CREALOGIX

Digitalisation
of Banking

ANNUAL REPORT

2015/2016

2015/2016
ANNUAL REPORT

GROUP KEY FIGURES

Income statement

Amounts in thousands of CHF	July–June 2012/2013	July–June 2013/2014	July–June 2014/2015	July–June 2015/2016
Net revenue from goods and services	**49 273**	**50 113**	**49 307**	**63 317**
% change of sales	1.4	1.7	–1.6	**28.4**
Other operating income	293	213	106	**226**
Operating revenue	49 566	50 326	49 413	**63 543**
Operating result before interest, taxes, depreciation and amortisation (EBITDA)	**4 205**	**1 710**	**–10 555**	**3 696**
in % of operating revenue	8.5	3.4	–21.4	**5.8**
Depreciation/Amortisation	1 149	2 818	2 876	**4 066**
Operating profit (EBIT)	3 056	–1 108	–13 431	**–370**
in % of operating revenue	6.2	–2.2	–27.2	**–0.6**
Consolidated profit	**2 552**	**–1 524**	**–10 274**	**–613**
in % of operating revenue	5.1	–3.0	–20.8	**–1.0**
in % of equity	7.0	–4.0	–38.5	**–2.4**
Cash flow from operating activities	715	5 258	–4 681	**1 142**
in % of operating revenue	1.4	10.4	–9.5	**1.8**
Cash flow from investing activities	–3 181	–6 000	–4 874	**–7 945**
Full-time employees	216.2	241.3	287.5	**324.9**
Full-time freelancers	32.9	41.2	68.6	**70.7**
Full-time employees (incl. freelancers)	249.1	282.5	356.1	**395.6**
Revenue per full-time employee (incl. freelancers)	199	178	139	**161**
Personnel expense per full-time employee	138	138	141	**126**
Full-time employees in June	235.7	259.9	319.8	**354.9**
Headcount on record date	256	282	354	**414**

Balance sheet

Amounts in thousands of CHF	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Balance sheet total	**49 959**	**55 138**	**48 588**	**77 185**
Current assets	43 085	40 273	28 217	**48 275**
thereof cash, cash equivalents and marketable securities	26 529	24 286	13 137	**27 495**
Non-current assets	6 874	14 865	20 371	**28 910**
Liabilities	13 372	16 717	21 906	**52 083**
Equity	36 587	38 421	26 682	**25 102**
Equity ratio (in %)	73.2	69.7	54.9	**32.5**

Share (CLXN)

Share prices in CHF	July–June 2012/2013	July–June 2013/2014	July–June 2014/2015	July–June 2015/2016
High	104.50	104.10	100.50	**101.00**
Low	88.50	95.00	92.50	**80.50**
on record date	100.00	99.05	93.45	**94.50**
Market capitalisation (in millions)				
High	111.8	111.4	107.5	**108.1**
Low	94.7	101.7	99.0	**86.1**
Market capitalisation on record date (in millions)	107.0	106.0	100.0	**101.1**
in % of operating revenue	215.9	210.6	202.4	**159.1**
in % of shareholders' equity	292.5	275.8	374.8	**402.8**
Earnings per share – undiluted in CHF	2.41	–1.44	–9.65	**–0.83**
Price-earnings ratio (P/E)	41.6	n/a	n/a	**n/a**
Shareholders' equity per share in CHF	34.7	36.2	25.0	**23.7**
Price-book value	2.9	2.7	3.7	**4.0**

LETTER TO SHAREHOLDERS

Bruno Richle, Chairman, Thomas Avedik, CEO

Dear Shareholders,

The CREALOGIX Group had an eventful and successful 2015/2016 financial year. The company's growth strategy led to a 28.4 per cent increase in sales, from CHF 49.3 million to CHF 63.3 million. In Europe the Group has strengthened its position as a leading provider of digital banking software solutions, and the international portion of total sales increased from 32 per cent to an impressive 45 per cent in the year under review.

EBITDA reached CHF 3.7 million as against a negative CHF 10.6 million in the previous year. These results indicate that the substantial expenditure on the new product platform, the Digital Banking Hub, which was charged fully to the income statement in 2014/2015, has had a positive impact on corporate performance in the period covered by the report. Diligent implementation of the measures announced to optimise costs also had a significant influence on these encouraging results; those measures included the scalability of the new platform and the increased use of nearshore resources.

At CHF 8.5 million or 13.4 per cent of sales, expenditure on research and development remained at a high level in the 2015/2016 financial year. The innovative product range has been well received by the market. The proportion of product sales increased from 61 per cent to 63 per cent. Annually recurring sales generated in Maintenance, Software as a Service (SaaS) and Hosting rose by 46 per cent, from CHF 16.3 million to CHF 23.8 million.

Successful placement of convertible bond and acquisition of ELAXY

In the autumn of 2015, CREALOGIX successfully carried out the largest round of fintech financing so far in Switzerland. The bond was heavily oversubscribed and successfully placed at the maximum amount of CHF 25 million. A major part of this was used to acquire 80 per cent of ELAXY Financial Software & Solutions and 20 per cent of ELAXY Business Solution & Services on 1 January 2016. These shareholdings were acquired as part of a long-term cooperation with the seller, Fiducia & GAD IT AG, Karlsruhe (Germany). This transaction has enabled CREALOGIX to expand its client base in Germany by around 380 Volksbanken and Raiffeisen banks. With its involvement in ELAXY, Germany has become the second home market for CREALOGIX.

Well-known new customers

In addition to the above-mentioned Volksbanken and Raiffeisen banks, CREALOGIX has gained the following as customers: the German financial service provider MLP, Landesbank Baden-Württemberg (LBBW), Deutsche Apotheker- und Ärztebank (Apobank), Bankhaus August Lenz, Finanz Informatik (the IT services provider of the Sparkassen-Finanzgruppe), Oldenburgische Landesbank, Mediterranean Bank (Medbank) headquartered on Malta and the Australian asset manager Crestone. Successful implementation of the new CREALOGIX flagship product – The Digital Banking Hub – at Crestone took just three months. CREALOGIX carried out the project together with Tech Mahindra, its implementation partner for the Asia-Pacific region.

ebanking.crealogix.com/solutions

In Switzerland, projects for next-generation mobile solutions began under the heading 'Banking to go'. Customers include Aargauische Kantonalbank, Basler Kantonalbank and the Coop Bank, St. Galler Kantonalbank, Thurgauer Kantonalbank and Bank Julius Bär.

CREALOGIX as reliable partner for digital banking

The shareholding taken by CREALOGIX in ELAXY signifies a considerable expansion of the product portfolio in the area of interactive digital banking advisory services, such as retirement planning, financial management and financial planning. These products also include online solutions for asset management (robo-advisory), which experts believe have considerable potential for growth. All these products integrate seamlessly with the Digital Banking Hub – which is possible due to the pioneering open architecture of the hub's design. The customer is provided with a solution tailored to its particular needs, based on parameter-driven standard products whilst third-party applications are integrated as required. This exceptionally customer-friendly and user-friendly solution underscores how CREALOGIX continues to justify its claim to be a 'trusted enabler for banks on their digital journey'.

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CREALOGIX's partnership with the South African firm Entersekt is an ideal match. An agreement was reached in May 2016 with Entersekt, a provider of modern authentication software for transactions and of security software for mobile apps. Thanks to this collaboration, CREALOGIX can offer its customers a mobile authentication solution, based on push technology, for the protection of banking transactions and payments which use online and mobile channels. The combination of these technologies has resulted in a highly secure and cost-effective solution.

The Digital Banking Hub from CREALOGIX already provides customers with more than 500 Application Programming Interfaces (APIs). Advanced development into a client-side portal is well underway, as is the development of portal solutions using Hybrid Advisory (the use of modern communication channels combined with personal advice) and Personal Financial Management (PFM).

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In Commercial Banking, CREALOGIX has begun to roll out the Nova platform at leading companies to facilitate the payment transactions of the future. Software products for the ISO 20022 sector formats are already available for both corporate clients and private customers. This provides a substantial basis for the acquisition of new CREALOGIX customers. EBICS is an internet-based communication standard throughout the Eurozone, used for payment transactions involving banks and corporate customers. CREALOGIX, in partnership with Swisscom, is offering Swiss financial institutions a comprehensive solution in the form of an 'EBICS as a Service' platform. This product can be used irrespective of the size of the firm or the banking software used. A number of banks have already been won as customers for the new product.

ebics.crealogix.com

Furthermore, CREALOGIX has developed a software package which Swiss banks can use to educate and train their employees in compliance matters. Long-term contracts have been signed with the Swiss Army and SBB for the authoring software, which enables digital learning units to be created in an extremely simple way. Moreover, CREALOGIX solutions are being used to train Swiss banking students and junior staff. The market-leading 'time2learn' tool, originally developed for apprentice training in the commercial field and used throughout Switzerland, has now been extended to cover the needs of further professions.

digital-learning.
crealogix.com

Organisation and Personnel

The company has forged ahead with the integration of staff and the re-organisation of its corporate structure as a follow-up to its investment in ELAXY. As at 30 June 2016 the CREALOGIX Group had 414 (previous year: 354) employees, half of whom were employed in Switzerland.

