

3.1 Short-term incentive

The short-term incentive is defined annually as a cash payment and aims to motivate the participants to meet and exceed the company's measurable financial objectives, which are defined in line with the Group's strategy. For each member of the Executive Committee, the short-term incentive may not exceed 150% of the annual base salary.

Following the "We are ONE company" principle, the short-term incentive paid to the members of the Executive Committee is strictly based on Group and segment financial objectives and not on individual goals. The business results are compared to the previous year's results, in order to drive a continuous improvement of the business achievements, year after year.

	Fixed compensation and benefits		Variable compensation (target of at least 50% of total compensation)	
	Annual base salary	Benefits	Short-term incentive	Long-term incentive
Purpose	Reflects the function (scope, responsibilities), experience and skills of the individual	Establish a level of risk protection for the participants and their dependents	Rewards company and segment performance	Rewards individual and company performance, aligns to shareholders' interests

The incentive formulas for all members of the Executive Committee follow the following principle: the short-term incentive consists of a pre-defined share of profit (as a percentage of Group net income or segment EBIT) multiplied by growth factors (see illustration on page 83). This formula is aligned to the business strategy of profitable growth because it rewards for bottom-line results (Group net income or segment EBIT) and for top-line contribution (sales growth multiplier). Further, for the COOs responsible for a segment, the formula also includes a net working capital factor (NWC factor), which reflects the focus on the efficient management of the company's financial resources. The pre-defined profit share (in percentage of profit) is determined for each function individually.

For the CEO and other Executive Committee members (CFO, CIO (Chief Integration Officer), CTO (Chief Technology Officer), CMO (Chief Manufacturing Officer)), the incentive formula relates exclusively to Group results. For the COOs it relates to segment results and Group results as follows:

CEO, CFO, CIO, CTO, CMO

$$\text{Share in Group's results} \times \text{Result growth factor} = \text{Payment as short-term incentive}$$

COOs

$$\text{Share in segment's results} \times \text{Sales growth factor} \times \text{NWC factor} = \text{Variable share in activity of own segment}$$

$$\text{Variable share in activity of own segment} + \text{Variable share in Group's results} = \text{Payment as short-term incentive}$$

	Group	Segment	Rationale
Movable Walls			Movable Walls and Key Systems are independent global segments, the 30-70% split between Group's and segment's results is well balanced in terms of rewarding the collective performance of the Group and the individual performance of the segments.
Key Systems	30%	70%	
Access Solutions (AS)	10%	30% all AS segments 60% own AS segment	AS segments (AMER, APAC, DACH, EMEA) are interdependent, therefore the weighting strongly encourages collaboration between the AS segments and rewards for the AS collective performance and the individual performance of each AS segment in a balanced manner.

The calculation of the short-term incentive is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system.

3.2 Long-term incentive

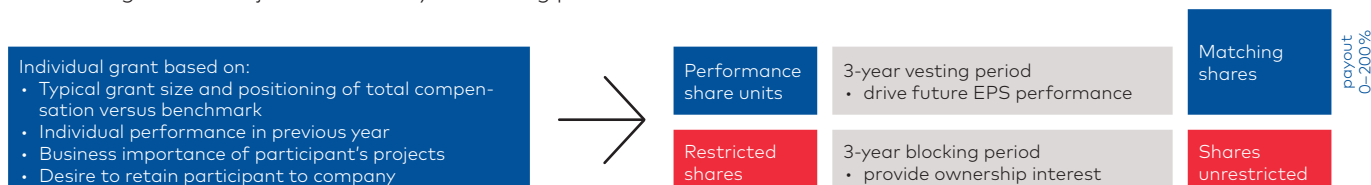
The purpose of the long-term incentive is to give the Executive Committee an ownership interest in dorma+kaba and a participation in the long-term performance of the company and thus to align their interests to those of the shareholders.

Participants are awarded restricted shares and performance share units (matching shares) of dorma+kaba on the basis of the following criteria:

- Typical grant size of long-term incentive for a similar function on the relevant market (benchmark) and positioning of the individual's total direct compensation compared to that benchmark. Total direct compensation includes fixed basic salary+short-term incentive+allocation under the long-term incentive plan;
- Individual performance against pre-defined priorities in the financial year prior to the grant, as documented within the performance management process;
- Importance to the company's success of the projects for which the individual is responsible;
- Desire to retain the person to the company and to its overall long-term value creation by offering restricted and matching shares subject to a three-year vesting period.

Based on the above criteria, the CEO formulates a proposal for individual long-term incentive awards, which is subject to approval by the Compensation Committee.

