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REPORT 2015

Burkhalter Group

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TOGETHER

The Burkhalter Group was very successful in the 2015 financial year.

This will therefore allow the Board of Directors to ask the Shareholders' Meeting to approve a dividend of CHF 5.25 per share.

As in previous years, our objective is once again to increase earnings per share in the current financial year. However, the increase will not be as high as in 2015. We believe that this is a very realistic assessment in view of the current situation

Dear Shareholders

The Burkhalter Group achieved its objective of again improving earnings per share (plus 10.5%), in financial year 2015 as well. This confirms that our strategy of accepting orders on a selective basis and focusing on quality sales is correct. Should we make acquisitions again, which would, as previously, depend on the situation at the time, sales growth is also possible.

Earnings per share came to CHF 5.80 (previous year CHF 5.25), the operating result (EBIT) was CHF 42.3 million (previous year CHF 38.7 million, up by 9.2%), Group profit was CHF 34.8 million (previous year CHF 31.5 million, up by 10.5%), and sales came in at CHF 509.7 million (previous year CHF 519.5 million, down by 1.9%).

Growth through acquisitions

We have made 16 acquisitions since the IPO in 2008. The latest member of the Group is the Kolb Group's electrical division in the Rheintal, which consists of four independent companies: Kolb Elektro AG, Kolb Elektro SBW AG, Kolb Elektro SBW Aktiengesellschaft in Schaan (FL) and Kolb el-consult AG. The Burkhalter Group made the purchase on 3 February 2015; the signed purchase contract was executed on 3 July 2015. Growth through the targeted purchase of other electrical engineering companies will also remain part of our strategy in future.

Proposed dividend

The financial success of the Burkhalter Group will allow the Board of Directors to ask the Shareholders' Meeting to approve a dividend of CHF 5.25 per share.

Outlook optimistic

As in previous years, our objective for the current financial year is to once again improve the earnings per share. However, the increase will not be as high as in 2015. We believe that this is a very realistic assessment in view of the current situation.

Thanks

As always, we would like to thank our outstanding employees first and foremost. Their commitment drives the Burkhalter Group's success. And we would also like to thank our customers and business partners for the good teamwork and our shareholders for the trust they have placed in us.



Gaudenz F. Domenig
Chairman of the Board of Directors



Marco Syfrig
CEO and Delegate of the Board of Directors

Zurich, 8 April 2016

MANAGEMENT REPORT

1. General business performance

The Burkhalter Group is the leading one-stop provider of electrical engineering services to the construction sector (residential and non-residential buildings as well as infrastructure facilities) in Switzerland.

The electrical engineering segment in the broadest sense is involved with electricity and/or the management of electrical machines and installations. Electrical engineering begins at the power utility company and includes all the processes that culminate in the management of electrical machines and installations for the end user. The Burkhalter Group concentrates on electrical engineering services for buildings (all buildings including infrastructure facilities). The Burkhalter Group excludes the electricity grid which deals with the transportation of energy to the place of consumption (building) from its spectrum of services.

The Burkhalter Group provides these services with 43 legally independent companies at 99 locations in Switzerland. The average number of full-time jobs in 2015 amounted to 3,007 (previous year: 2,962) employees, including 677 (previous year: 653) apprentices, spread throughout Switzerland.

The Burkhalter Group achieved its objective of again improving earnings per share (plus 10.5%), in financial year 2015 as well. This confirms that our strategy of accepting orders on a selective basis and focusing on quality sales is correct. Should we make acquisitions again, which would, as previously, depend on the situation at the time, sales growth is also possible.

We have made 16 acquisitions since the IPO in 2008. The latest member of the Group is the Kolb Group's electrical division in the Rheintal, which consists of four independent companies: Kolb Elektro AG, Kolb Elektro SBW AG, Kolb Elektro SBW Aktiengesellschaft in Schaan (FL) and Kolb el-consult AG. The Burkhalter Group made the purchase on 3 February 2015; the signed purchase contract was executed on 3 July 2015. Growth through the targeted purchase of other electrical engineering companies will also remain part of our strategy in future.

2. Risk assessment

In 2008, Burkhalter Group introduced a Group-wide risk management process. Due to the Burkhalter Group's business activities, there are various financial risks, such as default risk, market risk (foreign currency and interest rate risk) and liquidity risk.

Default risk is the risk that a customer cannot fulfil their contractual obligations and arises mainly from trade receivables as well as from receivables from work in progress and cash and cash equivalents.

Market risk mainly relates to changes in market prices such as exchange rates and interest rates. The Burkhalter Group is only marginally exposed to foreign currency and interest rate risks.

Liquidity risk is the risk that the Burkhalter Group cannot meet its financial obligations upon maturity. Liquidity is therefore monitored on a permanent basis. Liquidity reserves are maintained in order to balance out any standard fluctuations in funding requirements.

The Board of Directors and the Management Board carried out a risk assessment in the 2015 financial year. This was based on a Group-specific risk profile and on information collated by the Board of Directors in collaboration with the Management Board.

Measures were defined for dealing with the key risks identified; these measures are monitored at regular intervals and reassessed. The result of the risk assessment was approved by the Board of Directors.

3. Order book

The Burkhalter Group has an order backlog of four to five months, which together with the short-term service orders constitutes a comfortable order book. Construction and renovation are also still buoyant in Switzerland, which will lead to further orders in future.

4. Research and development activity

Due to our work as a provider of electrical engineering services to the construction sector (services), the Burkhalter Group has not carried out any research and development projects in the past financial year.

5. Extraordinary events

Apart from the acquisitions mentioned in the Notes, there were no extraordinary events for the Burkhalter Group in the past financial year.

6. Forward-looking projections

As in previous years, our objective is once again to increase earnings per share in the current financial year. However, the increase will not be as high as in 2015. We believe that this is a very realistic assessment in view of the current situation.

From today's perspective, construction activity in Switzerland will increase further in 2016 because of the low level of interest rates and ongoing immigration. Demand for services will also remain high in future. The Burkhalter Group will therefore benefit from these positive framework conditions in future too.



Gaudenz F. Domenig
Chairman of the Board of Directors
Directors



Marco Syfrig
CEO and Delegate of the Board of

Zurich, 8 April 2016

CORPORATE GOVERNANCE

Unless expressly stated otherwise, all the information contained herein is valid as of the reporting date of 31 December 2015.

7. Group structure and shareholder base

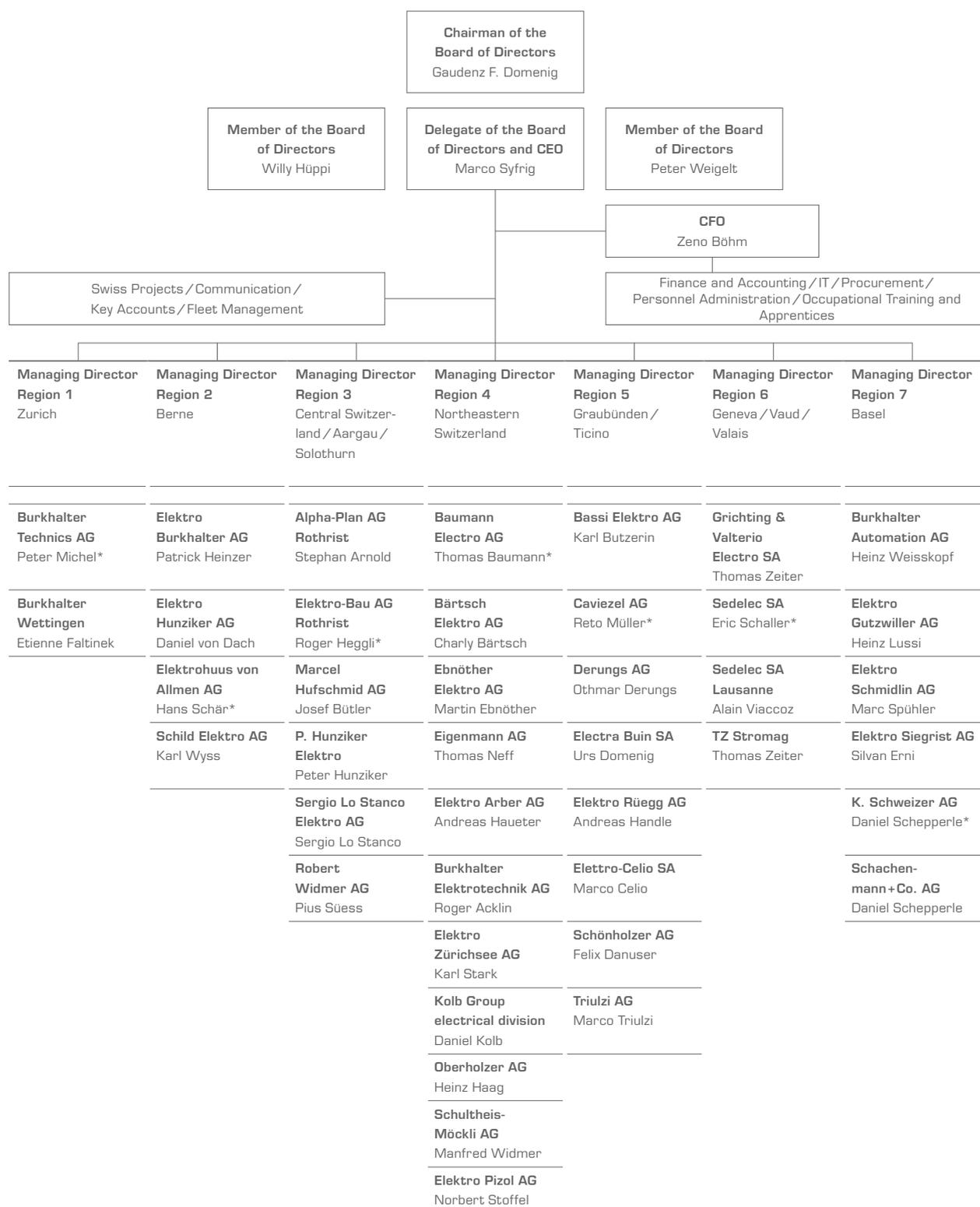
Group structure

The parent company of the Burkhalter Group, Burkhalter Holding AG, Zurich (hereinafter also referred to as the «company»), is listed on the Swiss Reporting Standard of SIX Swiss Exchange AG (ticker symbol: BRKN; security number: 21 225 580; ISIN code: CH0212255803); market capitalisation CHF 650,799,000 (previous year CHF 517,940,000). The Burkhalter Group was listed on the Main Standard on 20 June 2008. On 2 December 2013, the Burkhalter Group changed to the Domestic Standard and was assigned to the Swiss Reporting Standard on 3 August 2015. The Burkhalter Group comprises 43 operational, largely autonomously managed companies, each with their own managing director, that operate in a total of 99 locations in all four regions of Switzerland. Two subsidiaries of Group companies are also managed semi-autonomously by their own managing director. Apart from two companies, all the Group companies included in the scope of consolidation are wholly owned by Burkhalter Holding AG (see Note 31 to the consolidated financial statements). Burkhalter Holding Ltd has a stake of 50% in Alpiq Burkhalter Technik AG. In contrast to all other Group companies, which are fully consolidated, this company is consolidated at equity.

The operations of the Burkhalter Group are managed by the Chief Executive Officer (CEO), who also heads up Burkhalter Management AG, which provides various services to the Burkhalter Group. The CEO is assisted by the Chief Financial Officer (CFO), who supports the CEO in handling the financial administration. The Group Management Board comprises the CEO and the CFO.

The managing directors report directly to the CEO.

Geographically, the Group companies cover a total of seven regions. One of the managing directors is responsible for regional coordination in every region. Alpiq Burkhalter Technik AG is not included in this organisational structure, and its managing director reports directly to its own board of directors.