With effect from 1 January 2016, responsibility for the Group's Executive Management passed to Thomas Avedik, as planned. The new CEO graduated in engineering from ETH and has been a member of the Group Management since 2007. The Chairman of the Board of Directors, Bruno Richle, is primarily responsible for areas involving the implementation of strategic objectives and the international growth of the Group. This change in operational management went smoothly and was completed in the year covered by the report.

Strategic focus

The Group's strategic focus remains on growth relating to software products for digitalising banking operations. The geographic focus is on the firm's two home markets, Switzerland and Germany, and on the UK. The integration of ELAXY, already advanced, will be continued. The product portfolio will be further harmonised and geared towards customers' present and future needs. The company continues to attach the highest importance to innovations developed in-house. In some cases, these innovations originate from think-tanks, in which CREALOGIX specialists work closely with market-leading banks, prestigious universities and world experts in digitalisation and security.

Outlook

Thanks to its game-changing and comprehensive solutions, CREALOGIX is in an ideal position to benefit from the inexorable digitalisation of the financial services industry. Due to uncertainties in the current market environment in Europe (Brexit, Middle East, interest rates, monetary policy, etc.), which could delay investment decisions by customers, CREALOGIX is somewhat cautious with its growth forecasts for 2016/2017. Nevertheless, CREALOGIX expects further double-digit growth in sales. Moreover, despite the continuing high level of investment in new product development, harmonisation of the product range and the opening up of new markets, CREALOGIX expects to generate an even higher EBITDA than in 2015/2016.

In the medium term, CREALOGIX continues to aim at sales growth rates of at least 20 per cent and a minimum EBITDA margin of 10 per cent, as annual averages. The international side of the business should contribute at least 50 per cent to total sales and the target for the proportion of sales attributable to products is at least 70 per cent.

The Board of Directors will put forward a proposal to the Shareholder's Meeting held on 31 October 2016 that no dividend be paid. By making this proposal, the Board of Directors underlines the current priority that it attaches to investment in innovative developments, tapping into new sales markets and internationalising the business. The objective in doing so is to strengthen the medium to longer-term earnings power of CREALOGIX on a sustainable basis.

Acknowledgements

On behalf of the Board of Directors and Executive Management, we would like to thank our shareholders, customers and business partners for their loyalty and support. We would also like to express our gratitude to our employees. With top-class technological expertise, innovative spirit and strong commitment, they have made CREALOGIX the leading European software provider to the 'digital bank of tomorrow'.

crealogix.com

Bruno Richle
Chairman

Thomas Avedik
CEO

CORPORATE GOVERNANCE

Corporate Governance

GROUP STRUCTURE

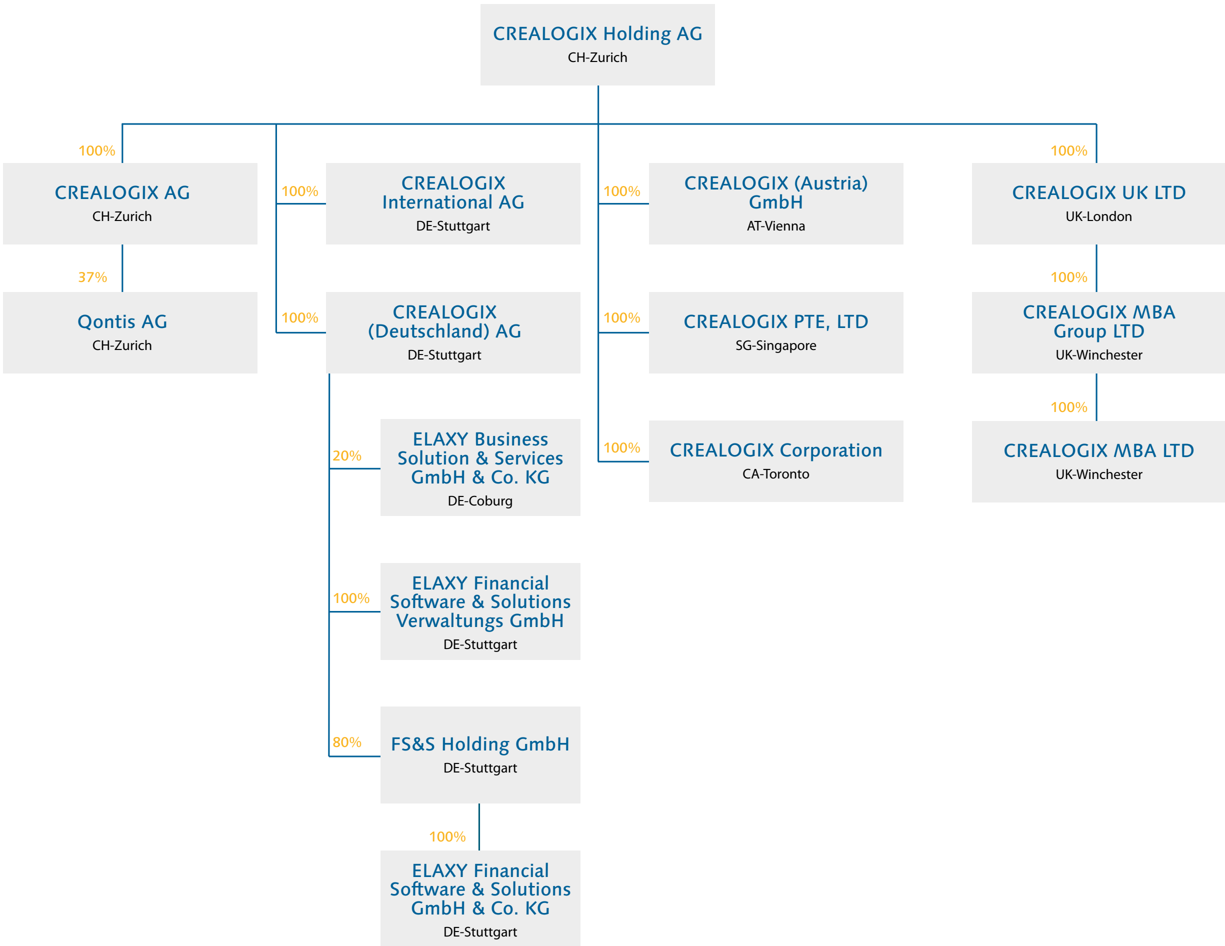
Management and controlling at the highest corporate levels at CREALOGIX are conducted in accordance with the principles and rules of the Swiss Code of Best Practice of economiesuisse and the SIX Swiss Exchange.
The information required to be published in accordance with the Swiss Exchange Corporate Governance Directive is presented below in the prescribed sequence and numbering.

1 Group structure and shareholders of the CREALOGIX Group

CREALOGIX Holding AG is a corporation with headquarters in Zurich (Switzerland). The registered shares of the corporation are traded on the SIX Swiss Exchange under the identification number 1 111 570 and ISIN CH0011115703. On 30 June 2016, market capitalisation was CHF 101.1 million.

1.1 Group structure

The participations held by the CREALOGIX Holding AG in the different subsidiary companies are listed in detail on page 48 (scope of consolidation on 30 June 2016) of the Annual Report.
On 1 January 2016, CREALOGIX (Deutschland) AG acquired 80 per cent of the shares in FS&S Holding GmbH, which in turn holds 100 per cent of the shares in ELAXY Financial Software & Solutions GmbH & Co. KG.
Further CREALOGIX (Deutschland) AG acquired 100 per cent of the shares in ELAXY Financial Software & Solutions Verwaltungs GmbH and a minority stake in ELAXY Business Solution & Services GmbH & Co. KG.



1.2 Significant shareholders

Current disclosures made in accordance with Article 20 of the Federal Act on Stock Exchanges and Securities Trading are published on the disclosures platform of the Disclosure Office of SIX Swiss Exchange (https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

On 30 June 2016, the following shareholders each had a proportion of votes of more than three per cent at their disposal:

Shareholders	Proportion of votes	Number of shares
Dr. Richard Dratva	24.31%	260 080
Bruno Richle	23.89%	255 591
Daniel Hiltebrand	15.51%	165 985
Peter Süsstrunk	6.59%	70 500
Noser Management AG	3.93%	42 000

The first four shareholders named (founder shareholders) have concluded a shareholder pooling agreement. Under the terms of this agreement, they undertake to jointly exercise their voting rights in all substantive items of business transacted at the Shareholders' Meeting of CREALOGIX Holding AG (voting trust). Upon the sale of shares in the company to a third party by a founding shareholder, the other founding shareholders have the right of first refusal on the conditions offered by the third party (right of first refusal). In the event of the sale of at least 30 per cent of the share capital of the company to a third party by two or three founding shareholders, the remaining founding shareholders are entitled to request that their shares be simultaneously tendered for sale at the same conditions (take-along).