The long-term incentive award is split into two components: two-thirds are granted in form of restricted shares of dorma+kaba subject to a three-year blocking period. This component of the award is designed to provide participants an ownership interest in the long-term value creation of the company by making them shareholders. The remaining third of the award is granted in form of performance share units (matching shares) of dorma+kaba subject to a three-year performance-based vesting period. This component of the award is designed to reward participants for the performance of the earnings per share (EPS) of the company over the three-year vesting period. The remuneration may range from 0% to a maximum of 200% of the original number of units granted (maximum 2 shares for each performance share unit originally granted).



Entry into force	Name	Plan design	Plan purpose/criteria	Notes
2015	Executive Stock Award Plan ESAP 5	Award of restricted shares and performance share units (matching shares) conditional upon EPS performance during a three-year vesting period	Reward long-term company performance through the award of performance share units subject to EPS performance condition Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year vesting and restriction periods on the award	From 2015/2016 financial year onwards, all LTI awards are made solely under ESAP 5 plan
2013	Executive Stock Award Plan ESAP Plus 3	Award of restricted shares and matching shares (one for two) subject to a three-year vesting period	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year restriction period	In 2014/2015 financial year, all LTI awards are made solely under the ESAP Plus 3 plan ESAP Plus 3 has been discontinued as of 2015/2016 financial year
2012	Executive Stock Award Plan ESAP Plus	Award of restricted shares and matching shares (one for two) subject to a three-year vesting period	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year restriction period	Prior to 2014/2015, LTI awards have been made under ESAP Plus or ESAP 1 ESAP Plus has been discontinued as of 2014/2015 financial year
2007	Executive Stock Award Plan ESAP 1	Award of shares that are either unrestricted or restricted for five years at the participant's choice	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of company's shares	ESAP 1 has been discontinued as of 2014/2015 financial year

Restricted shares and performance share units are usually awarded annually at the end of September. In case of voluntary termination by the participant or termination for cause by the company, restricted shares remain blocked and the performance share units are forfeited without any compensation. In case of termination without cause, retirement or disability, restricted shares remain blocked and the performance share units are subject to an accelerated pro-rata vesting on the basis of target performance (100%). In case of death or change of control, the blocking period of the shares is lifted and performance share units are subject to an accelerated pro-rata vesting (death) or full vesting (change of control) at 100% (see also Corporate Governance Report, page 69, "Changes of control and defense measures").

The conditions for the award of shares and share units are governed by the stock award plans (see above) of dorma+kaba and are identical for all participants. An overview of the terms and conditions of the shares and share units awarded under the current plan and discontinued plans (outstanding awards) is provided above. All shares awarded in recent years have come exclusively from treasury shares.

4. Employment contracts

The members of the Executive Committee are employed under employment contracts of unlimited duration that are subject to a notice period of 12 months. Members of the Executive Committee are not contractually entitled to termination payments or any change of control provisions other than the accelerated vesting and/or unblocking of share awards mentioned above.

5. Assessment of actual compensation paid to the Executive Committee in the 2015/2016 financial year

Compensation paid to the Executive Committee was subject to the following exceptional effects in 2015/2016:

- Appointment of four new members of the Executive Committee as of September 2015: Bernd Brinker as CFO, Christoph Jacob as COO Movable Walls, Jörg Lichtenberg as CMO (Chief Manufacturing Officer) and Dieter Sichel-schmidt as COO Access Solutions DACH;
- Retirement of Hans-Jürg Roth as Chief of Staff as of 31 January 2016.

The following comments can be made about the actual compensation paid to the Executive Committee in the 2015/2016 financial year. In comparison to the previous year, total direct compensation (TDC) rose by 37%.

This is mainly due to the following factors:

- There are three additional Executive Committee members compared to previous year;
- The compensation level of the Executive Committee members has been reviewed and adjusted in line with the new scope of their role after the merger to dorma+kaba. Stronger focus has been given to the variable compensation elements in order to achieve the intended compensation structure where variable compensation amounts to at least 50% of the total direct compensation. This guideline is currently met for all members who have not been recently promoted. For recently promoted members of the Executive Committee, the compensation mix may be slightly different and shall be adjusted in the coming years to fulfill this principle;
- The STI payout of the Executive Committee members reflects the very solid underlying financial performance in the reporting year (adjusted for extraordinary items and merger-related impacts), especially the increase in Group Net Income which is the main driver of the STI payout for the CEO and other members of the Executive Committee (CFO, CIO, CTO, CMO). The financial performance of the Segments (COOs) in terms of profitability, sales growth and net working capital met expectations overall. Consequently, the STI was 76% of annual base salary on average (previous year 75%);
- The value of the shares of the company allocated under the long-term incentive plan has increased by 48% compared to previous year;

- Variable compensation forms a major part of TDC. The percentage of overall compensation paid to the Executive Committee as variable compensation in the reporting year was 54% (excluding cash-value benefits and social security contributions), which constitutes an increase year-to-year (previous year: 52%);
- Variable compensation paid out in shares of the company accounted to 13% of TDC (previous year: 12%). First priority is to increase this proportion up to 30% share in total compensation in coming years.