* Regional Manager

As at 31 December 2015

Alpiq Burkhalter Technik AG, in which Burkhalter Holding Ltd has a stake of 50%, is not included in this organisational structure. Its managing director, Roland Herlig, reports directly to its own board of directors.

Significant shareholders

The following significant shareholders held at least 3% of the shares outstanding as of the reporting date:

Ingro Finanz AG	12.0%	717,587 shares
Gaudenz F. Domenig	10.7%	640,000 shares
Marc Domenig	5.3%	317,983 shares
Thomas Domenig	5.3%	316,000 shares
Tarzisius Caviezel	3.7%	221,517 shares

Cross-shareholdings

There are no cross-shareholdings.

8. Capital structure**Capital**

The ordinary share capital of the company amounts to CHF 240,000 divided into 5,998,149 registered shares with a par value of CHF 0.04 each. As of the reporting date, the company and its Group companies held a total of 2,600 treasury shares.

Conditional or authorised share capital

The company has neither conditional nor authorised capital.

Changes in capital

The capital of the Burkhalter Group did not change in 2015 or in the previous year.

The share capital of Burkhalter Holding Ltd changed as follows in the past eight years:

Status at	Share capital in CHF thousand
31 December 2008	22,279
31 December 2009	14,481
31 December 2010	3,342
31 December 2011	223
31 December 2012	223
31 December 2013	240
31 December 2014	240
31 December 2015	240

Shares and participation certificates

The share capital of Burkhalter Holding Ltd is divided into 5,998,149 fully paid-up registered shares with a par value of CHF 0.04 each. Each share entitles the holder to one vote at the Shareholders' Meeting and grants the shareholder equal membership rights, including a claim to the pro rata payment of the agreed dividend and any liquidation proceeds.

The company has not issued any participation certificates.

Dividend-right certificates

The company has not issued any dividend-right certificates.

Restrictions on transferability and nominee registrations

The Board of Directors maintains a share register in which the names and addresses of the owners and beneficiaries of shares in the company are recorded. The company only recognises the voting rights of a shareholder if he/she has been entered in the share register as the owner or beneficiary of the shares in question. Applications for approval of share transfers must be submitted to the Board of Directors. Entry in the share register can be refused if the acquirer does not confirm that he/she has acquired the shares or usufructuary rights in his/her own name and for his/her own account.

During the reporting year, the company did not refuse to record any purchases of shares or usufructuary rights in the share register. The provisions of the Articles of Association regarding the restrictions on the transferability of shares in the company can be lifted if the Articles of Association are amended accordingly by a simple majority of the votes cast at the Shareholders' Meeting.

Convertible bonds and options

The company has not issued any convertible bonds or options. The same applies to all Group companies.

9. Board of Directors

Members of the Board of Directors

On 31 December 2015, the Board of Directors of the Burkhalter Group consisted of the following four members:



Gaudenz F. Domenig
Chairman, elected until 2015,
born in 1956, Swiss

Gaudenz F. Domenig has been a shareholder and non-executive member of the Board of Directors since 2000. In 2003 he was appointed Chairman of the Board. Following his studies at the University of Zurich (lic.iur. 1981) and at New York University (LL.M. 1983), he was admitted to the bar in New York (1984) and in Zurich (1989).

In 1989, he joined the law firm of Prager Dreifuss AG in Zurich, where he became a partner in 1992. He has been a consultant since the beginning of 2012. He is chairman of the board of directors of Hockey Club Davos AG and various other Swiss companies. Gaudenz F. Domenig has never served in an executive capacity for any of the Burkhalter Group companies. He is chairman of the employer-funded foundation of Burkhalter Holding Ltd. The law firm Prager Dreifuss AG sometimes provides services for companies belonging to the Burkhalter Group (page 22).



Marco Syfrig
Delegate and CEO,
elected until 2015,
born in 1960, Swiss

Marco Syfrig has been CEO of the Burkhalter Group since 2008. He was elected to the Board of Directors at the 2008 Shareholders' Meeting and was subsequently appointed Delegate by the Board.

Marco Syfrig is responsible for the operational management of the company in his role as Delegate of the Board of Directors and CEO. He completed his law studies in Berne in 1984 and was admitted to the Lucerne bar in 1986. Until 1997, he worked for Ernst & Young, Zurich, where he became a partner in 1993. In 1997, he founded Taxpartner AG, Zurich, together with a number of other

partners from Ernst & Young. In 1998, Marco Syfrig acquired a stake in Highlight Communications AG, Pratteln, where he worked as CFO and CEO. From 2004 to 2006, he was CFO of Fumapharm AG, Lucerne, which was sold to Biogen Idec, USA in 2006.



Willy Hüppi
Member, elected until 2015,
born in 1961, Swiss

Willy Hüppi has been a non-executive member of the company's Board of Directors since 2006.

He is a certified accountant, and worked for the auditing and the mergers & acquisitions divisions of Ernst & Young from 1985 to 1993. From 1993 to 1999, he worked for BZ Group in Freienbach, where, as a partner of BZ Group, he was responsible for the finance and accounting of BZ Group Holding as well as for the management and control of shareholdings in companies and other investment projects. Willy Hüppi is a member of the board of trustees of the Pension Fund of the Burkhalter Group, the Management Foundation of Burkhalter Holding Ltd. and the employer-funded foundation of Burkhalter Holding Ltd..



Peter Weigelt
Member, elected until 2015,
born in 1956, Swiss

Peter Weigelt has been a non-executive member of the Board of Directors of Burkhalter Holding Ltd since 2004.

After training as a school teacher and working as a radio journalist he was the party secretary of the Free Democratic Party (FDP) of the Canton of St. Gallen. After finishing various part-time training courses, he started his own communications consulting company in 1998 (PR advisor at BR/SPRG) and built up a number of companies operating in the field of communications. Today, Peter Weigelt is a member of the board of directors of several companies that do not belong to the Burkhalter Group. Among others, he is chairman of the board of directors of Capita Customer Services AG, Tägerwilten, one of the leading providers of communication services in Europe, of PREMIUMcommunications Holding AG, Tägerwilten, and of dfmedia ag, Gossau. From 1995 to 2006, Peter Weigelt was an FDP member of the National Council for the Canton of St. Gallen.

Other activities and vested interests

See the brief biographies of the different Board members.

Mandates of the Board of Directors

Members of the Board of Directors and any Advisory Board may not exercise mandates on the boards of directors of more than five additional listed companies and on the boards of directors of more than 20 additional unlisted companies simultaneously.

These restrictions do not cover mandates as a member of the board of directors in controlled companies, associations, charitable organisations, foundations, trusts and staff welfare foundations.

Mandates on the most senior management bodies or boards of directors of a legal entity, which must be registered in the Commercial Register or a corresponding foreign register, count as mandates.

Election and term of office

The members of the Board of Directors are elected at the ordinary Shareholders' Meeting for a

term of office of one year at a time, and they may stand for re-election without restriction. In the reporting year, the four members of the company's Board of Directors were re-elected by the Shareholders' Meeting. Except for Marco Syfrig, who serves as CEO, none of the members of the Board of Directors has any significant executive functions within the company.

The ordinary Shareholders' Meeting also elects the Chairman of the Board of Directors. Gaudenz F. Domenig was elected to this office for the reporting year. In addition, the Shareholders' Meeting elects the Compensation Committee. Gaudenz F. Domenig, Willy Hüppi and Peter Weigelt were elected to this Committee for the reporting year.

The Articles of Association do not contain any rules on the appointment of the Chairman, the members of the Compensation Committee and the independent proxy that deviate from the statutory provisions.

Internal organisation

The Board of Directors nominates the Delegate from among its members. In the reporting year, Marco Syfrig, CEO, served as the Delegate of the Board of Directors. The Board of Directors did not appoint a deputy chairman.

The Board of Directors is the highest governing body of the company. It acts in compliance with the by-laws and the delineation of powers of authorisation. The Board of Directors takes fundamental strategic decisions as well as significant investment decisions.

The Board of Directors generally meets once every quarter. In the reporting year, the Board of Directors held five meetings, each of which lasted three hours on average, as well as one telephone conference. In addition to the Board members, the meetings of the Board of Directors are usually also attended by the CFO.

The Board of Directors works as a unit and passes resolutions unanimously whenever possible. The Board is quorate if the majority of its members are present. Its resolutions are carried by a majority of the votes of the members in attendance. The Chairman takes part in the vote and has the casting vote if votes are tied.

The Board of Directors may delegate specific tasks to committees. Apart from the Compensation Committee required by law, of which Gaudenz F. Domenig, Willy Hüppi and Peter Weigelt are members, no other committees were set up in the reporting year. The functions of the Audit and Remuneration Committee are carried out by the Board of Directors.

Definition of areas of responsibility

The Board of Directors has partially delegated the management of the company to the Management Board in a set of by-laws. The powers of authorisation for specific transactions are set forth in the delineation of areas of responsibility according to hierarchical level. The by-laws can be consulted in PDF format on the Burkhalter website <http://www.burkhalter.ch/en/investor-relations/reports>.

Information and control instruments vis-à-vis the Management Board

In compliance with the by-laws the Board of Directors has implemented a comprehensive system to monitor and manage the risks associated with the company's business operations. This process includes the identification, analysis, management and reporting of risks. Operationally speaking, the Management Board is responsible for the management of risks. It regularly prepares risk reports for the attention of the Board of Directors.

The Board of Directors uses the following instruments to monitor and control the Management Board:

- Monthly reporting (management information system with sales, new orders, order book for current month and cumulative for the current year, plus the same figures for the previous year; cockpit overview per Group company with nine different graphs over 13 periods as well as a management summary)
- Quarterly financial statements
- Half-year consolidated financial statements
- Annual assessment/approval of the annual budget
- Approval of the Group strategy
- Special reports on important investments, acquisitions and cooperation agreements

Please also refer to Note 2, Risk assessment, on page 6.

Internal auditors

The Burkhalter Group does not have an internal audit unit.

10. Management Board

The Management Board of the Burkhalter Group consists of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The CEO is in charge of business operations, while the CFO is responsible for finance and accounting. The CEO reports to the Board of Directors and the CFO reports to the CEO. The CFO also takes part in meetings of the Board of Directors.

The members of the Management Board are appointed by the Board of Directors.

Members of the Management Board

Marco Syfrig Brief biography, see 9. Board of Directors (page 11).

Zeno Böhm has been working for the Burkhalter Group since 2009, and has been CFO and a member of the Management Board since May 2010. He is also responsible for the Group's strategy and the acquisition of new electrical engineering companies.

Zeno Böhm studied business administration at the Lucerne University of Applied Sciences and Arts from 2002 to 2003, majoring in finance and banking. From 2010 to 2012, he did his Master of Advanced Studies (MAS) in Corporate Finance (CF) at the Institute of Financial Services (IFS) in Zug. From 2004 to 2007, he managed the Schloss Hotel Swiss Chalet AG in Merlischachen as resident manager and from 2008 to 2009, he served as vice-director of the Park Hotel Weggis AG in Weggis. In both of these positions he was responsible for finances and controlling. From 2005 to 2009, he was a lecturer in management accounting at the Swiss School of Hotel Management in Lucerne (SHL) and from 2007 to 2009, he taught management accounting and financing at the Institute of Tourism at the Lucerne University of Applied Sciences and Arts.

Zeno Böhm is chairman of the board of trustees of the Pension Fund of the Burkhalter Group and the Management Foundation of Burkhalter Holding AG. He is also a trustee and the manager of



Marco Syfrig
Delegate and CEO,
elected until 2015,
born in 1960, Swiss



Zeno Böhm
CFO, born in 1973, Swiss

the employer-funded foundation of Burkhalter Holding Ltd., a trustee of the pension foundation of Schmidlin Holding AG and a trustee of the Kolb Elektro Group's staff welfare foundation. He currently sits on the board of experts for the MAS Corporate Finance course at the IFS in Zug and is a member of the IFS Alumni Committee.