On 1 July 2014, 500000 negotiable call warrants (symbol: CREANO) on 50000 registered CREALOGIX shares (CLXN) were successfully distributed. The founders of CREALOGIX have entered into a standstill agreement with Neue Helvetische Bank AG in which Neue Helvetische Bank AG agrees to underwrite, in its own name and for the account of the founders, 500000 call warrants with a subscription ratio of ten call warrants per registered CREALOGIX share, an option period of four years and a strike price of CHF 130 per registered CREALOGIX share. The call warrants were first listed on SIX Structured Products on 10 July 2014.

1.3 Cross-shareholdings

There are no cross-shareholdings with other enterprises.

2 Capital structure

2.1 Capital

As of 30 June 2016, CREALOGIX Holding AG had the following share capital at its disposal:

Ordinary capital	CHF 8 560 000 Divided into 1 070 000 registered shares with a par value of CHF 8 per share.

2.2 Authorised and conditional capital in particular

Authorised capital	None
Conditional capital	CHF 2 400 000 Divided into 300 000 registered shares with a par value of CHF 8 per share.

Authorised capital

The authorised capital has elapsed on 31 October 2015.

Conditional capital

The Conditional capital can be used to raise share capital by exercising warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments. Shareholders do not have subscription rights (Art. 3b of the Articles of Association).

2.3 Changes in capital

No change in the capital structure of the company occurred in the last three years.

2.4 Shares and participation certificates

On 30 June 2016, CREALOGIX Holding AG had issued 1 070 000 fully paid registered shares with a nominal value of CHF 8 per share. CREALOGIX Holding AG owned 11 319 shares of treasury stock on 30 June 2016, equivalent to 1.1 per cent of share capital. A registered share entitles the holder to one vote at the Shareholders' Meeting (one share, one vote). All shares are entitled to dividends. Dividend policy is explained on page 28 of the Annual Report.

CREALOGIX Holding AG has not issued any participation certificates.

2.5 Bonus certificates

CREALOGIX Holding AG has not issued any bonus certificates.

2.6 Limitations on transferability of shares and nominee registration

Registered shares of CREALOGIX Holding AG can be transferred without restrictions. The registration of purchasers who hold shares for their own account in the CREALOGIX Holding AG Register of Shareholders is not bound by any conditions.

Nominee registrations are governed by the Regulation Regarding Registration of Nominees in the Register of Shareholders. This regulation was adopted by the Board of Directors on 18 September 2006.

Under particular conditions the Board of Directors registers individuals, who in their registration application do not expressly declare that shares are held for their own account ('nominees'), up to a maximum of three per cent of the entire share capital, with voting rights in the Register of Shareholders. The Board of Directors can enter nominees in the Register of Shareholders as shareholders with more than three per cent of voting rights provided the nominee discloses the name, address and stock of shares of the person in whose account shares are held. The Board of Directors establishes an agreement regarding the obligation to inform with such nominees.

2.7 Convertible bonds and options

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years.

The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50.

Financial liabilities are recorded and valued at the present value. Deducting the discounted costs of CHF 393 thousand as well as CHF 466 thousand, which were assigned to equity, the current value of the convertible bond (CLX15) on 30 June 2016 is CHF 24 141 thousand.

There are no options in existence.

3 Board of Directors

The Board of Directors is currently composed of one executive member (in dual office on one hand the Vice Chairman and CSO) and four non-executive members.

Executive members

The dual office of the CSO function as Vice Chairman of the Board of Directors has proved advantageous as the Board of Directors can thus make use of the profound expertise and market knowledge of the Vice Chairman/CSO for its decisions without restriction.

Non-executive members

Since 1 January 2016, Bruno Richle (Chairman) is acting as non-executive member of the Board of Directors. Before, he was operating as Chairman and CEO in a dual office. None of the other three non-executive Board members have previously exercised an executive function within the CREALOGIX Group or have a critical business relationship with it. An exception was, however, made between 8 May 2013 and 31 August 2013. During this period, Board of Directors member Jean-Claude Philipona served as interim CFO.

3.1 Members of the Board of Directors

Bruno Richle, 1957

Chairman, dipl. El.-Ing. HTL, Swiss citizen.

Following his studies of electrical engineering majoring in Computer Science and Communications Engineering at the Hochschule Rapperswil, Bruno Richle was employed from 1985 to 1989 in the Bührle Group. During this time, from 1986 he was Head of the Department of Electronic Engineering with Oerlikon Aerospace in Montreal, Canada. From 1990 to 1996, he was a member of the Executive Management and Technical Director with Teleinform AG in Bubikon. In 1996, he was a founding member of CREALOGIX. Until 31 December 2015, he was CEO of the CREALOGIX Group. Since 1 January 2016, he continues to support CREALOGIX on strategic and operational level through his extensive network without being part of the Executive Management. Additional board of directors' mandates: Yachtwerft Portier AG and Elektrizitätswerk Jona-Rapperswil AG. Foundation board mandates: Foundation FUTUR and Innovation Foundation of the Bank of Canton Schwyz, member of the 'Hochschulrat der Hochschule für Technik Rapperswil (HSR)'.

Richard Dratva, 1964

Vice Chairman, CSO of the CREALOGIX Group, Dr. oec. HSG, Swiss citizen.

From 1987 to 1991, Richard Dratva was employed as an internal consultant with the Swiss Bank Corporation (today: UBS AG). From 1992 to 1994, he was engaged as a research associate at the Institute of Information Management at the University of St. Gallen. From 1995 to 1996, he acted as a consultant with Teleinform AG before becoming a founding member of CREALOGIX in 1996.

Jean-Claude Philipona, 1953

Member, lic. oec. publ., Swiss citizen.

After working at the Federal Price Control Office from 1977 to 1980, and a sojourn in the Unites States of America in 1981, Jean-Claude Philipona was employed from 1982 to 1989 with PricewaterhouseCoopers as a management consultant in a leadership role with focus on strategy, organisation and controlling. He then transferred to Papierfabrik Biberist, where from 1989 to 1997 as divisional Head of Finance and Administration in the Executive Management he was instrumental in the renewal and restructuring process instituted with the extension project Biber-Nova, among other areas. In 1997, he entered Adval Tech Holding AG as CFO in view of the company's IPO. From 2001 to 2011, he was CEO of the Adval Tech Group with full operative responsibility. He has been serving on Boards of Directors and working as an independent consultant since 2012. Additional mandates: Chairman of the Board of Wolfensberger AG, Bauma, Board member of Swissmem.

Beat Schmid, 1943

Member, Prof. em. Dr., Swiss citizen.

The Swiss Federal Institute of Technology Zurich awarded Beat Schmid a Master of Science in theoretical physics, a doctoral degree in mathematics and a postdoctoral lecture qualification. Between 1987 and 2008, he was a Professor for Information Management at the University of St. Gallen. From 1989 to 1997, he was Director of the Institute of Information Management. Since its founding in 1998, he served as Director of the Institute for Media and Communication Management at the University of St. Gallen. In summer of 2008 he was given emeritus status.

Christoph Schmid, 1954

Member, Dr. iur. and attorney-at-law, Swiss citizen.

Christoph Schmid is a member of the Board of Directors of various Swiss companies, including Robert Bosch Internationale Beteiligungen AG, Aktiengesellschaft für die Neue Zürcher Zeitung, Kessler & Co AG, EBS Services Company Limited (Chairman). He has served on the CREALOGIX Board of Directors since 2001. His professional career began at the district court of Meilen, followed by the legal department of Ringier AG and then a large US law firm. He has been a partner at Wenger & Vieli AG, a Zurich-based business law firm, since 1989.

3.2 Other activities and interests

Information on other activities and interests is disclosed together with the curricula vitae on pages 15 to 17.
The law firm of Wenger & Vieli AG provides consulting services for the CREALOGIX Group.
The compensation is listed in the remuneration report starting on page 32.

3.3 Election and term of office

The members of the Board of Directors and the Compensation Committee were elected by the Shareholders' Meeting held on 2 November 2015 for a new term of office of one financial year following the entry into force of the new Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV). Re-election is allowed.

Information concerning the term of office of the current members of the Board of Directors is listed in the following table:

	Function	Elected since SM
Bruno Richle	Chairman	1996
Dr. Richard Dratva	Vice Chairman	1996
Dr. Christoph Schmid	Member	2000
Prof. em. Dr. Beat Schmid	Member	2001
Jean-Claude Philipona	Member	2005

3.4 Internal organisation

Responsibilities and competencies

The Board of Directors convenes as often as required by business, at a minimum four times per year. In the financial year 2015/2016 the board met five times for meetings of four to five hours. Two additional meetings were conducted as conference calls. The CFO and other members of the Executive Management as required took part in the meetings.
The Board of Directors has a quorum if the majority of its members are present. The board makes its decisions with the majority of votes cast. In case of a tie, the Chairman's vote is decisive. The Board of Directors is responsible for defining corporate strategy, the supervision of the corporation and the establishment of its organisation, the appointment and recall of members of the Executive Management as well as the definition of accounting, financial planning and financial controlling. The board decides upon acquisitions and sets annual targets as well as the annual and investment budget for the Group.
The Annual Report 2015/2016 was passed at the meeting of the Board of Directors on 12 September 2016.