The maximum aggregate amount of compensation for the Executive Committee is subject to the approval of the General Meeting with effect from the financial year 2016/2017 (the relevant vote was taken at the 2015 General Meeting). Accordingly, the total compensation for the financial year 2015/2016 was not subject to the approval of the General Meeting.

The compensation regulations approved by the Board of Directors in the financial 2013/2014 were again proven to be very effective in the reporting year. Rigorous implementation of these regulations guarantees consistent and transparent compensation practice based on uniform principles and criteria.

As at 30 June 2016, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dorma+kaba and current or former members of the Executive Committee, or closely related parties to them. Investments held by members of the Executive Committee or related persons (including conversion and option rights) – if any – are listed on page 80 et seq. and in the appendix to the balance sheet on page 52.

The company's shares awarded under stock award plans

Date	Number of shares awarded from contingent capital	Number of shares awarded from treasury shares
14 August 2009	0	4,100 shares under ESAP 1 Award value: CHF 225.80/share
16 August 2010	0	4,220 shares under ESAP 1 Award value: CHF 298.25/share
15 August 2011	0	3,610 shares under ESAP 1 Award value: CHF 277.00/share
22 November 2012	0	2,570 shares, of which 310 under ESAP 1 and 2,260 under ESAP Plus Award value: CHF 373.00/share
20 September 2013	0	3,272 shares, of which 310 under ESAP 1, 2,310 under ESAP Plus and 652 under ESAP Plus 3 Award value: CHF 398.00/share
22 September 2014	0	3,285 shares under ESAP Plus 3 Award value: CHF 440.50/share
21 September 2015	0	4,088 shares under ESAP 5 Award value: CHF 653.00/share
21 November 2015	0	840 matching shares under ESAP Plus Award value: CHF 664.00/share

Compensation to the Board of Directors and Executive Committee

Financial year 2015/2016

	Compensation ¹⁾					number of shares
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF) ²⁾	
Board of Directors						
Brecht-Bergen Stephanie (since September 2015)	127,821	0	1,749	129,570	52,191	83
Chiu Elton SK	153,100	9,435	10,643	173,178	62,884	100
Daeniker Daniel	153,100	60,000	14,258	227,358	115,238	184
Chair Audit Committee						
Dörig Rolf	153,100	57,500	14,479	225,080	83,447	134
Vice-Chairman of the Board						
Chair Compensation Committee						
Member Audit Committee (until August 2015)						
Member Nomination Committee						
Dubs-Kuenzle Karina	153,100	20,000	12,489	185,589	62,884	100
Graf Ulrich	216,201	260,000	27,812	504,013	160,813	257
Chairman of the Board						
Chair Nomination Committee						
Gummert Hans (since September 2015)	127,821	94,413	2,180	224,413	58,449	93
Member Audit Committee						
Member Compensation Committee						
Member Nomination Committee						
Hepner John	153,100	0	–	153,100	96,375	154
Hess Hans	153,100	35,000	14,798	202,899	94,174	150
Member Audit Committee						
Member Compensation Committee						
Member Nomination Committee						
Mankel-Madaus Christine (since September 2015)	127,821	–	1,749	129,570	52,191	83
Pleines Thomas (until August 2015)	25,281	1,667	1,811	28,758	10,179	17
Member Compensation Committee (until August 2015)						
Total Board of Directors	1,543,546	538,015	101,969	2,183,530	848,826	1,356

1) Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 9,435 and compensation for the membership of the Supervisory Board of dorma+kaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 65,246 are included in the compensation (additional compensation). Business expenses are not included.

2) The compensation for the reporting period is paid out in two installments. The valuation of the shares is based on the share price at respective grant dates and can therefore vary. The shares to be transferred in November 2016 are recognized at CHF 648.87, which is the average share price in May and June 2016.