Other activities and vested interests

See the brief biographies of the Management Board members.

Mandates of the Management Board

Members of the Management Board may not exercise more than five additional mandates in listed companies and in more than 20 additional unlisted companies simultaneously. The Board of Directors must approve the additional mandates in advance.

These restrictions do not cover mandates as a member of the board of directors in controlled companies, associations, charitable organisations, foundations, trusts and staff welfare foundations.

Mandates on the most senior management bodies or boards of directors of a legal entity, which must be registered in the Commercial Register or a corresponding foreign register, count as mandates.

Management contracts

There are no management contracts.

11. Compensation, shareholdings and loans

Information on compensation and additional remuneration is provided in the compensation report on page 19.

Shareholdings

The members of the Board of Directors of the company hold the following investments in the company directly or via related companies:

Gaudenz F. Domenig	10.7%	640,000 shares
Marco Syfrig		see Management Board
Willy Hüppi	2.4%	144,267 shares
Peter Weigelt	0.5%	29,830 shares

The members of the Management Board hold the following investments in the company directly or via related companies:

Marco Syfrig	0.5%	30,750 shares
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Non-executive members of the Board of Directors and companies related to them own a total of 814,097 shares (previous year 855,703 shares) of the company. The members of the Management Board own a total of 30,750 shares (previous year 50,000 shares). Thus the members of the Board of Directors and the Management Board own a total of 844,847 shares or 14.1% of the outstanding share capital (previous year 905,703 shares or 15.1%).

No share-based payments are made to the members of the Board of Directors or the Management Board.

Loans to governing and executive bodies

Members of the Board of Directors and any Advisory Board do not receive loans from the company.

Members of the Management Board may be granted loans up to a maximum of CHF 500,000 if the company's business performance allows this.

Loans are mainly granted on the same conditions as those to employees of the company.

Neither the company nor the other Group companies granted any loans to members of the company's Board of Directors or Management Board or any parties related to them in the reporting year or the previous year.

12. Participation rights of shareholders

Voting rights restrictions and representation

The Articles of Association do not contain any restrictions on voting rights or any provisions that deviate from the law as regards participation in the Shareholders' Meeting. Every share entitles the holder to one vote at the Shareholders' Meeting. The voting right can only be exercised if the shareholder is registered as a shareholder with voting rights in the share register of the company. Treasury shares do not carry any voting rights.

Shareholders can be represented at the meeting by written power of attorney, in which case the representative does not have to be a shareholder. Statutory representatives of shareholders do not need a proxy. Shareholders who are unable to attend the Shareholders' Meeting can also appoint the independent proxy to represent them at the meeting (see page 11 «Restrictions on transferability and nominee registrations»).

The Articles of Association do not contain any rules regarding participation in the Shareholders' Meeting that deviate from the law.

Statutory quorum

The Articles of Association do not contain any rules on the quorum required for the passing of resolutions at the Shareholders' Meeting that deviate from the statutory provisions.

Convocation of the Shareholders' Meeting / agenda items

The Shareholders' Meeting is convened by the Board of Directors at least 20 days before the meeting date.

The invitation must contain the agenda as well as the motions of the Board of Directors and of any shareholders who requested the convocation of the meeting or exercised their right to add an item to the agenda.

The invitation to the Shareholders' Meeting and the placing of items on the agenda are governed by the Articles of Association of Burkhalter Holding Ltd and Article 699 et seq. of the Swiss Code of Obligations. The Articles of Association are available in PDF format on the Burkhalter website <http://www.burkhalter.ch/en/investor-relations/reports>.

Entry in the share register

All shareholders who are entered in the share register as shareholders and entitled to vote up until the date of the ordinary Shareholders' Meeting may participate in the Shareholders' Meeting. The Board of Directors generally decides on pending requests for entry in the share register shortly before the ordinary Shareholders' Meeting (see page 11 «Restrictions on transferability and nominee registrations»).

13. Change of control and defence measures

Duty to make an offer

The Articles of Association of Burkhalter Holding Ltd do not contain any opting-out or opting-up provisions.

Change of control clauses

There are no change of control clauses for the members of the Board of Directors and the Management Board of the Burkhalter Group.

14. Auditors

Duration of mandate and term of office of the lead auditor

The company's auditors KPMG AG, Zurich, were elected as auditors for the first time at the Shareholders' Meeting in 2002 for a standard term of office of one year. The auditors were subsequently re-elected every year.

Since 2011, Reto Benz has been the lead auditor for the company. Some of the Group companies are audited by other auditors.

Auditing fees

The auditors of the company charged fees totalling approximately CHF 350,000 (previous year CHF 441,000) for exercising their statutory mandate as auditors to various Group companies and as Group auditors for the reporting year.

Additional fees

The auditors (and/or their associated companies) provided audit-related services exceeding their mandate as auditors to some of the Group companies in the reporting year, for which they invoiced a total of CHF 36,000 (previous year CHF 12,000).

Information instruments pertaining to external audits

The Board of Directors and the CEO call a meeting with the auditors at least once a year to discuss the audit results and the annual financial statements. This discussion is based on the comprehensive audit report submitted to the Board of Directors.

There was one meeting between the auditors, the Chairman of the Board of Directors and the CEO in the reporting year.

Every year, the Board of Directors reviews the audit plan as well as the audit focus points. Basing their decisions on their own experience and their strength of judgement, the members of the Board of Directors evaluate the performance, independence and compensation of the external auditors. The Board of Directors takes note of the full report of the external auditors.

15. Information policy

The Burkhalter Group provides its shareholders, customers and other stakeholders with transparent information regarding the company and the development of its business. The Annual Report, consisting of the Financial Report and the Portrait, and the Shareholders' Meeting are the primary communication media.

The annual reports, latest share price, media releases and other information have been available for download from the website <http://www.burkhalter.ch/en/investor-relations/reports> since 2011.

The company publishes information relevant to its share price in compliance with the guidelines of SIX Swiss Exchange AG.

Outlook

The Shareholders' Meeting for the 2016 financial year is scheduled to take place on 19 May 2017. All registered shareholders will receive a personal invitation around 20 days prior to this date. Any requests by shareholders to add items to the agenda must be submitted to the Board of Directors six weeks before this date.

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Burkhalter Holding Ltd

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COMPENSATION REPORT 2015

This report is prepared in accordance with the Ordinance of 20 November 2013 against Excessive Compensation in Listed Companies Limited by Shares (VegüV) and also includes the information required under section 5 of the Annex to the Corporate Governance Directive of SIX Swiss Exchange AG.

Introductory remarks

To ensure the greatest possible transparency, the Burkhalter Group discloses all relevant information regarding the compensation paid to the Board of Directors and the Management Board.

Except for the special payment, payments to the Board of Directors are always made during the reporting period, while the additional performance bonus of the Management Board is calculated and paid out in the following year after the annual financial statements have been drawn up.

The Management Board consists of the CEO and CFO of the Burkhalter Group.

Compensation policy of the Burkhalter Group

The compensation of the members of the Board of Directors and the Management Board should be in line with the market and commensurate with their efforts and responsibilities. It should serve as motivation to sustainably improve the Group's results. The Burkhalter Group aims to further increase its profit and earnings per share.

Principles and components of compensation

Compensation components for the Board of Directors

The members of the Board of Directors receive a fixed fee for their services as well as an expenses allowance, both of which are paid out in cash. The fixed fee also covers the activities of the Board members on Board committees and on the boards of directors of Group companies. Fees are based on their function on the Board of Directors and the estimated time input based on past experience. Fees are proposed at the discretion of the Compensation Committee and approved by the Board of Directors.

One-off special payments are also possible if the results of the Burkhalter Group are good, provided that this payment is proposed by the Compensation Committee and approved by the Board of Directors. A special payment totalling CHF 150,000 was approved for the work of the Board of Directors in the previous year.

No variable or share-based payments are made to members of the Board of Directors.

Compensation components for the Management Board

The members of the Management Board are compensated for their activities with a guaranteed fixed annual payment in cash, which equals 80% of their target income, plus a performance-related cash bonus that may not exceed 60% of the target income. Together, these may not exceed 140% of the target income.

140%	Maximum income
100%	Target income
80%	Fixed income

Example:

- Target income	CHF 100,000
- Paid out during year	CHF 80,000
- Maximum performance bonus (= 60% of target income)	CHF 60,000

These performance-related variable payments to the Management Board are dependent on the achievement of personal objectives as well as attainment of budget compliance with regard to Group EBIT. The fixed annual fee and objective achievement targets are determined by the Board of Directors every year. A performance bonus is only paid if the degree of objective achievement is at least 85%.

In addition, one-off profit shares are possible if such payments are proposed by the Compensation Committee and approved by the Board of Directors. A special payment totalling CHF 300,000 was approved for the very successful work of the Management Board in the previous year.

The profit shares are usually paid out in May of the following year after all objective achievement parameters are known.

No share-based payments are made to the members of the Management Board.

Severance pay

There are no systems regarding severance pay, and no severance or similar payments were made in the reporting year.

Responsibilities and determination of compensation

The Compensation Committee of the Board of Directors is responsible for proposing the compensation to be paid. It submits the proposals to the full Board every year regarding the compensation to be paid to the Board of Directors and the Management Board.

The members of the Board of Directors whose compensation must be determined usually leave the meeting.

The Compensation Committee consists of three non-executive Board members. Every member is elected individually at the Shareholders' Meeting of the Burkhalter Group. The Board members Gaudenz F. Domenig, Willy Hüppi and Peter Weigelt currently serve on the Compensation Committee.

There are no other Board committees.

Payments to the Board of Directors (audited)

Payments in 2015

CHF thousand	Basic salary	Profit share	Social insurance contributions	Other benefits	Total 2015
Gaudenz F. Domenig Chairman of the Board of Directors	180	-	25	12	217
Marco Syfrig* Delegate of the Board of Directors	-	-	-	-	-
Willy Hüppi, Board member	120	-	17	12	149
Peter Weigelt, Board member	72	-	-	12	84
Total	372	-	42	36	450

* See Group Management Board

Payments in 2014

CHF thousand	Basic salary	Profit share	Social insurance contributions	Other benefits	Total 2014
Gaudenz F. Domenig Chairman of the Board of Directors	180	75	31	12	298
Marco Syfrig* Delegate of the Board of Directors	-	-	-	-	-
Willy Hüppi, Board member	120	50	21	12	203
Peter Weigelt, Board member	72	25	-	12	109
Total	372	150	52	36	610

* See Group Management Board

With the exception of the profit share of the Board of Directors, the compensation paid to the Board of Directors in the reporting year did not change from the previous year.

No share-based payments are made.

As there is no office space for the Chairman of the Board of Directors in the building of the Burkhalter Group, Prager Dreifuss AG receives a contribution to infrastructure costs (office, meeting room, IT infrastructure, assistant, etc.) of CHF 72,000 per year. This compensation is paid by the service company Burkhalter Management AG and is not included in the above statements.

No other payments are made.

No payments were made in the reporting year to former members of the Board of Directors or to any persons who are related to current or former members of the Board of Directors.

Additional fees and remuneration

The law office where the Chairman of the Board of Directors is a consultant provided additional legal services to the company and to some of the Group companies during the reporting year, for which it invoiced fees totalling CHF 17,000 (previous year CHF 6,000).