Committees

The Board of Directors has formed an Audit Committee and a Compensation Committee. The Audit Committee supports and advises the Board of Directors in questions of financial reporting, internal controlling, composition of half-yearly and annual reports as well as collaboration with and evaluation of the services of the Group Auditor. The Audit Committee is composed of non-executive members of the Board of Directors. Currently, Jean-Claude Philipona (Chairman) and Dr. Christoph Schmid form the Audit Committee. The Audit Committee convenes three times yearly as a rule. The CFO and Peter Süsstrunk, Chief Corporate Finance, take part in the meetings. In the financial year 2015/2016, the Audit Committee met three times for meetings of four to five hours. Representatives of the auditor were present at all of the meetings.

The Compensation Committee is responsible for the formulation of recommendations to the Board of Directors about the compensation of the members of the board and the Executive Management as well as the allotment of share-based payments. The committee prepares the human resource planning on the level of the Board of Directors and the Executive Management. This includes the definition of criteria for the selection of candidates and the preparation of the selection process as well as succession planning and promotion of young employees. The committee is composed of the following non-executive members: Dr. Christoph Schmid (Chairman) and Prof. em. Dr. Beat Schmid. The Compensation Committee convenes twice yearly as a rule. In the 2015/2016 financial year, the committee met three times for meetings of two to three hours.

In all cases, resolutions remain reserved to the Board of Directors.

3.5 Powers

As far as allowed by law and the Articles of Association, the Board of Directors delegates the entire business execution and responsibility to the Executive Management ('Group Management').

In particular, the following responsibilities inhere to the Executive Management regarding the operative organisation and leadership of the CREALOGIX Group:

- Monitoring of on-going business
- Keeping of the accounts and establishment of the budget
- Implementation and maintenance of the internal control system (ICS)
- Arrangement of the organisation of leadership between the Group Management and the management bodies of business units
- Engagement and dismissal of personnel, in as much as this is not reserved for the Board of Directors
- Preparation and execution of the resolutions and directives of the Board of Directors
- Development of the basis for decisions for the attention of the Board of Directors concerning acquisitions, significant investments, cooperation, etc.
- Reporting on the course of business for the attention of the Board of Directors
- Observance and fulfillment of legal publication obligations pertinent to the stock exchange following the orientation of the Board of Directors in advance

3.6 Information and controlling tools vis-à-vis the Executive Management

The Executive Management reports to the Board of Directors on a monthly basis regarding the current business situation based on end-of-month accounts. The reports are prepared on the basis of the Microsoft Dynamics NAV business management software and IBM Cognos business intelligence and performance management products for financial controlling and the Vertec activity entry and allocation software for tracking internal and customer projects. These grant a comprehensive overview of the business situation and allow statements regarding future capacity utilisation.

Moreover, the Executive Management informs the members of the Board of Directors without delay by telephone or in writing regarding extraordinary occurrences and events (e.g. changes in areas of business, loss of a significant customer, resignation of a member of the Executive Management etc.) that are of great significance for the business development of the CREALOGIX Group.

The Board of Directors is guaranteed to receive information immediately because one member of the Group Management also sits on the Board of Directors.

4 Executive Management

4.1 Members of the Executive Management

The Executive Management assumes the operative functions and represents the CREALOGIX Group externally. As of 30 June 2016, the Executive Management consists of five members, one of whom is executive member of the Board of Directors. Volker Weimer & Marc Stähli joined the Executive Management on 1 January 2016.

As of 30 June 2016, the members of the Executive Management are:

Thomas Avedik, 1961

CEO of the CREALOGIX Group,
Dipl. Ing. ETH, Swiss citizen.

After studying at ETH in Zurich, Thomas Avedik conceived and developed mathematical and statistical simulation models. In 1991, he joined UBS AG and from 1997 he was in charge of the design and upgrade of UBS e-banking. In addition to projects such as the implementation of the UBS market data system for clients and advisors and the design and implementation of an e-banking security solution, he developed the global e-banking-strategy of UBS. Since 1 July 2007, he has been CEO CREALOGIX E-Banking. As of 1 January 2016, Thomas Avedik is the newly appointed CEO of the CREALOGIX Group.

Richard Dratva, 1964

CSO of the CREALOGIX Group,
Dr. oec. HSG, Swiss citizen.

For detailed information see page 16.

Rolf Lichtin, 1964

CFO of the CREALOGIX Group,
Member of the Executive Management,
lic. oec. HSG, Swiss citizen.

Rolf Lichtin studied Business Management at the University of St. Gallen. After graduating, he served in various management positions at Siemens Schweiz AG for 19 years. Among other things, he was CFO of the Business Innovation Center division from 2004 to 2007 and CFO of the Engineering & Innovative Products division and the IT division from 2007 to 2009. Subsequently, he worked for three years as CFO of Siemens IT Solutions and Services AG and Atos IT Solutions and Services AG, after which he assumed the same function at Trivadis Holding AG. He has longstanding experience in Finance and HR in the IT industry.
He joined CREALOGIX in August 2013 and has been CFO of the CREALOGIX Group and a member of the Executive Management since 1 September 2013.

Volker Weimer, 1964

CEO of CREALOGIX Germany,
Member of the Executive Management,
German citizen.

After graduating in Business Administration at the Fachhochschule Böblingen, Volker Weimer became a specialist in the areas of Banking and IT. In his leadership role, he developed a banking system for Fiducia back in 1993.
From 1996 to 2007, as Senior Vice President Solution-Center Financial Services for System Integration, he was responsible for the development and the operational responsibility of various consulting and project transactions in the banking area at debis Systemhaus/T-Systems.
Until the end of 2014, he was a member of the Executive Board at COR&FJA (today msg-Life), responsible for Banking/CORE-Banking-Software.
He joined CREALOGIX as CEO of CREALOGIX Germany on 1 January 2015 and has been a member of the Executive Board since 1 January 2016.

Marc Stähli, 1966

Head of Sales & CMO,
Member of the Executive Management,
Swiss citizen.

After final school examination Marc Stähli already programmed applications for the financial sector. From 1993 to 2001 he started his career at Compuware where he moved into sales after a short time. In eight years he grew into his new job and became European Sales Director. He changed job and took over sales responsibility at WebGain Inc. as a Sales Director for Central EMEA. From 2002 to 2006 he was CEO of Triamun AG and member of the Board of Directors of Galenica Group. In 2006 he founded the management consulting firm Sellcor GmbH where he advised with his team Swiss and German customers on complex sales matters. 2014 he took over an advisory mandate at CREALOGIX. Since December 2015, he has been Head of Sales and Chief Marketing Officer of the CREALOGIX Group. He was appointed member of the Executive Management on 1 January 2016.

4.2 Other activities and interests

Additional activities and commitments of interest of Dr. Richard Dratva, CSO, are disclosed on page 16. No other members of Group Management had reportable activities or commitments of interest.

4.3 Management contracts

No management contracts have been established.

5 Compensation and share-based payments

Compensation to related persons or parties is disclosed in the remuneration report on page 32ff.

6 Shareholder participation rights

Participation and custody rights of shareholders comply with the stipulations of Swiss stock corporation law.

6.1 Voting rights restrictions and representation

See Articles of Association, Art. 14.

There are no restrictions on voting rights. Every shareholder can have shares represented by proxy at the Shareholders' Meeting by another person (not necessarily a shareholder) with written power of attorney or by the independent proxy designated by the Board of Directors. Corporate bodies and depositaries may no longer serve as proxies pursuant to Art. 8 and 30 of the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV).

6.2 Statutory quorum

See Articles of Association, Art. 15.

The Shareholders' Meeting votes and passes its resolutions with the absolute majority of the attendant and proxy share votes to the extent that legal regulations or Articles of Association do not prescribe a qualified majority for passage of a resolution as mandatory.

The Articles of Association of CREALOGIX Holding AG foresee no special quorum above and beyond the stipulations of stock corporation law.

6.3 Convening the Shareholders' Meeting

See Articles of Association, Art. 9 and Art. 29.

The Shareholders' Meeting is convened by the Board of Directors. The calling of the meeting must occur at the latest 20 days before the date of the Shareholders' Meeting. The invitation to shareholders occurs through publication in the Swiss Official Gazette of Commerce. The Board of Directors can designate other avenues of publication. Provided that the names and addresses of all shareholders are known to the company and legal regulations or Articles of Association do not stipulate other procedures as mandatory, the invitation to shareholders can also be conducted as legally valid in letter form to all the addresses listed in the Register of Shareholders. In this instance, a publication in the Swiss Official Gazette of Commerce can be omitted.