	Fixed compensation			Variable Compensation			Total CHF	
	Fixed basic payment ³⁾	Benefits and Social/Pension contributions ⁴⁾	Total aggregate amount	STI ⁵⁾	LTI ⁶⁾	Social/Pension contributions		Total aggregate amount
Executive Committee								
Cadonau Riet	785,841	133,570	919,410	1,187,817	480,333	261,648	1,929,798	2,849,208
Other Executive Committee	3,406,739	882,876	4,289,616	2,322,225	983,021	621,198	3,926,444	8,216,059
Total Executive Committee	4,192,580	1,016,446	5,209,026	3,510,042	1,463,354	882,846	5,856,242	11,065,267

3) In the reporting year 2015/2016, a member of the Executive Committee received a fixed number of shares as part of his fixed basic compensation.

4) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation that were effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, service anniversary or housing contributions. Fringe benefits amount to CHF 10,311 for the CEO and CHF 262,307 for the other members of the Executive Committee.

5) The short-term incentive reported here will be paid after the end of the reporting year.

6) The CEO receives a guaranteed allocation of 550 shares (worth CHF 356,879) which are blocked for three years. These shares are not yet included in the shares held as of 30.06.2015 as listed on page 82, however they have been included in the long-term incentive compensation figure with a share price of CHF 648.87 (average closing price of May/June 2016).

Financial year 2014/2015

Compensation ¹⁾						
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF) ²⁾	number of shares
Board of Directors						
Alleman Heribert Member Audit Committee (until October 2014)	45,547	13,333	3,406	62,287	19,272	33
Chiu Elton SK	144,433	26,747	9,788	180,969	58,589	100
Daeniker Daniel Chair Audit Committee	145,685	60,000	14,176	219,861	58,589	100
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Audit Committee Member Nomination Committee	145,521	64,167	14,455	224,143	58,589	100
Dubs-Kuenzle Karina	144,724	20,000	11,742	176,466	58,589	100
Graf Ulrich Chairman of the Board Chair Nomination Committee Member Compensation Committee (until October 2014)	221,155	289,167	32,086	542,408	117,178	200
Heppler John	142,115	-	-	142,115	58,589	100
Hess Hans Member Audit Committee (from October 2014) Member Compensation Committee Member Nomination Committee	144,894	25,833	12,177	182,904	58,589	100
Pleines Thomas Member Compensation Committee	144,888	9,167	10,819	164,874	58,589	100
Total Board of Directors	1,278,963	508,414	108,649	1,896,026	546,575	933

- 1) The compensation for July-October 2014 was paid on the basis of the old rule, and from November 2014 on the basis of the new rule. Compensation consists of a cash payment and a fixed allocation of shares. Payments in the form of lump-sum fees are additionally made for specific roles within the Board of Directors (Chair, Vice-Chair, chairmanship and membership of the Audit Committee), while payments in the form of time-related fees are envisaged for specific tasks allocated by the Board of Directors and for membership of the Compensation, Audit and Nomination Committee. The figures do not include expenses. Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, and the compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 26,747, are included under "Additional compensation for special tasks".
- 2) As part of their compensation, each Board member is awarded a fixed amount of 100 shares (pro rata if a member joins or leaves during the reporting period). The Chairman of the Board of Directors receives a fixed 200 shares. Part of the cash element of the basic compensation can also be paid out to individual Board members in the form of Kaba Holding AG shares if so requested. This choice was not possible in the 2014/2015 financial year because Board members' actions were restricted by M&A activities; the basic component and the additional payments were therefore paid fully in cash in 2014/2015. The share allocation for the current period is not yet included in the number of shares held on 30.06.2015 as shown on page 82.

	Fixed compensation			Variable Compensation			Total CHF ⁶⁾	
	Fixed basic payment	Benefits and Social/Pension contributions	Total aggregate amount	STI	LTI ⁴⁾	Social/Pension contributions	Total aggregate amount ⁵⁾	
Executive Committee ³⁾								
Cadonau Riet	740,121	122,030	862,151	1,079,742	390,917	221,992	1,692,651	2,554,802
Other Executive Committee	2,437,427	677,541	3,114,969	1,414,803	600,969	411,076	2,426,848	5,541,817
Total Executive Committee	3,177,548	799,571	3,977,120	2,494,545	991,886	633,068	4,119,499	8,096,619

- 3) Overall compensation paid to the Executive Committee consists of fixed basic payment and – if the relevant criteria have been fulfilled – variable short- and long-term compensation. The variable compensation comprises a short-term performance bonus, the value of the shares awarded in September 2014 and the value of the annual allocation of Matching Shares that go with the awarded shares in accordance with the selected stock award plan. The stated social benefits are the amounts actually paid during the year under review and relate to the variable compensation actually paid out in the year under review. The STI and LTI amounts shown here are usually only paid out after the end of the reporting year.
- 4) The CEO receives a guaranteed allocation of 550 shares (worth CHF 327,322) which is blocked for three years. It is not yet included in the shares held as of 30 June 2015 as listed on page 82. In the year under review, one member of the Executive Committee has received a number of shares as part of his fixed basic payment.
- 5) During the year under review, the variable compensation for individual members of the Executive Committee was worth between 25% and 67% of the total compensation (social benefits not included).
- 6) Two previous members of the Executive Committee who continued to work for Kaba Group in an advisory role, were additionally paid a total of CHF 244,252 in the financial year.