Payments to the Management Board (audited)

Payments in 2015

CHF thousand	Basic salary	Special payment	Performance bonus	Social insurance contributions	Other benefits	Total 2015
Marco Syfrig CEO Highest individual salary	402	-	301	120	12	835
Zeno Böhm, CFO	330	-	248	93	8	679
Total Management Board	732	-	549	213	20	1,514

Payments in 2014

CHF thousand	Basic salary	Special payment	Performance bonus	Social insurance contributions	Other benefits	Total 2014
Marco Syfrig CEO Highest individual salary	402	150	301	140	12	1,005
Zeno Böhm, CFO	300	150	225	107	8	790
Total Management Board	702	300	526	247	20	1,795

The payments to the Management Board were less than in the previous year, as a special payment of CHF 300,000 was paid out the year before.

No share-based payments are made to the members of the Management Board.

No payments were made in the reporting year to former members of the Management Board or to any persons who are related to current or former members of the Management Board.

Loans and credits (audited)

Members of the Board of Directors and a possible Advisory Board do not receive loans from the company. Members of the Management Board may be granted loans up to a maximum of CHF 500,000 if the company's business performance allows this.

Loans are mainly granted on the same conditions as those to employees of the company.

No loans or credits were granted to members of the Management Board in the reporting year or in the previous year.

No loans or credits were granted in the reporting year to former members of the Board of Directors or the Management Board or any persons related to them.

Approval by the Shareholders' Meeting

The Shareholders' Meeting approved the motions by the Board of Directors in relation to the total amount of the fixed and variable remuneration of the Board of Directors, the Management Board and any Advisory Board for the duration of the past financial year.

The total remuneration approved by the Shareholders' Meeting is understood to include the social security contributions due in each case and the contributions to the employee benefits insurance scheme.

If the Shareholders' Meeting refuses its approval, the Board of Directors may propose new motions for approval at the same Shareholders' Meeting. If the Board of Directors does not propose any new motions or the Shareholders' Meeting also rejects the new motions, the Board of Directors may convene a new Shareholders' Meeting.

If the contract with a member of the Board of Directors or a member of the Management Board includes a prohibition of competition, the company may pay the member in question a maximum annual compensation of 50% of his last total annual remuneration for a maximum of twelve months.

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF BURKHALTER HOLDING LTD, ZURICH

This financial report is available in German, French and English. The printed German version is binding. Therefore, the auditors, KPMG AG, checked the printed German version of the financial statements of Burkhalter Holding Ltd (see printed German version p. 24).



CONSOLIDATED FINANCIAL STATEMENTS 2015

Burkhalter Group

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CONSOLIDATED BALANCE SHEET

Assets

CHF thousand	Notes	31.12.2014	31.12.2015
Non-current assets			
Property, plant and equipment	5	5,574	6,040
Investments in joint ventures		12,563	19,305
Financial assets	6	4,676	6,104
Total non-current assets		22,813	31,449
Current assets			
Inventories		8,733	9,233
Receivables from work in progress	7	66,369	69,103
Trade receivables	8	54,996	56,290
Other current receivables	9	3,190	2,529
Prepayments and accrued income	9	5,574	5,221
Income tax assets	14	349	988
Securities		883	858
Cash and cash equivalents	10	53,673	55,169
Total current assets		193,767	199,391
Total assets		216,580	230,840

CONSOLIDATED BALANCE SHEET

Liabilities and equity

CHF thousand	Notes	31.12.2014	31.12.2015
Equity			
Share capital		240	240
Capital reserves		3,783	3,931
Treasury shares		-424	-275
Retained earnings		89,897	92,784
Total equity before minority interests	11	93,496	96,680
Minority interests		166	8
Total equity	11	93,662	96,688
Non-current liabilities			
Provisions	13	5,849	6,075
Deferred tax liabilities	14	5,333	5,046
Total non-current liabilities		11,182	11,121
Current liabilities			
Liabilities from work in progress	7	34,993	46,510
Trade payables		23,598	22,968
Income tax payable	14	8,523	5,742
Other current liabilities	17	10,323	13,281
Prepayments and accrued income	17	34,299	34,530
Total current liabilities		111,736	123,031
Total liabilities		122,918	134,152
Total liabilities and equity		216,580	230,840

CONSOLIDATED INCOME STATEMENT

CHF thousand	Notes	2014	2015
Net revenue from goods and services	18	506,920	544,374
Change to work in progress	18	12,536	-34,658
Other operating income	19	3,458	2,694
Income from joint ventures		4,997	6,742
Gains on disposal of non-current assets		149	151
Total operating income		528,060	519,303
Cost of materials		-147,678	-136,717
Third-party services		-45,624	-37,238
Personnel expenses	20	-243,473	-249,530
Other operating expenses	21	-50,215	-51,656
Earnings before interest, tax, depreciation and amortisation (EBITDA)		41,070	44,162
Amortisation of intangible assets	4	-575	-
Depreciation of property, plant and equipment	5	-1,798	-1,899
Operating result (EBIT)		38,697	42,263
Financial income	22	285	99
Financial expenses	23	-414	-361
Group profit before tax (EBT)		38,568	42,001
Income tax	14 + 15	-7,086	-7,204
Group profit		31,482	34,797
of which attributable to shareholders of Burkhalter Holding Ltd		31,429	34,792
of which attributable to minority interests		53	5
Earnings per share (in CHF)			
- basic	24	5.25	5.80
- diluted	24	5.25	5.80

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF thousand	Share capital	Capital reserves	Treasury shares	Retained earnings	Total without minority interests	Minority interests	Total incl. minority interests
Equity as at 31.12.2013	240	26,974	-728	61,825	88,311	159	88,470
Group profit	-	-	-	31,429	31,429	53	31,482
Distribution from reserves from capital contributions	-	-23,363	-	-	-23,363	-	-23,363
Dividend	-	-	-	-2,995	-2,995	-46	-3,041
Goodwill	-	-	-	-362	-362	-	-362
Acquisition of treasury shares	-	-	-5,194	-	-5,194	-	-5,194
Disposal of treasury shares	-	172	5,498	-	5,670	-	5,670
Equity as at 31.12.2014	240	3,783	-424	89,897	93,496	166	93,662
Group profit	-	-	-	34,792	34,792	5	34,797
Dividend	-	-	-	-29,979	-29,979	-6	-29,985
Acquisition of minority interests	-	-	-	-173	-173	-157	-330
Goodwill	-	-	-	-1,753	-1,753	-	-1,753
Acquisition of treasury shares	-	-	-3,775	-	-3,775	-	-3,775
Disposal of treasury shares	-	148	3,924	-	4,072	-	4,072
Equity as at 31.12.2015	240	3,931	-275	92,784	96,680	8	96,688

The retained earnings include gains that cannot be distributed totalling CHF 12,070,000. See Note 11 for details on equity.

CONSOLIDATED CASH FLOW STATEMENT

CHF thousand	Notes	2014	2015
Profit before income tax		38,568	42,001
Depreciation, amortisation and impairment	4+5	2,373	1,899
Gain on disposal of non-current assets		-149	-151
Change in provisions		1,263	15
Change in impairments		-174	314
Income from joint ventures		-4,997	-6,742
Financial income	22	-285	-99
Financial expenses	23	414	361
Change in inventories / work in progress		-1,523	9,633
Change in trade receivables		-1,662	1,489
Changes to other current receivables and deferrals		865	1,191
Change in securities / investments		66	-22
Change in trade liabilities		-1,018	-1,452
Changes to other current liabilities and deferrals		723	1,435
Income tax paid	14	-6,883	-11,419
Cash flow from operating activities		27,581	38,453
Acquisition of property, plant and equipment	5	-1,456	-1,689
Additions to financial assets	6	-855	-386
Income from disposal of non-current assets		273	239
Income from disposal of financial assets		1,130	670
Interest received and income from securities		183	95
Investments in subsidiaries, net of cash acquired	2	-283	-5,558
Conditional or deferred purchase price payment		-250	-
Cash flow from investing activities		-1,258	-6,629
Acquisition of minority interests		-	-330
Acquisition of treasury shares		-5,194	-3,775
Disposal of treasury shares		5,670	4,072
Interest paid and financial expenses		-358	-310
Dividend payments to minority interests		-46	-6
Distribution from reserves from capital contributions to Burkhalter shareholders		-23,363	-
Dividend payments to Burkhalter shareholders		-2,995	-29,979
Cash flow from financing activities		-26,286	-30,328
Net increase in cash and cash equivalents		37	1,496
Cash and cash equivalents as at 1 January		53,636	53,673
Cash and cash equivalents as at 31 December	10	53,673	55,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies

General

Burkhalter Holding Ltd, which is domiciled in Zurich, is the holding company of the Burkhalter Group. The consolidated financial statements as at 31 December 2015 comprise Burkhalter Holding Ltd and its subsidiaries as well as investments in joint ventures.

Declaration of compliance

The consolidated financial statements of Burkhalter Holding Ltd have been drawn up in compliance with the Accounting and Reporting Regulations (Swiss GAAP FER) in their entirety and are in accordance with Swiss law.

The consolidated financial statements were approved for publication by the Board of Directors on 8 April 2016. They are also subject to approval by the Shareholders' Meeting on 20 May 2016.

Basis of preparation

The consolidated financial statements are drawn up in Swiss francs, rounded to the nearest thousand. The consolidated financial statements have been prepared on the basis of historical cost, with the exception of the securities classified as current assets, which are measured at fair value.

Financial reporting in compliance with Swiss GAAP FER requires management to make estimates and assumptions as well as to exercise its judgement in applying the accounting principles. This can affect the reported amounts of income, expenses, assets, liabilities and contingent liabilities as at the reporting date. If, at a later date, estimates and assumptions of this kind, which were made by management at the reporting date to the best of its knowledge, should deviate from the actual situation, the original estimates and assumptions will be adjusted in the reporting year in which the conditions have changed.

The Group uniformly applied the following accounting principles for the years 2014 and 2015.

Consolidation principles

Subsidiaries are companies in which Burkhalter Holding Ltd directly or indirectly holds more than 50% of the voting rights or exercises control in another manner. Subsidiaries are consolidated from the date of acquisition and deconsolidated from the date of disposal.

Capital is consolidated using the purchase method, whereby the equity of the Group company at the date of acquisition or establishment is offset against the carrying amount of the investment at the holding company. On the acquisition date, the acquired assets and liabilities of the Group company are measured at fair value in accordance with the uniform accounting standards applied by the Group. Any remaining difference after this revaluation between the purchase price and the revalued net assets of the acquired company is charged directly to equity as goodwill.

Minority interests in **associated companies** (in general investments of 20% to 50%, whereby Burkhalter Holding Ltd has significant influence but cannot exercise control) are recognised according to the equity method.

The share of losses of an associate is essentially recognised until the carrying amount is zero, unless the Group has also undertaken to assume the losses that exceed the carrying amount. The Group did not have any investments in associates either in the 2015 financial year or in the previous year.

Joint ventures are based on a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and in which neither party has the possibility of exercising exclusive control. These companies are accounted for using the equity method.

Working partnerships refer to the jointly managed activities of several contractually associated partner companies. The partner companies manage their commercial activities, their resources and their expertise on a collaborative basis in order to construct a specific building. Every partner company bears its own costs and receives its share of the proceeds from the whole project.

The elimination of transactions during consolidation: Intragroup assets, liabilities, transactions and the resulting unrealised gains are eliminated. Unrealised losses are also eliminated, unless they represent impairment losses, which will result in additional depreciation.

Foreign currency translation

Foreign currency transactions and balances

Items recorded in foreign currency are translated using the current rate method. All assets and liabilities are translated at the exchange rate on the reporting date. Foreign currency transactions are translated at the exchange rates on the transaction date or at the average exchange rate for the month in which the transaction occurred. The resulting exchange differences are recognised in the income statement.

Maturities

All the assets which the Group expects to realise or consume in its normal operating cycle or which are held for the purpose of trading are classified as current assets. All other assets are classified as non-current assets.