6.4 Inclusion of items on the agenda

See also Articles of Association, Art. 9, 10.

In convening the Shareholders' Meeting, the items of discussion as well as the proposals of the Board of Directors and of the shareholders that require a Shareholders' Meeting to be held must be made known. Furthermore, items of discussion and proposals must be placed on the agenda if, pursuant to OR Art. 699 (3), they were submitted in writing before the meeting was called to the Board of Directors by shareholders who jointly represent at least ten per cent of the share capital or a value of at least one million Swiss francs.

6.5 Registration of shares

See Articles of Association, Art. 5.

The Board of Directors administers a Register of Shareholders for registered shares in which the owners and benefactors are listed with name and address or with company name and headquarters location. Only those persons registered as shareholders in the Register of Shareholders are held as shareholder or beneficiary about the corporation.

The Register of Shareholders will be closed ten days before the Shareholders' Meeting. Shareholders not listed in the register by this date have no voting rights at the Shareholders' Meeting.

7 Change in control and defensive measures

7.1 Obligation to announce a public takeover offer

The CREALOGIX Holding AG Articles of Association contain neither an opting-out nor an opting-up clause. Whoever acquires more than of one-third (33 ⅓ per cent) of the share capital of the corporation is required in accordance with the Federal Act on Stock Exchanges and Securities Trading (BEHG, Art. 32) to submit a public takeover offer for the remaining shares.

7.2 Change-in-control clauses

No change-in-control clauses have been incorporated into agreements with members of the Board of Directors, members of Executive Management or other members of management (no 'golden parachutes').

8 Auditor

8.1 Duration of mandate and term of office of lead auditor

PricewaterhouseCoopers AG in Zurich has served as the auditor of CREALOGIX Holding AG since 2 November 2009. The lead auditor since this date has been Hanspeter Gerber. The rotation plan of the lead auditor complies with the law and thus is seven years. The auditor is elected by the Shareholders' Meeting in each case on an annual basis for one year. It conducts its work within the scope of the pertinent legal regulations as well as in compliance with the principles of the profession.

8.2 Auditing fees

In the 2015/2016 financial year, the agreed audit fees for PricewaterhouseCoopers AG in Zurich amounted to CHF 136 thousand (previous year: CHF 98 thousand).

8.3 Additional fees

In the 2015/2016 financial year, PricewaterhouseCoopers AG provided no further services (previous year: none).

8.4 Information tools of external auditors

The auditors inform the Executive Management and Board of Directors regularly concerning determinations and suggestions for improvement, especially in respect of the annual financial statements and the internal control system.
At least once per year, a meeting of the Audit Committee takes place at which representatives of the auditing company take part and provide information on its determinations, particularly regarding the annual financial statements. The Audit Committee itself informs the Board of Directors of these findings.
The Audit Committee assesses the performance of the auditor based, among other parameters, on criteria such as punctuality, efficiency in collaboration and clarity of statements and reports to the Board of Directors accordingly.

9 Information policy

CREALOGIX Holding AG informs its shareholders and the capital markets openly, currently and with the greatest possible transparency. The most important vehicles of information are the Annual and Half-Year Report, the website (crealogix.com), information to the media, the presentation of the balance sheet for journalists and analysts as well as the Shareholders' Meeting. As an exchange-listed company, CREALOGIX Holding AG is obligated to publish information relevant to its stock price (Ad hoc publication, Art. 72, Listing Rules). The Listing Rules of the SIX Swiss Exchange can be found under https://www.six-exchange-regulation.com/dam/downloads/regulation/admission-manual/listing-rules/03_01-LR_en.pdf.

Inquiries about CREALOGIX can be addressed to the following persons responsible for Investor Relations:

Bruno Richle
Chairman of the Board of Directors
T +41 58 404 80 00
bruno.richle@crealogix.com

Rolf Lichtin
CFO
T +41 58 404 80 00
rolf.lichtin@crealogix.com

SHARE

Key figures – shares

Share capital in CHF	8 560 000
Total number of outstanding shares	1 070 000
of which publicly traded	1 070 000
in %	100.00%
Equity (carrying amount) per share in CHF	23.7
Earnings per share in CHF, undiluted	–0.83
Share prices in CHF	
30 June 2016	94.50
High (2 June 2016)	101.00
Low (15 October 2015)	80.50
Issue price (7 September 2000)	200.00
Market capitalisation in CHF million	
30 June 2016	101.1
High (2 June 2016)	108.1
Low (15 October 2015)	86.1
Issue price (7 September 2000)	214.0
Market capitalisation (30 June 2016)	
in % of operating revenue	159.1
in % of equity	402.8
Price earnings ratio (P/E)	n/a
Trading volume in CHF million	
1 July 2015 to 30 June 2016	3.9

Trading platform and ticker symbols

Registered shares (at nominal value CHF 8) of CREALOGIX Holding AG have been listed on the SIX Swiss Exchange since 7 September 2000 under the identification number 1 111 570.

Ticker symbols	
Telekurs	CLXN
Reuters	CLXZn. S
Bloomberg	CLXN SW

Dividend policy

The Board of Directors will propose to the Shareholders' Meeting of 31 October 2016 not to distribute a dividend or share premium for the 2015/2016 financial year.

Articles of Association

The Articles of Association can be accessed under: crealogix.com/statuten

Share price from 1 July 2015 to 30 June 2016
All amounts in CHF

Symbols	High	Low	Year-on-year % change
CLXN	101.00	80.50	2.00 (2.16%)
SPI (SXGE)	9 670.59	7 728.80	–258.4 (–2.86%)

DISTRIBUTION TO SHAREHOLDERS

	2012/2013	2013/2014	2014/2015	2015/2016
Distribution of share premium per share in CHF	2.00	2.00	2.00	0.00
Total distribution to shareholders	2 121	2 117	2 126	0

REMUNERATION REPORT

Remuneration Report

REMUNERATION REPORT

1 Introduction

The remuneration report states the remuneration principles for the Board of Directors and Executive Management of the Group, describes the remuneration policy and remuneration system, and discloses information on the remuneration paid in the 2015/2016 financial year.
The report complies with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV) and the requirements of the Directive Corporate Governance of SIX Swiss Exchange and contains the disclosures required by Art. 663b and 663c of the Swiss Code of Obligations.

2 Remuneration principles

Our employees are key drivers of CREALOGIX's value and success. That makes it particularly important for us to attract, motivate and retain the best talent over the long term in a highly competitive labour market. Our remuneration system should support these fundamental goals.
It is based on the following principles:
- Our remuneration is competitive since it is comparable to the remuneration paid by other (competitor) companies.
- Our remuneration is affected by individual performance and the company's performance.
- Our share ownership programs strengthen our managers' long-term commitment and align their interests with those of our shareholders.
- Our managers are protected from risk by pension and insurance plans.

The remuneration of the Board of Directors consists of a fixed fee and compensation for serving on Board of Directors committees.

The remuneration of the Executive Management is partially based on sales growth and earnings before interest and taxes (EBIT).

Our share and bonus share ownership programs reflect our company's performance, strengthen our managers' long-term loyalty and align their interests with those of our shareholders.

3 Remuneration policy

The Compensation Committee (CC) assists the Board of Directors (BoD) with all the tasks and responsibilities relating to human resources policies, amongst others:
- Regularly reviewing the remuneration system and the fringe benefits
- Annual review of the remuneration of the individual members of the Executive Management
- Annual assessment of the individual members of the Executive Management
- Succession planning and nomination of the members of the Executive Management

Approval system

Decision on	CEO	CC	BoD
Remuneration of BoD Chairman, BoD members, CEO		Suggests	Decides
Remuneration of members of the Executive Management (except CEO)	Suggests	Suggests	Decides
Share-based payments for BoD Chairman, BoD members, CEO		Suggests	Decides
Share-based payments for members of the Executive Management (except CEO) and other eligible recipients	Suggests	Suggests	Decides

The CC consists of non-executive members of the Board of Directors who are proposed to the Shareholders' Meeting as candidates for election in accordance with VegüV.
During the period under review, the CC consisted of Dr. Christoph Schmid (Chairman) and Prof. em. Dr. Beat Schmid.
The CC Chairman can invite the CSO, the CFO and Human Resources specialists to the meetings.

After every meeting, the CC Chairman provides a report that summarizes the issues discussed, decisions taken and recommendations made by the CC.
The entire BoD may review the minutes of the CC meeting.
The CC meets at least twice per financial year. Three meetings were held during the period under review.

4 Remuneration system

4.1 Board of Directors

The remuneration of the non-executive members of the Board of Directors consists of a fixed fee and compensation per meeting in the Board of Directors committees.
Instead of receiving their fee in cash, they have the right to receive up to 90 per cent of their fee, but no more than the equivalent of CHF 50 thousand, in CREALOGIX Holding AG shares at a sales price of 70 per cent of the average closing price from the last five trading days preceding the definitive share allocation with a vesting period of three years.
The remuneration of the executive member of the Board of Directors (Vice Chairman) is covered by the remuneration paid to him as the CSO.