Shares held by Board of Directors and Executive Committee

As at the respective call date, the individual members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares in dorma+kaba Holding AG.

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
	Number of shares	Number of shares
Board of Directors		
Brecht-Bergen Stephanie (entry as of 20 October 2015)	189,768	N/A
Chiu Elton SK	583	483
Daeniker Daniel	1,160	874
Dörig Rolf	4,553	4,403
Dubs-Kuenzle Karina	36,761	36,661
Graf Ulrich	7,276	7,770
Gummert Hans Ludwig (entry as of 20 October 2015)	76	N/A
Hess Hans	1,133	983
Heppner John	374	203
Mankel-Madaus Christine (entry as of 20 October 2015)	189,768	N/A
Pleines Thomas (end of tenure 20 October 2015)	N/A	482
Total Board of Directors	431,452	51,859
Executive Committee		
Brinker Bernd (entry as of 01 September 2015)	0	N/A
Cadonau Riet	3,050	2,500
Gaspari Roberto	1,900	1,450
Häberli Andreas	885	610
Jacob Christoph (entry as of 01 September 2015)	0	N/A
Kincaid Michael	655	480
Lee Jim-Heng	498	N/A
Lichtenberg Jörg (entry as of 01 September 2015)	0	N/A
Malacarne Beat	1,025	650
Roth Hans-Jürg (end of tenure 31 January 2016)	0	80
Sichelschmidt Dieter (entry as of 01 September 2015)	0	N/A
Zocca Stefano	1,011	786
Total Executive Committee	9,024	6,556

Report of the statutory auditor to the General Meeting dorma + kaba Holding AG, Rümlang

We have audited the accompanying compensation report of dorma+kaba Holding AG for the year ended 30 June 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 80–82 of the compensation report.

Board of Directors' responsibility

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

Auditor's responsibility

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

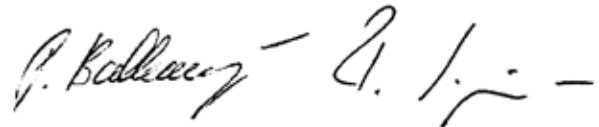
An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of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

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

Opinion

In our opinion, the compensation report of dorma+kaba Holding AG for the year ended 30 June 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG
Zurich, 31 August 2016



Patrick Balkanyi
Audit expert
Auditor in charge

Reto Tognina
Audit expert

Imprint

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This communication contains certain forward-looking statements, e.g. statements using the words "believes", "assumes", "expects", or formulations of a similar kind. Such forward-looking statements are based on assumptions and expectations which the company believes to be well founded, but which could prove incorrect.

They should be treated with appropriate caution because they naturally involve known and unknown risks, uncertainties and other factors which could mean that the actual results, financial situation, development or performance of the company or Group are materially different from those explicitly or implicitly assumed in these statements. Such factors include:

- The general economic situation
- Competition with other companies
- The effects and risks of new technologies
- The company's ongoing capital requirements
- Financing costs
- Delays in the integration of acquisitions
- Changes in operating expenses
- Fluctuations in exchange rates and raw materials prices
- Attracting and retaining skilled employees
- Political risks in countries where the company operates
- Changes to the relevant legislation
- Realization of synergies
- Other factors named in this communication

If one or more of these risks, uncertainties or other factors should actually occur, or if one of the underlying assumptions or expectations proves incorrect, the consequences could be materially different from the assumed ones. In view of these risks, uncertainties and other factors, readers are cautioned not to place undue reliance on such forward-looking statements. The Company accepts no obligation to continue to report or update such forward-looking statements or adjust them to future events or developments. The Company emphasizes that past results and performances cannot lead to conclusions about future results and performances. It should also be noted that interim results are not necessarily indicative of year-end results. Persons who are unsure about investing should consult an independent financial advisor.

This press release constitutes neither an offer to sell nor a call to buy securities.

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www.dormakaba.com

dorma+kaba Holding AG
Hofwisenstrasse 24
8153 Rümlang
Switzerland