All the liabilities which the Group expects to settle in its normal operating cycle using cash flow from operating activities or which are due to be settled within one year from the reporting date are classified as current liabilities. All other liabilities are classified as non-current liabilities.

Derivative financial instruments

Derivative financial instruments are initially and subsequently recognised at fair value. Revaluation gains and losses are recognised in the financial result.

The Group does not hold any derivative financial instruments.

Intangible assets

Goodwill

Acquired goodwill is offset directly against equity at the date of acquisition in accordance with Swiss GAAP FER 30. The effects of theoretical capitalisation, including amortisation and any impairments, are set out in detail in the Notes .

In the case of associates, the carrying amount of the goodwill is included in the carrying amount of the investment.

Other intangible assets

Acquired and internally developed (proprietary) software is recognised at acquisition or production cost, less accumulated amortisation and any impairments. It is amortised on a straight-line basis over its estimated useful life, but at most over 20 years. Currently, software is amortised over three to five years.

Development costs for proprietary software applications are capitalised if the software can be exploited technically and commercially and the Group has sufficient resources for implementation.

Property, plant and equipment

Property, plant and equipment is measured at acquisition or production cost less accumulated depreciation and any impairments. Components of property, plant and equipment that have different useful lives are recognised individually and depreciated separately. Subsequent investments are only capitalised if they increase the economic benefit of the asset. All other expenses for property, plant and equipment are charged to the income statement as incurred.

With the exception of land, property, plant and equipment is depreciated on a straight-line basis through profit or loss over the estimated useful life.

The depreciation periods are as follows (in years):

Buildings	40
Investment properties	40
Internal finishing work	10 (or shorter rental period)
Technical equipment and installations	10
Machines and vehicles	5
IT systems (with standard software already installed)	3

Leases

Lease contracts are recognised if the risks and rewards incidental to ownership are substantially transferred to the Burkhalter Group upon conclusion of the contract. The lease payments are broken down into an interest and a repayment component in accordance with the annuity method. Leased assets are depreciated over the shorter of the lease term or their estimated useful life.

Lease payments under an operating lease are recognised in the income statement on a straight-line basis over the lease term.

Financial assets

Financial assets comprise minority interests, employer contribution reserves, loans and other financial investments.

Shares in companies in which the Burkhalter Group has a stake of less than 20% and where it cannot exercise significant influence are recognised at fair value.

Minority interests and securities for which there is no meaningful stock market price and for which no reliable fair value can be determined are measured at cost less any impairment that may be necessary.

Loans are recognised at par value less any impairment.

Inventories

Inventories are recognised at the lower of acquisition or production cost and fair value less cost to sell. Fair value less cost to sell is the estimated average selling price less the estimated cost of completion and cost to sell. Discounts are recognised as purchase price reductions.

Receivables and liabilities from work in progress

Receivables from work in progress include projects where the accumulated services, including any contribution to operating income, exceed the payments already made. If the payments received are higher than the accumulated services provided including any contribution to operating income, the difference is recognised in liabilities from work in progress. If it is likely that the total contract costs will exceed the contract gains, the anticipated loss is immediately charged to the income statement.

Advance payments received are recognised without affecting profit or loss. They are offset against the corresponding contracts to which the advance payments refer.

Trade receivables and other current receivables

Receivables are recognised at par value less impairment for bad debts. Impairment allowances are set up if there are objective indications that not all outstanding amounts will be recovered.

The impairment allowance comprises the individual impairment for specifically identified items for which there are objective indications that the outstanding amount will not be recovered in full, as well as a flat-rate allowance for groups of receivables with a similar risk profile. The flat-rate allowance covers losses that have occurred but have not yet been recognised. The flat-rate allowance is based on historical payment data for the receivables. The flat-rate allowance equals 2% of the outstanding trade receivables after deduction of individual impairments (previous year 2%).

As soon as there is sufficient indication that a receivable will definitely not be recovered, it is immediately derecognised, i.e. set off against the individual impairment allowance set up specifically for this purpose.

Securities

Securities classified as current assets are recognised on acquisition at acquisition cost and subsequently at fair value through profit or loss. For listed securities, this is the stock exchange price on the reporting date.

Financial instruments for which no stock market price or other reliable fair value can be determined must be recognised at acquisition cost less any impairments in financial assets. Fluctuations in market value and impairment losses are recognised through profit or loss.

Cash and cash equivalents

Cash and cash equivalents are accounted for at par value. They comprise cash in hand, post office and bank account deposits and short-term investments with an original term to maturity of no more than 90 days from the date of acquisition.

Impairment

Assets are tested for impairment on every reporting date. This test is based on indications that individual assets may be impaired in value. If there are any such indications, the recoverable amount must be determined.

If the carrying amount of an asset or the smallest possible group of assets to which the asset belongs exceeds its recoverable amount, an impairment loss is recognised in the income statement.

The recoverable amount of receivables equals the present value of the estimated future cash flows. The recoverable amount of other assets is the higher of net selling price and value in use.

Impairment losses on receivables are reversed if the increase in the recoverable amount is attributable to an event that occurred after the impairment loss was recognised.

Impairment losses recognised for other assets can be reversed if the estimates used to determine the recoverable amount have changed and the impairment loss has decreased or no longer exists. The carrying amount can only be increased to the amount that would have been recognised for the asset if no impairment loss had been recognised in prior periods.

Equity

Share capital

Shares are a component of equity. They cannot be reimbursed and there is no dividend guarantee.

Treasury shares

Treasury shares are deducted from equity in the balance sheet at acquisition cost. Purchases and sales of treasury shares are accounted for as changes in equity.

Provisions

Provisions are recognised if there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted where the effect is material.

A provision for restructuring costs is recognised only when the related costs can be reliably estimated in accordance with a restructuring plan and there is a constructive obligation to undertake the restructuring under a contract or as communicated to those affected by it.

Financial liabilities

Financial liabilities are measured at par value. Every conditional or deferred purchase price payment is recognised at fair value on the acquisition date. If the conditional purchase price is paid in cash, all changes to the fair value are recognised in the income statement.

Employee benefits

The companies of the Burkhalter Group are mostly affiliated to the legally independent Pension Fund of the Burkhalter Group as well as to the collective foundations of insurance companies and trade unions. These pension funds are financed through contributions paid by the employer and the employees.

The economic impact of the current pension funds on the Burkhalter Group is assessed every year. An economic benefit is capitalised if it is permitted and intended to use the pension fund's surplus to cover the company's future pension benefit expense. An obligation from pension funds is recognised as a liability if the conditions for creating a provision are met. Accrued employer contribution reserves are recognised in the balance sheet as an asset. Changes in the value of employer contribution reserves and the recognised effects of pension fund surpluses or deficits are charged to the income statement as personnel expenses.

For more information on the application of Swiss GAAP FER 16 «Pension benefit obligations», please refer to Note 12 of the consolidated financial statements.

Trade payables and other current liabilities

Trade payables and other current liabilities are usually recognised at par value.

Sales and revenue realisation

Sale of goods

Sales are recognised less VAT and credits for returns and discounts at the time that the risks and rewards of ownership of the goods are transferred to the customer.

Rendering of services

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date. The stage of completion is calculated by determining the services that were performed.

Work in progress

Contracts are recognised according to the percentage of completion method (POC) provided that the necessary conditions have been fulfilled. Under the POC method, any profit that may arise is taken into account on a pro rata basis together with the acquisition and production costs and other contract-related expenses provided there is sufficient certainty regarding the outcome of the transaction. The cost-to-cost method is used to determine the stage of completion.

If the outcome, completion costs or progress cannot be estimated reliably, the revenue is recognised only to the extent of costs incurred that are expected to be recoverable. If it seems that the total cost of the contract will exceed the total revenue from the contract, the estimated loss is immediately recognised in the income statement.

Financial result

The financial result comprises interest payments on liabilities, interest income, dividend income, foreign currency gains and losses, and gains and losses from derivative financial instruments.

Borrowing costs and interest income are recognised in the income statement in the period in which they occur. Dividend income is recognised in the income statement upon receipt of payment.

Income tax

Income taxes include both current and deferred tax. Income taxes are recognised in the income statement, with the exception of deferred tax for transactions charged directly to equity.

Current tax is the estimated amount of income tax payable in respect of the taxable profit for a period, calculated using the tax rates that apply or have been announced on the reporting date and any adjustments to tax owed with regard to previous years.

Deferred taxes are accrued using the balance sheet method on all temporary differences between the balance sheet values of the assets and the liabilities and their tax values at the current and/or announced tax rate. Deferred tax assets on tax losses carried forward and deductible temporary differences are only taken into account insofar as it is probable that they can be offset against future profits.

Research and development

Research costs are not capitalised but are recognised as an expense in the income statement as they are incurred.

Development costs for proprietary software applications and system technologies are capitalised if they meet the criteria of Swiss GAAP FER 10.

Earnings per share

The earnings per share are calculated on the Group profit or loss attributable to the shareholders of Burkhalter Holding Ltd, divided by the weighted average of the number of shares outstanding during the reporting period. The diluted earnings per share take into account the effects of all dilutive potential shares, e.g. shares that could have arisen through the exercise of options or conversion rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Changes in the scope of consolidation

The scope of consolidation changed as follows in the reporting year:

- The contract for the purchase of the Kolb Group's electrical division was signed on 3 February 2015. The Kolb Group consists of four independent companies: Kolb Elektro AG in Oberriet, Kolb Elektro SBW AG in Sennwald, Kolb Elektro SBW Aktiengesellschaft in Schaan (FL) and Kolb el-consult AG in Oberriet. These four companies together employ some 110 people and generate joint annual sales of around CHF 20.9 million. The purchase contract was executed on 3 July 2015. The purchase price of CHF 8,239,000 was paid in cash (CHF 7,646,000) and with a liability (CHF 593,000) which matures in 2017.
- Elektro Zeller AG in Murg was merged with Elektro Pizol AG in Sargans on 5 March 2015. Elektro Zeller will continue to operate as a branch in Murg.
- On 6 March 2015, Robert Widmer AG merged with Otto Hermann AG; both companies are based in Lucerne. Otto Hermann will continue to operate as a branch in Lucerne.
- On 1 June 2015, the minority interest of 5% in Triulzi AG in St. Moritz was acquired at a price of CHF 330,000. As a result, the Burkhalter Group owns 100% of Triulzi AG.

The scope of consolidation changed as follows in the previous year:

- Elektro Zeller AG in Murg was acquired on 6 January 2014. This company is fully consolidated. The purchase price of CHF 600,000 was paid in cash (CHF 550,000) and with a liability (CHF 50,000) which matures in 2016.
- Wiedmann Elektro AG in Derendingen was merged with Sergio Lo Stanco Elektro AG in Biberist on 1 January 2014.
- The Elektro Burkhalter Schaffhausen branch of Burkhalter Technics AG in Zurich was split off on 1 July 2014 and established as an independent company called Burkhalter Elektrotechnik AG in Neuhausen am Rheinfall.

2. Acquisitions

Calculation of goodwill

In our company, goodwill primarily relates to the increase in market share in a new region as well as the employees taken over. Approximately 3,000 companies operate in our business sector. Customer loyalty in the electrical engineering industry cannot therefore be expressed in figures, since all medium-sized and large contracts are put out to tender and the lowest-priced provider is usually awarded the contract. In the public sector in particular, contracts must be put out to tender and the lowest offer must be awarded the contract without exception. The acquired goodwill is charged directly to equity.