4.2 Executive Management

The remuneration of the Executive Management is laid out in a policy approved by the Board of Directors. It includes the following components:
– Base salary
– Variable cash remuneration
– Share/bonus share ownership plan
– Pension and additional benefits

Base salary

Base salary depends on the responsibilities, market value, qualifications and experience of the position-holder. It is paid monthly in cash.

Variable cash remuneration

The variable cash remuneration of the Executive Management, depending on the function, is linked to the achievement of annual financial targets (sales growth, EBIT) for the respective division and/or Group.
Division targets can account for up to 60 per cent and Group targets up to 100 per cent of the variable cash remuneration. The variable cash remuneration can range from 0 to 67 per cent of the base salary.
The performance targets are jointly defined and agreed upon at the start of the financial year.
The variable cash remuneration is paid after the consolidated financial statements have been audited by the auditor.

Share/bonus share ownership plan

Members of the Executive Management as well as other employees can purchase shares valued at up to CHF 50 thousand per year through an employee share ownership plan. The sales price for a CREALOGIX share is 70 per cent of the average closing price from the last five trading days preceding the definitive share allocation with a vesting period of three years.

At the end of the vesting period, the shares can be voluntarily subjected to an additional three-year vesting period at the discretion of the Board of Directors. If the member of the Executive Management or employee is still employed with the Group and has not resigned or been dismissed by the end of the additional vesting period, he or she receives one bonus share for every employee share that he or she voluntarily subjects to the additional three-year vesting period.

In the 2015/2016 financial year, no employee shares (previous year: 8590) were given out (previous year price: CHF 67.61). The discount per share was calculated as the difference between the sales price and the average closing price of the last five trading days prior to the cut-off date (previous year amount: CHF 28.98).

On 8 April 2016, 4043 bonus shares (previous year: 4460) were given out at a price of CHF 91.90 (previous year: CHF 99.30).

Pension and additional benefits

The members of the Executive Management are insured with a regular pension fund, along with the other employees in Switzerland. CREALOGIX pays for one-half of this mandatory basic plan, which covers base salaries up to CHF 84 thousand with age-related contributions. The employees pay the other half.

There is also a management pension fund with a voluntary plan to insure base salaries in excess of CHF 84 thousand. CREALOGIX pays all the age-related premiums for members of the Executive Management.

In addition, every member of the Executive Management is entitled to a company car and a fixed entertainment allowance in accordance with the expense policies that apply to all members of upper management in Switzerland and that have been approved by the tax authorities.

Employment conditions

All members of the Executive Management have employment contracts with a three-month notice period. They are not entitled to severance payments.

5 Remuneration of the Board of Directors and Executive Management

July–June 2015/2016	Annual fixed compensation	Annual variable compensation	Share-based payments	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 Dec 15)[2]	15	0	0	1	0	**16**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	0	2	0	**44**
Prof. em. Dr. Beat Schmid, Member	30	12	0	2	0	**44**
Dr. Christoph Schmid, Member	30	21	0	4	0	**55**
Total Board of Directors	**105**	**45**	**0**	**9**	**0**	**159**
Executive Management (four members until Dec 15, 30 June: five members)[1]	1 002	517	109	386	21	**2 035**
Total	**1 107**	**562**	**109**	**395**	**21**	**2 194**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*258*	*167*	*109*	*135*	*9*	**678**

July–June 2014/2015	Annual fixed compensation	Annual variable compensation	Share-based payments	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO	0	0	0	0	0	**0**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	2	3	0	**47**
Prof. em. Dr. Beat Schmid, Member	30	12	51	5	0	**98**
Dr. Christoph Schmid, Member	30	15	0	3	0	**48**
Total Board of Directors	**90**	**39**	**53**	**11**	**0**	**193**
Executive Management (six members until January 15, five members until May 15, 30 June: four members)[1]	1 226	301	231	507	40	**2 305**
Total	**1 316**	**340**	**284**	**518**	**40**	**2 498**
Highest compensation to Bruno Richle, Chairman and CEO	*263*	*101*	*112*	*148*	*10*	**634**

[1] until 31 Dec 15: Bruno Richle (CEO), Richard Dratva, Thomas Avedik, Rolf Lichtin
since 1 Jan 16: Thomas Avedik (CEO), Richard Dratva, Volker Weimer, Marc Stähli, Rolf Lichtin
[2] Compensation for 1 January until 30 June 2016

Since 1 January 2016, Bruno Richle, Chairman of the Board, has taken over an operative role outside of the Executive Management. In his new position the overall compensation was TCHF 270.

There were no further claims or commitments to/from persons in key management positions as of 30 June 2016 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none). In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 21 thousand (previous year: CHF 15 thousand). Board of Directors member Jean-Claude Philipona provided M&A consulting services during the year under review totalling CHF 27 thousand (previous year: none).

6 Shareholdings of the Board of Directors and Executive Management

On 30 June 2016, members of the Board of Directors, the Executive Management as well as major shareholders owned CREALOGIX Holding AG shares as follows:

	CREALOGIX shares		thereof blocked		thereof blocked for warrants[1)]	
	30 June 2016	30 June 2015	**30 June 2016**	30 June 2015	**30 June 2016**	30 June 2015
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 Dec 15)	**255 591**	254 404	**4 362**	6 993	**17 000**	17 000
Dr. Richard Dratva, Vice Chairman and CSO	**260 080**	258 893	**2 893**	4 802	**17 000**	17 000
Jean-Claude Philipona, Member	**1 194**	1 194	**414**	414	**0**	0
Prof. em. Dr. Beat Schmid, Member	**3 197**	3 197	**443**	804	**0**	0
Dr. Christoph Schmid, Member	**4 418**	4 418	**1 572**	1 962	**0**	0
Members of the Executive Management						
Thomas Avedik, member of the Executive Management and CEO (since 01.01.16)	**1 231**	1 231	**940**	940	**0**	0
Rolf Lichtin, member of the Executive Management and CFO	**438**	438	**438**	438	**0**	0
Volker Weimer, member of the Executive Management and Head Digital Banking Deutschland (since 01.01.16)	**0**	0	**0**	0	**0**	0
Marc Stähli, member of the Executive Management and Head Sales & Marketing (since 01.01.16)	**0**	0	**0**	0	**0**	0
Other significant shareholders						
Noser Management AG	**42 000**	42 000	**0**	0	**0**	0
Total	**568 149**	565 775	**11 062**	16 353	**34 000**	34 000

1) When issuing call warrants (CREANO symbol) with a term ending 29 June 2018 and an exercise price of CHF 130, a corresponding number of put options have been written.

pwc

Report of the statutory auditor to the General Meeting
Crealogix Holding AG, Zürich

REPORT OF THE STATUTORY AUDITOR REMUNERATION REPORT 2016

We have audited the remuneration report of Crealogix Holding AG for the year ended 30 June 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in chapters 5 to 6 (pages 36 to 37) of the remuneration report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers AG

Hanspeter Gerber
Audit expert
Auditor in charge

Andreas Fontanive
Audit expert

Zürich, 12 September 2016

FINANCIAL REPORT

CREALOGIX Group Financial Report

GROUP KEY FIGURES

Amounts in thousands of CHF	July–June 2015/2016	July–June 2014/2015
Net revenue from goods and services	63 317	49 307
change in %	28.4	–1.6
Other operating income	226	106
Operating revenue	63 543	49 413
Operating result before interest, taxes, depreciation and amortisation (EBITDA)	3 696	–10 555
in % of operating revenue	5.8	–21.4
Depreciation/amortisation	–4 066	–2 876
Operating profit (EBIT)	–370	–13 431
in % of operating revenue	–0.6	–27.2
Consolidated profit	–613	–10 274
in % of operating revenue	–1.0	–20.8
in % of shareholders' equity	–2.4	–38.5
Cash flow from operating activities	1 142	–4 681
in % of operating revenue	1.8	–9.5
Cash flow from investing activities	–7 945	–4 874
Full-time employees	324.9	287.5
Full-time freelancers	70.7	68.6
Full-time employees (incl. freelancers)	395.6	356.1
Operating revenue per full-time employee (incl. freelancers)	161	139
Personnel expenses per full-time employee	126	141
Full-time employees in June	354.9	319.8
Headcount on record date	414	354

	30 June 2016	30 June 2015
Balance sheet total	77 185	48 588
Current assets	48 275	28 217
thereof cash, cash equivalents and securities	27 495	13 137
Non-current assets	28 910	20 371
Liabilities	52 083	21 906
Shareholders' equity	25 102	26 682
Equity ratio (in %)	32.5	54.9