Acquisitions 2015

The figures for the acquired assets and liabilities of the Kolb Group are as follows:

CHF thousand	Kolb Group
Cash and cash equivalents	2,088
Trade receivables	3,096
Inventories / receivables from work in progress	1,350
Property, plant and equipment	764
Financial assets	1,712
Other assets	178
Trade payables	-822
Deferred tax liabilities	-427
Prepayments and accrued income	-605
Other liabilities	-848
Total net assets	6,486
Goodwill	1,753
Purchase price	8,239
Retention (deferrals)	-593
Acquired cash and cash equivalents	-2,088
Net cash outflow	5,558

Acquisitions 2014

The figures for the acquired assets and liabilities of Elektro Zeller AG are as follows:

CHF thousand	Elektro Zeller AG
Cash and cash equivalents	267
Trade receivables	137
Inventories / receivables from work in progress	16
Property, plant and equipment	32
Other assets	23
Trade payables	-55
Other liabilities	-182
Total net assets	238
Goodwill / negative goodwill	362
Purchase price	600
Retention (deferrals)	-50
Acquired cash and cash equivalents	-267
Net cash outflow	283

3. Segment reporting

Segments must be determined by the company and presented on the basis of the internal information that is provided to the top level of company management, i.e. for the Burkhalter Group, the Board of Directors and the CEO (hereinafter the «Board of Directors»).

The Burkhalter Group is the leading one-stop provider of electrical engineering services to the construction sector (residential and non-residential buildings as well as infrastructure facilities) in Switzerland.

The electrical engineering segment in the broadest sense is involved with electricity and/or the management of electrical machines and installations. Electrical engineering begins at the power utility company and includes all the processes that culminate in the management of electrical machines and installations for the end user. The Burkhalter Group concentrates on electrical engineering services for buildings (all buildings including infrastructure facilities). The Burkhalter Group excludes the electricity grid which deals with the transportation of energy to the place of consumption (building) from its spectrum of services.

The electrical engineering services provided by the Burkhalter Group thus begin at the place of consumption, i.e. from the supply of energy at the building. The Burkhalter Group offers its customers comprehensive electrical engineering services in and on buildings (installations, switchboards, services, telematics, automation, security). The management of the entire Group is focused on the management of the individual companies. The overall figures are not broken down for the different segments. As of 31 December 2015, the Burkhalter Group comprised a total of 43 operating companies throughout Switzerland, all of which provide electrical engineering services. Generally speaking, all the companies provide the above services. Thus, Burkhalter Group is able to respond to customer needs in an optimum fashion in its capacity as a competitive entrepreneurial company with devolved individual responsibility and is a competent partner for projects of all sizes.

The Board of Directors is regularly provided with financial information and reports on the individual operating companies. Resources are allocated on the basis of these reports. The operating segments have been aggregated into a single segment.

NOTES TO THE CONSOLIDATED BALANCE SHEET

4. Intangible assets

CHF thousand	Other intangible non-current assets	Total
Acquisition costs 01.01.2014	6,061	6,061
Acquisition costs 31.12.2014	6,061	6,061
Accumulated amortisation and impairment losses 01.01.2014	5,486	5,486
Amortisation	575	575
Accumulated amortisation and impairment losses 31.12.2014	6,061	6,061
Balance sheet value 01.01.2014	575	575
Balance sheet value 31.12.2014	-	-
Acquisition costs 01.01.2015	6,061	6,061
Acquisition costs 31.12.2015	6,061	6,061
Accumulated amortisation and impairment losses 01.01.2015	6,061	6,061
Accumulated amortisation and impairment losses 31.12.2015	6,061	6,061
Balance sheet value 01.01.2015	-	-
Balance sheet value 31.12.2015	-	-

Effect of the theoretical capitalisation of goodwill on the balance sheet and income statement

Goodwill was offset against retained earnings at the acquisition date. Assuming a useful life for the goodwill of five years, the resulting effects on equity and profit are set out below.

CHF thousand	31.12.2014	31.12.2015
Balance sheet		
Reported equity incl. minority interests	93,662	96,688
Equity ratio	43.25%	41.89%
Acquisition value of goodwill		
As at 01.01.	87,855	88,217
Additions	362	1,753
As at 31.12.	88,217	89,970
Accumulated depreciation		
As at 01.01.	85,634	86,797
Depreciation current year	1,163	1,058
As at 31.12.	86,797	87,855
Theoretical net carrying amount of goodwill 31.12.	1,420	2,115
Theoretical equity incl. minority interests and net carrying amount of goodwill	95,082	98,803
Theoretical equity ratio	43.62%	42.41%
Effects of theoretical amortisation of goodwill on profit:		
Income statement		
	2014	2015
Reported profit for the year	31,429	34,792
Theoretical amortisation of goodwill	-1,163	-1,058
Profit for the year after amortisation of goodwill	30,266	33,734

5. Property, plant and equipment and investment properties

CHF thousand	Land and buildings	Technical equipment, machines, IT systems	Vehicles, movables	Investment properties	Total
Acquisition costs 01.01.2014	372	4,737	12,142	960	18,211
Change in scope of consolidation	-	5	27	-	32
Additions	-	670	786	-	1,456
Disposals	-	-562	-814	-	-1,376
Acquisition costs 31.12.2014	372	4,850	12,141	960	18,323
Accumulated depreciation 01.01.2014	145	3,580	7,899	579	12,203
Depreciation	10	757	1,004	27	1,798
Disposals	-	-563	-689	-	-1,252
Accumulated depreciation 31.12.2014	155	3,774	8,214	606	12,749
Balance sheet value 01.01.2014	227	1,157	4,243	381	6,008
Balance sheet value 31.12.2014	217	1,076	3,927	354	5,574
Acquisition costs 01.01.2015	372	4,850	12,141	960	18,323
Change in scope of consolidation	-	86	678	-	764
Additions	-	661	1,028	-	1,689
Disposals	-	-1,105	-712	-	-1,817
Acquisition costs 31.12.2015	372	4,492	13,135	960	18,959
Accumulated depreciation 01.01.2015	155	3,774	8,214	606	12,749
Depreciation	10	807	1,055	27	1,899
Disposals	-	-1,104	-625	-	-1,729
Accumulated depreciation 31.12.2015	165	3,477	8,644	633	12,919
Balance sheet value 01.01.2015	217	1,076	3,927	354	5,574
Balance sheet value 31.12.2015	207	1,015	4,491	327	6,040

The fire insurance values are CHF 69,356,000 (previous year CHF 67,885,000). No property, plant or equipment was encumbered by mortgage notes in the reporting year or the previous year.

6. Financial assets

CHF thousand	Investments in non-consolidated companies	Loans	Employer contribution reserves	Other financial assets	Total
As at 01.01.2014	25	2,113	1,055	1,180	4,373
Change in scope of consolidation	-	-	17	-	17
Additions	-	553	-	868	1,421
Disposals	-	-178	-957	-	-1,135
As at 31.12.2014	25	2,488	115	2,048	4,676
As at 01.01.2015	25	2,488	115	2,048	4,676
Change in scope of consolidation	-	73	1,622	17	1,712
Additions	-	-	-	386	386
Disposals	-	-518	-120	-32	-670
Reclassification	-25	-	-	25	-
As at 31.12.2015	-	2,043	1,617	2,444	6,104

7. Receivables and liabilities from work in progress

CHF thousand	31.12.2014	31.12.2015
Receivables from work in progress	174,681	149,188
Prepayments received	-108,312	-80,085
Total receivables from work in progress	66,369	69,103
Receivables from work in progress	25,650	17,278
Prepayments received	-60,643	-63,788
Total liabilities from work in progress	-34,993	-46,510
Total work in progress	200,331	166,466
Total prepayments	-168,955	-143,873
Total work in progress (net)	31,376	22,593

Most of the reported sales resulted from work in progress, and sales recognition is based on the percentage-of-completion (POC) method.

8. Trade receivables

CHF thousand	31.12.2014	31.12.2015
Current trade receivables	58,392	60,109
Impairment	-3,396	-3,819
Total	54,996	56,290

The average payment term for trade receivables is 42.4 days (previous year 40.4 days).

The receivables have the following age distribution.

CHF thousand	31.12.2014	31.12.2015
Not due	39,996	45,020
Due between 0 and 60 days	11,120	11,701
Due between 61 and 180 days	4,822	1,979
Due in more than 180 days	2,454	1,409
Total	58,392	60,109

The provision for contingent losses changed as follows in the reporting year:

CHF thousand	Individual impairment allowance	Flat-rate allowance	Total
As at 01.01.2014	2,500	1,073	3,573
Change in scope of consolidation	-	3	3
Additional impairment	529	162	691
Reversal of impairment	-745	-126	-871
As at 31.12.2014	2,284	1,112	3,396
As at 01.01.2015	2,284	1,112	3,396
Change in scope of consolidation	-	109	109
Additional impairment	991	156	1,147
Reversal of impairment	-616	-217	-833
As at 31.12.2015	2,659	1,160	3,819

The impairment loss mainly refers to receivables where negotiations regarding supplementary services have not yet been finalised successfully and to receivables where the customer can no longer be expected to pay the outstanding debt.

The flat-rate allowance equals 2% of the outstanding trade receivables after deduction of individual impairments (previous year 2%).

Based on past experience, the Burkhalter Group does not anticipate any additional defaults that will exceed the flat-rate allowance raised for credit risks.

9. Other current receivables and prepayments and accrued income

CHF thousand	31.12.2014	31.12.2015
Other current receivables		
Receivables due from social insurance schemes	1,191	621
WIR portfolio (Swiss Economic Circle – valued at 70%)	1,070	1,269
Other receivables	577	309
Loans to employees	323	315
Reimbursement of withholding tax	29	15
Total receivables	3,190	2,529
Prepayments and accrued income		
Commission + reimbursements	4,345	4,357
Prepaid rent + insurance	801	463
Prepaid advertising costs	102	101
Prepaid licences	–	30
Other prepayments and accrued income	326	270
Total deferrals	5,574	5,221

The loans to employees are due in 1 to 24 months and bear interest at an average rate of 1.00%.

Other receivables and other prepayments and accrued income include accrued interest and various small amounts due from third parties and employees.

10. Cash and cash equivalents

CHF thousand	31.12.2014	31.12.2015
Petty cash, post office account, banks	53,673	55,169
Total	53,673	55,169

Post office and bank deposits earn interest at between 0.00% and 0.01%. There are no fixed-term deposits.

11. Equity

The share capital is divided into 5,998,149 shares (previous year 5,998,149) with a par value of CHF 0.04 (previous year CHF 0.04) each and is fully paid up.

In the reporting year, the company bought 35,904 treasury shares and sold 38,504 treasury shares, so that the number of shares dropped from 5,200 at the beginning of the year to 2,600 shares as at 31 December 2015.

Management of capital

It is the goal of the Board of Directors to maintain a strong equity base in order to foster the trust of customers, suppliers, investors and banks. The acquisition strategy (ROI) and the distribution policy are based on the principle of a healthy equity base (at least 30% of the balance sheet total).

CHF thousand	31.12.2014	31.12.2015
Total equity before minority interests	93,496	96,680
Minority interests	166	8
Total equity	93,662	96,688
Total assets	216,580	230,840
Equity as % of total assets	43.2%	41.9%
Group profit	31,482	34,797
Group profit as % of equity	33.6%	36.0%

Capital reserve

In addition to the capital reserve paid in, the capital reserve also includes gains and losses from trading in treasury shares.

12. Pension liabilities

The employees of the Burkhalter Group are mostly insured with the company's own pension fund. This pension fund comprises a basic plan and a supplementary plan. Some Group companies are still affiliated to other pension plans with insurance companies and trade unions. All pension plans are financed through contributions paid by the employer and the employees. The contributions are determined as a percentage of the salary. They are used to accrue retirement assets, which are converted into fixed retirement pensions. A reinsurance policy has been taken out to cover the benefit obligations for the risks of death, disability and longevity.