Share prices in CHF		
High	101.00	100.50
Low	80.50	92.50
on record date	94.50	93.45
Market capitalisation (in millions)		
High	108.1	107.5
Low	86.1	99.0
Market capitalisation on record date (in millions)	101.1	100.0
in % of operating revenue	159.1	202.4
in % of shareholders' equity	402.8	374.8
Earnings per share – undiluted in CHF	–0.83	–9.65
Price-earnings ratio (P/E)	n/a	n/a
Shareholders' equity per share in CHF	23.7	25.0
Price-book value	4.0	3.7
Distribution of share premium per share in CHF	0.00	2.00

CONSOLIDATED BALANCE SHEET

Amounts in thousands of CHF	Notes	**30 June 2016**	**%**	30 June 2015	%
ASSETS					
Current assets					
Cash	6	**27 495**		10 815	
Securities	7	**0**		2 322	
Receivables from goods and services	8	**12 902**		8 301	
Other short-term receivables	9	**3 746**		2 821	
Prepayments and accrued income		**471**		511	
Work in progress/inventories	10	**3 661**		3 447	
Total current assets		**48 275**	**62.5**	28 217	58.1
Non-current assets					
Financial assets	11	**3 590**		3 007	
Investments in associates	12	**2 721**		298	
Tangible fixed assets	13	**1 595**		1 869	
Intangible assets	14	**16 134**		9 778	
Deferred tax assets	18	**4 870**		4 337	
Asset from employer contribution reserve	19	**0**		1 082	
Total non-current assets		**28 910**	**37.5**	20 371	41.9
Total ASSETS		**77 185**	**100.0**	48 588	100.0
LIABILITIES AND EQUITY					
Current liabilities					
Payables from goods and services		**2 519**		3 181	
Other short-term liabilities		**2 107**		1 121	
Accrued liabilities and deferred income	15	**19 145**		13 527	
Short-term provisions	16	**544**		1 352	
Income tax liabilities		**437**		2	
Total current liabilities		**24 752**	**32.1**	19 183	39.5
Non-current liabilities					
Long-term financial liabilities	17	**24 141**		0	
Deferred conditional purchase price obligations	26	**2 370**		2 630	
Long-term provisions	16	**96**		93	
Deferred tax liabilities	18	**724**		0	
Total non-current liabilities		**27 331**	**35.4**	2 723	5.6
Total liabilities		**52 083**	**67.5**	21 906	45.1
Shareholders' equity					
Capital of the organisation	20	**8 560**		8 560	
Treasury shares	20	**–1 060**		–322	
Premium		*15 151*		*15 151*	
Other capital reserves		*1 269*		*775*	
Capital reserves		**16 420**		15 926	
Retained earnings		**784**		2 518	
Total equity before minorities		**24 704**		26 682	
Minority interests		**398**		0	
Total Shareholders' equity		**25 102**	**32.5**	26 682	54.9
Total LIABILITIES AND EQUITY		**77 185**	**100.0**	48 588	100.0

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of CHF	Notes	**July–June 2015/2016**	%	July–June 2014/2015	%
Net sales from goods and services	5	**63 317**	**99.6**	49 307	99.8
Other operating income		**226**	**0.4**	106	0.2
Operating revenue		**63 543**	**100.0**	49 413	100.0
Goods and Services purchased		**–11 624**	**–18.3**	–12 290	–24.9
Change in inventory of finished and unfinished goods as well as unbilled goods and services		**–367**	**–0.6**	–531	–1.1
Personnel expense	21	**–40 943**	**–64.4**	–40 419	–81.8
Marketing expenses		**–1 162**	**–1.8**	–1 538	–3.1
Rent, maintenance and repairs		**–2 534**	**–4.0**	–2 564	–5.2
Other operating expense		**–3 217**	**–5.1**	–2 626	–5.3
Depreciation of tangible fixed assets		**–784**	**–1.2**	–728	–1.5
Amortisation on Goodwill		**–2 634**	**–4.1**	–1 616	–3.3
Amortisation on other intangible assets		**–648**	**–1.0**	–532	–1.1
Operating result		**–370**	**–0.6**	–13 431	–27.2
Financial income	22	**104**	**0.2**	192	0.4
Financial expense	22	**–734**	**–1.2**	–97	–0.3
Financial result		**–630**	**–1.0**	95	0.2
Income from associates	12	**517**	**0.8**	–837	–1.7
Ordinary earnings before tax		**–483**	**–0.8**	–14 173	–28.7
Income tax	18	**–130**	**–0.2**	3 899	7.9
Consolidated profit		**–613**	**–1.0**	–10 274	–20.8
Attributable to:					
Shareholders of CREALOGIX Holding AG		**–883**	**–1.4**	–10 274	–20.8
Minority interest		**270**	**0.4**	0	0.0
Earnings per share attributable to shareholders in CHF	23				
Undiluted		**–0.83**		–9.65	
Diluted		**–0.44**		–7.88	

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of CHF	Capital of the organisation	Treasury shares	Capital reserve	Retained earnings	Minority interests	Translation differences	**Total equity**
on 30 June 2014	*8 560*	*–946*	*18 046*	*13 016*	*0*	*–255*	*38 421*
Distribution of share premium	0	0	–2 126	0	0	0	–2 126
Currency translation differences	0	0	0	0	0	31	31
Consolidated profit[1)]	0	0	0	–10 274	0	0	–10 274
Change in treasury shares		624	6		0	0	630
on 30 June 2015	*8 560*	*–322*	*15 926*	*2 742*	*0*	*–224*	*26 682*
Change in scope of consolidation	0	0	0	0	135	0	135
Increase in capital reserves from convertible bond	0	0	466	0	0	0	466
Currency translation differences	0	0	0	0	–7	–851	–858
Consolidated profit	0	0	0	–883	270	0	–613
Change in treasury shares	0	–738	28	0	0	0	–710
on 30 June 2016	**8 560**	**–1 060**	**16 420**	**1 859**	**398**	–1 075	**25 102**

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of CHF	Notes	**July–June 2015/2016**	July–June 2014/2015
Consolidated profit		**–883**	–10 274
Minority interests		**270**	0
Income tax	18	**130**	–3 899
Depreciation/amortisation	13/14	**4 067**	2 876
Impairment of receivables from goods and services		**91**	–74
Defined-benefit pension plans	19	**1 082**	1 635
Gain/loss on sale of tangible fixed assets		**10**	11
Financial result	22	**630**	–95
Share of profit of associates		**–517**	837
Increase/decrease in provisions	16	**–296**	1 444
Receivables from goods and services and other receivables & other non cash flow related positions		**–4 155**	1 711
Work in progress/inventories		**–183**	22
Payables from goods and services and other payables, incl. tax liabilities		**1 035**	1 303
Interest received		**19**	128
Interest paid		**–14**	–37
Tax received		**0**	38
Tax paid		**–144**	–307
Cash flow from operating activities		**1 142**	–4 681
Cash flow from investing activities			
Purchase of tangible fixed assets	13	**–444**	–839
Disposal of tangible fixed assets	13	**156**	100
Purchase of intangible assets	14	**–198**	–279
Purchase of associates	12	**–2 177**	0
Disposal of associates	12	**0**	0
Extension of loans		**–350**	0
Other financial assets		**2 241**	302
Acquisition of organisations, net of cash acquired		**–7 173**	–4 158
Cash flow from investing activities		**–7 945**	–4 874
Free cash flow		**–6 803**	–9 555
Cash flow from financing activities			
Convertible Bond		**24 421**	0
Distribution of share premium		**0**	–2 126
Purchase of treasury shares		**–1 965**	–1 382
Sale of treasury shares		**1 228**	2 005
Cash flow from financing activities		**23 684**	–1 503
Net change in cash and cash equivalents		**16 881**	–11 058
Cash and cash equivalents at beginning of period		**10 815**	21 724
Effects of exchange rate changes		**–201**	149
Cash and cash equivalents at end of period		**27 495**	10 815

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basic information

CREALOGIX Holding AG (the 'Company') and its subsidiaries make up the CREALOGIX Group. The CREALOGIX Group is a leading independent software provider in Europe and a Swiss market leader for Digital Banking, Digital Payment and Digital Learning. CREALOGIX globally markets its extensive product range for tomorrow's digital bank.
The CREALOGIX Group is a stock corporation headquartered in Switzerland. The address of its registered office is Baslerstrasse 60, CH-8048 Zurich. The Group's registered shares (CLXN) are traded on the SIX Swiss Exchange under identification number 1 111 570.
The consolidated financial statements were approved for issue by the Board of Directors on 12 September 2016 and proposed for adoption at the Shareholders' Meeting on 31 October 2016. The consolidated financial statements are reported in Swiss francs (CHF).