Employer contribution reserves

CHF thousand	2014	2015
Employer contribution reserves as at 01.01.	1,055	115
Change in scope of consolidation	17	1,622
Result in personnel expenses	-957	-120
Total employer contribution reserves as at 31.12.	115	1,617

Economic benefit / economic obligation and pension benefit expense

CHF thousand	Surplus / deficit under Swiss GAAP FER 26	Economic share of company		Change from previous year	Deferred contributions	Pension benefit expense in personnel expenses	
		31.12.14	31.12.15			2015	2014
Employer-funded foundation	5,887	-	-	-	-	-	-
Pension plans without surplus / deficit	-	-	-	-	1,018	963	1,018
Pension plans with surplus	24,634	-	-	-	11,662	11,072	11,662
Pension plans under Swiss GAAP FER 26	30,521	-	-	-	12,680	12,035	12,680
Pension plans without their own assets	-	-	-	-	-	-	-
Total pension plans	30,521	-	-	-	12,680	12,035	12,680

13. Provisions

CHF thousand	Provisions for service anniversaries	Provisions for guarantees	Total
As at 01.01.2014	1,992	2,587	4,579
Change in scope of consolidation	-	7	7
Additions	1,365	245	1,610
Used	-274	-73	-347
As at 31.12.2014	3,083	2,766	5,849
As at 01.01.2015	3,083	2,766	5,849
Change in scope of consolidation	111	99	210
Additions	516	70	586
Used	-343	-227	-570
As at 31.12.2015	3,367	2,708	6,075

14. Tax summary

CHF thousand	Income tax assets	Deferred tax liabilities	Income tax payable	Total
As at 01.01.2014	742	-9,237	-4,773	-13,268
Change in scope of consolidation	-	-16	-20	-36
Taxes in income statement	-	3,920	-11,006	-7,086
Payments/reimbursements	-393	-	7,276	6,883
As at 31.12.2014	349	-5,333	-8,523	-13,507
As at 01.01.2015	349	-5,333	-8,523	-13,507
Change in scope of consolidation	-	-427	-81	-508
Taxes in income statement	-	714	-7,918	-7,204
Payments/reimbursements	639	-	10,780	11,419
As at 31.12.2015	988	-5,046	-5,742	-9,800

Deferred tax is calculated separately for every canton. Except for the holding company, the tax rates for the Group companies vary between 12.3% and 23.9%.

15. Income tax

CHF thousand	2014	2015
Current tax for reporting year	10,927	8,109
Current tax for previous years	79	-191
Total current taxes	11,006	7,918
Deferred tax on changes to temporary differences	-3,920	-714
Total deferred taxes	-3,920	-714
Total tax expenses	7,086	7,204

The tax expenses can be broken down as follows:

CHF thousand	Result	%	2014 taxes
Average applicable tax rate and income tax on ordinary earnings (EBT)	38,568	18.0%	6,948
Effect of non-deductible expenses		0.3%	108
Use of non-capitalised loss carryforwards		-0.2%	-89
Non-capitalisation of current losses		0.0%	-
Tax expenses previous years		0.2%	79
Other effects		0.1%	40
Income tax according to consolidated income statement		18.4%	7,086

CHF thousand	Result	%	2015 taxes
Average applicable tax rate and income tax on ordinary earnings (EBT)	42,001	17.4%	7,326
Effect of non-deductible expenses		0.1%	41
Use of non-capitalised loss carryforwards		0.0%	-6
Non-capitalisation of current losses		0.0%	-
Tax income previous years		-0.5%	-191
Other effects		0.1%	34
Income tax according to consolidated income statement		17.2%	7,204

The Group has the following non-capitalised tax effects on tax loss carry forwards that can be offset:

CHF thousand	31.12.2014	31.12.2015
Expiry 2016	27	-
Expiry 2017	-	-
Expiry 2018	-	-
Expiry after 2018	-	-
Total	27	-

16. Financial liabilities

There were no financial liabilities in the 2014 or 2015 financial years.

As at 31 December 2015, there is a framework agreement with Credit Suisse up to an amount of CHF 22,500,000 in the form of fixed advances of CHF 20,000,000 (previous year: CHF 12,500,000) and/or overdraft facilities of CHF 10,000,000 (previous year: CHF 10,000,000). Contingent liabilities (e.g. deposits, guarantees) are also charged to this framework agreement.

The interest rates for the bank loan are based, among other things, on circumstances on the money and capital market (taking account of term and currency).

The bank is entitled to terminate the loan if one or more of the following financial key figures is not adhered to in connection with the contractual agreements:

Equity ratio: On a consolidated basis the ratio between equity reported in accordance with Swiss GAP FER and total assets must amount to at least 25% at all times. In the financial statements of Burkhalter Holding Ltd, the ratio between equity reported in accordance with the Swiss Code of Obligations and total assets must amount to at least 20% at all times.

Total debt/EBITDA: The ratio of total debt (total interest-bearing loans of the Burkhalter Group on a consolidated basis plus all the liabilities of Burkhalter Holding Ltd to Group companies, e.g. from the cash pool) to the Burkhalter Group's EBITDA (earnings before interest, tax, depreciation and amortisation) on a consolidated basis must never be higher than 4.0.

Duty to provide information: The Burkhalter Group must submit the interim financial statements (including EBITA, EBITDA and cash flow) as well as the annual balance sheet, income statement and notes together with the full auditor's report.

In the 2015 financial year, the contractually agreed figures were met at all times.

17. Other current liabilities and prepayments and accrued income

CHF thousand	31.12.2014	31.12.2015
Other current liabilities		
Balance of December salaries	1,105	1,085
VAT liabilities	6,867	7,664
Liabilities vis-à-vis social insurance schemes	1,194	1,471
Liabilities to employee pension funds	416	2,366
Other current liabilities	741	695
Total liabilities	10,323	13,281
Prepayments and accrued income		
Holidays, overtime, profit shares, premiums	29,336	27,968
Provision for social security benefits	2,675	2,536
Retention acquisitions	193	786
Board member fees	7	7
Other prepayments and accrued income	2,088	3,233
Total deferrals	34,299	34,530

Other accrued liabilities and deferred income include deferrals of CHF 3,233,000 (previous year CHF 2,088,000) for advertising, communication, energy, advisory services and maintenance.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

18. Revenue from trade accounts

CHF thousand	2014	2015
Gross sales	507,242	544,654
Changes to work in progress	12,536	-34,658
Sales deductions	-322	-280
Revenue from trade accounts	519,456	509,716

19. Other operating income

CHF thousand	2014	2015
Income from working partnerships	1,023	698
Other revenue from third parties	962	543
Income from business properties	518	439
Proceeds from sale of waste products	506	322
Sales commission	318	512
Income from CO ₂ taxes	100	150
Income from investment properties	31	30
Total	3,458	2,694

20. Personnel expenses

CHF thousand	2014	2015
Salaries	206,447	210,659
Social security expenses (AHV/IV)	10,491	10,937
Employee benefit costs	12,035	12,680
Other social insurance expenses	9,498	10,104
Other personnel expenses	5,002	5,150
Total	243,473	249,530

21. Other operating expenses

CHF thousand	2014	2015
Rent	9,844	10,197
Repairs and maintenance	8,313	7,587
Operating lease	6,804	7,059
Travel and representation expenses	4,857	5,100
Energy, water	4,210	4,177
Property and liability insurance	3,588	3,593
Government fees and duties	3,398	3,577
Miscellaneous costs of third parties	1,926	3,041
Advisory and audit fees, legal counsel	3,111	2,988
Advertising	2,674	2,658
Office supplies, literature, plan copies, etc.	1,098	1,042
Bad debt losses and change in allowance for contingent losses	153	732
Tax on capital	67	62
Warranty costs	172	-157
Total	50,215	51,656

22. Financial income

CHF thousand	2014	2015
Interest income	154	68
Income from securities	29	27
Stock market price adjustment on securities	102	4
Total	285	99

23. Financial expenses

CHF thousand	2014	2015
Interest payable	10	28
Financial expenses, charges	348	282
Impairment of financial assets	56	51
Total	414	361

24. Earnings per share

	2014	2015
Earnings per share (in CHF)	5.25	5.80
Group profit attributable to shareholders of Burkhalter Holding Ltd in CHF thousand	31,429	34,792
Weighted average number of shares outstanding	5,989,152	5,995,232

There were no options or conversion rights, either in 2015 or the previous years, that could have had a dilutive effect on the earnings per share.

25. Contingent liabilities

In the 2015 financial year, joint and several guarantees related to working partnerships, building consortiums and joint ventures were outstanding to the amount of CHF 45,752,000 (previous year CHF 37,415,000).

26. Operating lease liabilities

CHF thousand	Residual term	1 year 2015	2–5 years 2016–2019	More than 5 years from 2020	2014 Total
IT equipment		86	94	–	180
Machines / tools		471	971	–	1,442
Vehicles		13,136	23,426	5	36,567
Rent for premises		6,774	14,721	5,127	26,622
Other costs / expenses		34	36	–	70
Total 31.12.2014		20,501	39,248	5,132	64,881

CHF thousand	Residual term	1 year 2016	2–5 years 2017–2020	More than 5 years from 2021	2015 Total
IT equipment		58	66	–	124
Machines / tools		605	596	–	1,201
Vehicles		13,267	21,646	53	34,966
Rent for premises		7,327	12,112	7,659	27,098
Other costs / expenses		90	55	–	145
Total 31.12.2015		21,347	34,475	7,712	63,534

27. Assets pledged or assigned

In the 2015 financial year, the Burkhalter Group did not pledge or assign any assets.

28. Transactions with related parties

Related parties are members of the Management Board, members of the Board of Directors, the pension funds and significant shareholders, as well as companies controlled by any of these parties. Transactions with related parties are conducted at arm's length.

The law firm where the Chairman of the Board of Directors is a partner provided additional services to the company and to some of the Group companies during the reporting year, for which it invoiced fees totalling CHF 17,000 (previous year CHF 6,000).

In 2010 Alpiq Burkhalter Technik AG (joint venture) granted a tender for the planning of electrical installations. A number of Group companies also received mandates to manufacture switchboards for the Gotthard base tunnel (NEAT). This is being done by two working partnerships. All mandates were granted as part of a tender process and all are at arm's length. These mandates will be finalised by 2016. A total of CHF 1,404,000 (previous year CHF 4,247,000) was invoiced in 2015.

29. Related parties

The related parties include the members of the Management Board and the Board of Directors (see «Corporate governance», pp. 8–18) as well as significant shareholders.

The following compensation was paid to the members of the Board of Directors and the Management Board in the reporting year (see the compensation report, page 19).

CHF thousand	2014	2015
Salaries	2,050	1,653
Expense for retirement benefits	284	240
Other social insurance expenses	15	15
Other personnel expenses	56	56
Total	2,405	1,964

Breakdown of salaries paid to members of the Board of Directors and the Management Board

CHF thousand	2014	2015
Board of Directors (non-executive members)	610	450
Group Management Board	1,795	1,514
Total	2,405	1,964

Related parties (members of the Board of Directors and the Management Board) own a total of 844,847 shares of the company (previous year 905,703 shares).

30. Events after the balance sheet date

No further events occurred between 31 December 2015 and 8 April 2016 that would require an adjustment to the carrying amounts of the assets and liabilities of Burkhalter Holding Ltd or which should be disclosed here.

31. Shareholdings

Company	Domicile	Business activities	Share capital in CHF thousand	Shareholding (capital and voting rights)	
				31.12.2014	31.12.2015
Alpha-Plan AG Rothrist	Rothrist	4)	100	100%	100%
Alpiq Burkhalter Technik AG*	Zurich	1)	250	50%	50%
Bärtsch Elektro AG	Bülach	1)	100	100%	100%
Bassi Elektro AG	Arosa	1)	250	100%	100%
Baumann Electro AG	St. Gallen	1)	100	100%	100%
BGV Holding AG	Sion	5)	200	100%	100%
Burkhalter Automation AG	Pratteln	4)	100	100%	100%
Burkhalter Elektrotechnik AG	Neuhausen am Rheinfall	1)	100	100%	100%
Burkhalter Management AG	Zurich	5)	1,000	100%	100%
Burkhalter Technics AG	Zurich	3)	10,000	100%	100%
Caviezal AG	Davos Platz	1)	100	100%	100%
Derungs AG	Illanz	1)	100	100%	100%
Ebnöther Elektro AG	Schübelbach	1)	100	100%	100%
Eigenmann AG	Münchwilen	1)	100	100%	100%
Electra Buin SA	Scuol	1)	150	100%	100%
Elektro Arber AG	Kreuzlingen	2)	800	100%	100%
Elektro Burkhalter AG	Berne	1)	250	100%	100%
Elektro Gutzwiller AG	Oberwil / BL	1)	100	100%	100%
Elektro Hunziker AG	Thun	1)	100	100%	100%
Elektro Pizol AG	Sargans	1)	100	100%	100%
Elektro Rüegg AG	Lenzerheide	1)	100	100%	100%
Elektro Schmidlin AG	Muttenz	1)	200	100%	100%
Elektro Siegrist AG	Kaisten	1)	150	100%	100%
Elektro Zeller AG	Murg	1)	100	100%	0%
Elektro Zürichsee AG	Horgen	1)	100	100%	100%
Elektro-Bau AG Rothrist	Rothrist	2)	200	100%	100%
Elektrohuus von Allmen AG	Gstaad	1)	200	99%	99%
Elettro-Celio SA	Giubiasco	1)	200	100%	100%
Grichting & Valterio Electro SA**	Sion	1)	2,500	100%	100%

Company	Domicile	Business activities	Share capital in CHF thousand	Shareholding (capital and voting rights)	
				31.12.2014	31.12.2015
K. Schweizer AG	Basel	2)	500	100%	100%
KOBU Elektro Holding AG	Oberriet	5)	129	0%	100%
Kolb el-consult AG***	Oberriet	1)	100	0%	100%
Kolb Elektro AG***	Oberriet	2)	150	0%	100%
Kolb Elektro Holding AG***	Oberriet	5)	100	0%	100%
Kolb Elektro SBW AG***	Sennwald	1)	150	0%	100%
Kolb Elektro SBW AG Aktiengesellschaft ***	Schaan (FL)	1)	100	0%	100%
Marcel Hufschmid AG	Zug	1)	500	100%	100%
Oberholzer AG	Uster	1)	50	100%	100%
Otto Hermann AG	Lucerne	1)	150	100%	0%
Robert Widmer AG	Lucerne	1)	300	100%	100%
Schachenmann + Co. AG	Basel	1)	300	100%	100%
Schild Elektro AG	Brienz	1)	200	100%	100%
Schönholzer AG	Chur	1)	50	100%	100%
Schultheis-Möckli AG	Winterthur	1)	400	100%	100%
Sedelec SA	Carouge	1)	50	100%	100%
Sedelec SA Lausanne	Lausanne	1)	50	100%	100%
Sergio Lo Stanco Elektro AG	Biberist	1)	100	100%	100%
Triulzi AG	St. Moritz	1)	100	95%	100%
TZ Stromag	Brig-Glis	1)	100	100%	100%

1) Installations / services

2) Installations / services / switchboards

3) Installations / services / switchboards / telematics

4) Automation

5) Management services / holding company

* Recognised in accordance with equity method

** Company held indirectly via BGV Holding SA

*** Companies held indirectly via KOBU Elektro Holding AG or Kolb Elektro Holding AG

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS' MEETING OF BURKHALTER HOLDING LTD, ZURICH

This financial report is available in German, French and English. The printed German version is binding. Therefore, the auditors, KPMG AG, checked the printed German version of the financial statements of Burkhalter Holding Ltd (see printed German version p. 66).



REPORT 2015

Burkhalter Holding Ltd

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BALANCE SHEET BURKHALTER HOLDING LTD

Assets

CHF thousand	Notes	31.12.2014	31.12.2015
Current assets			
Cash and cash equivalents		36,852	34,367
Other current receivables from investments from cash pool		3,381	3,207
Other current receivables from third parties		10	-
Other current receivables from investments		1,242	1,181
Prepayments and accrued income		3	-
Total current assets		41,488	38,755
Non-current assets			
Financial assets		20	20
Investments in Group companies	2	116,587	124,156
Investments in joint ventures	2	125	125
Goodwill	2	35,920	28,736
Total non-current assets		152,652	153,037
Total assets		194,140	191,792

BALANCE SHEET BURKHALTER HOLDING LTD

Liabilities and equity

CHF thousand	Notes	31.12.2014	31.12.2015
Current liabilities			
Trade payables to third parties		17	208
Other current interest-bearing liabilities to investments		1,953	2,004
Other current interest-bearing liabilities to investments from cash pool		113,015	142,779
Other current liabilities to third parties		26	25
Accrued liabilities and deferred income		1,120	1,289
Total current liabilities		116,131	146,305
Equity			
Share capital	5	240	240
Statutory reserves from capital contributions	5	80	80
Statutory retained earnings		1,210	1,210
Profit carried forward	7	62,864	46,924
Profit/loss for the year	7	14,039	-2,692
Treasury shares	6	-424	-275
Total equity		78,009	45,487
Total liabilities and equity		194,140	191,792

Treasury shares are now shown as a minus item in equity and no longer reported as assets because of the first-time application of the new accounting law; the previous year's figures have been amended accordingly. Reserves for treasury shares were credited to profit carried forward in the previous year.

INCOME STATEMENT BURKHALTER HOLDING LTD

CHF thousand	Notes	2014	2015
Income from investments in other companies		22,844	7,484
Other income		1,148	1,084
Interest income Group		128	87
Release of impairment on investments in other companies		500	-
Other financial income		192	149
Total income		24,812	8,804
Board of Directors fee		-611	-436
Other operating expenses		-2,572	-2,603
Impairment of investments in other companies		-	-1,000
Amortisation of goodwill	2	-7,184	-7,184
Interest payable Group		-259	-303
Other financial expenses		-149	-168
Direct taxes		2	198
Total expenses		-10,773	-11,496
Profit/loss for the year		14,039	-2,692

NOTES BURKHALTER HOLDING LTD

1. General

Policies

The present annual financial statements of Burkhalter Holding Ltd, Zurich, were prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). To guarantee comparability, the previous year's figures in the balance sheet and the income statement were adjusted to the new classification rules. In particular, treasury shares are now shown as a minus item in equity. The reserve for treasury shares was liquidated accordingly. The key valuation principles applied, which are not prescribed by law, are described below.

Treasury shares

Treasury shares are accounted for at acquisition cost as a minus item in equity on the date of acquisition. If they are subsequently resold, the profit or loss is reported in the income statement as financial income or financial expense.

2. Investments in other companies and goodwill

Please refer to the companies listed under «Shareholdings» (Note 31 to the consolidated financial statements, pages 64 to 65). With the exception of the companies identified, all investments are held directly by Burkhalter Holding Ltd.

The goodwill from the merger of Pozzo Holding AG, O Buho AG and Schmidlin Holding AG is amortised over 20 years. The goodwill is periodically tested for impairment. This impairment test can lead to additional, unscheduled amortisation.

The Kolb Group's electrical division was acquired in the year under review and accounted for at acquisition cost of CHF 8,239,000.

When measured subsequently, investments are valued at the lower of acquisition cost or value in use on the balance sheet date using generally accepted measurement policies. Any impairments that may be necessary are recognised through the income statement.

3. Bank loans

As at 31 December 2015, there is a framework agreement with Credit Suisse up to an amount of CHF 22,500,000 in the form of fixed advances of CHF 20,000,000 (previous year: CHF 12,500,000) and / or overdraft facilities of CHF 10,000,000 (previous year: CHF 10,000,000). Contingent liabilities (e.g. deposits, guarantees) are also charged to this framework agreement.

4. Collateral provided for third party liabilities

CHF thousand	2014	2015
Joint guarantee from Group vehicle lease contract (operating lease), maximum	25,000	25,000
Guarantee for joint venture	15,000	15,000
Bank guarantees	599	1,654
Pledged shares*	-	94,332

* Group companies' shares with a book value of CHF 94,332,000 are pledged to other Group companies to secure cash pool credit balances owed to Burkhalter Holding Ltd.

5. Equity**Share capital**

The ordinary share capital of the company amounts to CHF 239,925.96 divided into 5,998,149 registered shares with a par value of CHF 0.04 each.

Reserves from capital contributions

The reserves from capital contributions derive from the premium on the capital increase in 2013 less the distribution of reserves from capital contributions in 2014.

Authorised capital

The company has neither conditional nor authorised capital.

6. Treasury shares

	Number 2014	Amount CHF 2014	Number 2015	Amount CHF 2015
As at 01.01.	10,007	728,005	5,200	423,938
Purchases	64,868	5,194,060	35,904	3,775,071
Sales	-69,675	-5,498,127	-38,504	-3,923,757
Total 31.12.	5,200	423,938	2,600	275,252

In the 2015 financial year, Burkhalter Holding Ltd sold 38,504 shares at an average price of CHF 105.76 per share (previous year 69,675 shares at an average price of CHF 81.37).

7. Development of balance sheet profit

CHF thousand	2014	2015
Balance sheet profit 01.01.	65,131	76,903
Profit for the year	14,039	-2,692
Dividend payment	-2,995	-29,979
Release / allocation reserve for treasury shares	728	-
Balance sheet profit 31.12.	76,903	44,232

8. Shareholdings**Shareholdings of members of the Board of Directors, the Management Board and parties related to them**

Family members and persons or companies who could be heavily influenced are deemed to be closely related parties.

Shareholdings of the Board of Directors

	31.12.2014 Registered shares	31.12.2015 Registered shares
Gaudenz F. Domenig, Chairman of the Board of Directors	653,000	640,000
Marco Syfrig, Delegate of the Board of Directors	See Group Management Board	
Willy Hüppi, Board member	172,873	144,267
Peter Weigelt, Board member	29,830	29,830
Total	855,703	814,097

As regards the shareholding of Mr Gaudenz F. Domenig please refer to the shareholdings of Mr Domenig's two brothers listed in Note 9 «Significant shareholders».

Shareholdings of the Management Board

	31.12.2014 Registered shares	31.12.2015 Registered shares
Marco Syfrig, CEO	50,000	30,750
Total	50,000	30,750

9. Significant shareholders

	2014	2015
Ingro Finanz AG	12.0%	12.0%
Gaudenz F. Domenig	10.9%	10.7%
Marc Domenig	5.3%	5.3%
Thomas Domenig	5.5%	5.3%
Tarzsius Caviezel	3.7%	3.7%
Total	37.4%	37.0%

10. Full-time jobs

Burkhalter Holding Ltd does not have any employees.

11. Events after the balance sheet date

No further events occurred between 31 December 2015 and 8 April 2016 that would require an adjustment to the carrying amounts of the assets and liabilities of Burkhalter Holding Ltd or which should be disclosed here.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF THE BALANCE SHEET PROFIT FOR 2015

CHF thousand	2014	2015
Profit carried forward from previous year	62,864	46,924
Profit for the year / loss for the year	14,039	-2,692
Total at the disposal of the Shareholders' Meeting	76,903	44,232
Dividend payment*	-29,979	-31,490
To be carried forward	46,924	12,742

Because of the minus item for treasury shares in the amount of CHF 275,000, the Shareholders' Meeting has a maximum of CHF 43,957,000 at its disposal.

* The Board of Directors will ask the Shareholders' Meeting to pay a dividend of CHF 5.25 per share. The company will not pay a dividend on the treasury shares it holds.

For the Board of Directors
The Chairman



Gaudenz F. Domenig

Zurich, 8 April 2016

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