The following foreign exchange rates were applied:

	Year-end rates (balance sheet)		Average rates (income statement)	
	30 June 2016	30 June 2015	**July–June 2015/2016**	July–June 2014/2015
EUR	**1.08**	1.05	**1.09**	1.14
CAD	**0.75**	0.75	**0.74**	0.81
USD	**0.98**	0.94	**0.99**	0.95
GBP	**1.30**	1.47	**1.46**	1.49
SGD	**0.73**	0.69	**0.71**	0.72

On 30 June 2016, the following companies were included in the scope of consolidation:

Company	Activity	Capital	Ownership interest	Proportion of voting rights
CREALOGIX AG, Zurich, Switzerland*)	Consultancy and services in information technology and data communication	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany*)	Consultancy and services in information technology and data communication	EUR 100 000	100%	100%
CREALOGIX International AG, Stuttgart, Germany*)	Consultancy and services in information technology and data communication	EUR 50 000	100%	100%
FS&S Holding GmbH, Stuttgart, Deutschland*)	Holding and administration of participating interests in companies	EUR 100 000	80%	80%
ELAXY Financial Software & Solutions GmbH & Co. KG, Stuttgart, Deutschland*)	Consultancy and services in information technology and data communication	EUR 10 000	80%	80%
ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Deutschland*)	Management of companies related to the ELAXY Group	EUR 25 000	100%	100%
ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland**)	Hosting Solutions and Data Center Services in the banking environment	EUR 10 200	20%	20%
CREALOGIX Corp., Toronto, Canada*)	Consultancy and services in information technology and data communication	CAD 100 000	100%	100%
CREALOGIX UK Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 1 050 000	100%	100%
CREALOGIX MBA Group Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 25 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore*)	Consultancy and services in information technology and data communication	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria*)	Consultancy and services in information technology and data communication	EUR 35 000	100%	100%
Qontis AG, Zurich, Switzerland**)	Establishment and operation of a highly automated independent multibank Personal-Finance-Management (PFM)-Platform	CHF 800 000	37%	37%

*) Full consolidation **) Equity method

Changes in the scope of consolidation versus the previous year are defined in note 26.

2 Summary of significant accounting and valuation policies

The significant accounting and valuation policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of CREALOGIX Holding AG have been prepared in accordance with all the Swiss GAAP FER standards, Swiss Law and the requirements of SIX Swiss Exchange.
CREALOGIX has applied Swiss GAAP FER 31 'additional accounting and reporting recommendations for listed companies' since 1 July 2015. This standard requires additional disclosures; however, it does not have any significant impact on the balance sheet and income statement of CREALOGIX Group.
The revised standard concerning recognition of revenue is not being applied early. The standard will first be applied in the 2016/2017 financial year.

The consolidated financial statements have been prepared under the historical cost accounting convention. The preparation of consolidated financial statements in agreement with Swiss GAAP FER requires estimates. Further, the application of groupwide accounting and valuation methods requires assessments by the management. Areas with more room for judgement and higher complexity or areas where assumptions and estimates are crucial for the consolidated financial statements are listed in note four.

In tables, money values are presented in CHF thousands if not mentioned otherwise. In some cases, the sum of the figures given in this report may not precisely equal the stated totals, and percentages may not be exact due to rounding.

2.2 Consolidation

a) Subsidiaries

Subsidiaries consist of all entities over which the Group has the power to govern the financial and operating policies; generally, the Group would also have acquired more than one-half of the entity's voting rights. When assessing whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are fully consolidated in the consolidated financial statements once control is transferred to the Group; however, they are deconsolidated as soon as that control no longer exists.
The purchase method of accounting is used to account for organisations that have been acquired by the Group. The cost of an acquisition is measured as the aggregate of the fair values of assets given, the equity instruments issued by the acquirer, and the liabilities incurred or assumed on the date of transaction, plus any costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, regardless of the extent of any minority interest. The excess of the cost of the acquisition over the Group's interest in the net assets recognised at fair value, is capitalised as goodwill and amortised over 5 to 20 years.

If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference (badwill) is immediately recognised as a provision that is released to profit or loss over the term.
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of an impairment of the transferred asset. Accounting and valuation policies of subsidiaries have been revised where necessary in order to ensure consistency with the policies adopted by the Group.

b) Associates
Associates are all entities over which the Group has significant influence but not control, and generally has also acquired 20 to 50 per cent of the voting rights. Investments in associates are accounted for under the equity method and are initially recognised at cost.
The Group's share of the profits and losses of associates is recognised in the income statement on acquisition, and its share of changes in reserves is recognised in the consolidated reserves. The cumulative post-acquisition changes are adjusted to the loans receivable, if there are any. When the Group's share of losses of an associate equals or exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise any further losses at the expense of the Group equity, unless the minority has a corresponding liability and is able to offset these losses.
Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset. Accounting and valuation policies of associates have been revised where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

The CREALOGIX Group is a leading independent software provider in Europe and a Swiss market leader for Digital Banking, Digital Payment and Digital Learning products. CREALOGIX markets its extensive product range for the digital bank of tomorrow worldwide under the term 'Digital Banking Hub'.

All group companies are managed based on the uniform business strategy with a central decision-making structure. The key element of the CREALOGIX strategy is a uniform business model. CREALOGIX supplies finance companies at their various locations around the world with products for the digital bank of tomorrow.

The Board of Directors and Executive Management manage the CREALOGIX Group based on the financial statements of the individual group companies as well as the consolidated financial statement. Due to the economic similarity of the companies, the uniform strategy and the central management of the group by Executive Management, CREALOGIX presents a summary of its business activities as a single segment, applying Swiss GAAP FER 31.

The income statement disclosures in the notes contain a breakdown of net sales from goods and services by geographical markets and categories.

2.4 Foreign currency translation

a) Functional currency and reporting currency

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are reported in Swiss francs (CHF), the Company's reporting currency. In tables, money values are presented in thousands CHF, if not mentioned otherwise.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the average monthly exchange rate prevailing at the time of the transaction. Gains and losses resulting from the execution of such transactions as well as from the translation at the closing rate of foreign currency denominated assets and liabilities are recorded in the income statement.

c) Goodwill

The capitalised goodwill for group companies whose functional currency is not the reporting currency is translated to the reporting currency at the closing rate for each balance sheet date.

d) Group companies

The results and balance sheet items of all the group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency differing from the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities are translated at the closing rate on the relevant balance sheet date
- Income and expenses in each income statement are translated at average exchange rates for the year under review
- All resulting translation differences are recognised as a separate item in shareholders' equity

On consolidation, exchange rate differences arising on translation of the reporting entity's net investments in a foreign operation or of financial liabilities and other currency instruments designated as hedges of such investments, are recognised in shareholders' equity with no impact on net earnings.

With the divestment of a foreign entity, such exchange rate differences are charged through the income statement as part of the gain/loss on the sale. Adjustments to the fair value that were booked upon acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Cash, cash equivalents and securities

Cash and cash equivalents comprise cash on hand, bank account deposits and other short-term, highly liquid financial assets with a residual term to maturity of three months or less.

Current account overdrafts are disclosed in the balance sheet as liabilities due to banks under current financial liabilities.

Marketable securities are recognised at their current value. Should no such value be available, they are best valued at cost less any value impairments.

Changes in securities recognised at fair value in profit or loss are shown in the consolidated cash flow statement as part of the cash flow from investing activities.
Changes to the fair values of financial assets recognised through profit or loss are shown in the income statement under the item 'financial result'.

2.6 Receivables from goods and services and other short-term receivables

Receivables from goods and services are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised for receivables from goods and services when the Group has objective evidence that it is not in a position to realise the full amount of the claim. No general bad debt provisions are recognised.

2.7 Work in progress/inventories

Work in progress (projects) is recognised using the valuation method outlined in note 2.19. Inventories are measured at the lower of cost and net realisable value. Cost includes all purchase costs, costs of conversion and all other costs incurred in bringing out the current status quo, but excluding any borrowing costs. The net realisable value is the estimated selling price attainable in the ordinary course of business, less the estimated variable costs necessary to make the sale.
Costs are measured using the weighted average cost method.
Prepayments from customers on work in progress are shown as deferred income and accrued expenses under 'Income received in advance' wherever the prepayments exceed the degree of completion.
Cash discounts are treated as reductions in costs.

2.8 Financial assets and investments in associates

Financial assets are valued at purchasing cost less any value impairments.

Investments in associates are carried at cost. Losses from investments in associates are directly charged against the loan extended to the associate, if there are any. Gains are applied to the loan until the nominal value is reached. Any further gains are added to investments in associates.
If no loans are granted, gains and losses are added to investments in associates.

2.9 Tangible fixed assets

Tangible fixed assets are stated at historical cost less any accumulated depreciation. Costs include all expenses directly attributable to the acquisition.
Subsequent costs are only included in the tangible fixed assets' costs or recognised as separate tangible fixed assets, as appropriate, if it is likely that future economic benefits associated with the item will flow to the Group and the cost of the tangible fixed assets can be reliably measured. Repair and maintenance costs are recognised as expense in the income statement in the financial year in which they were incurred.

Tangible fixed assets are depreciated using the straight-line method, with the acquisition cost being depreciated to the residual book value over the expected useful life of the tangible fixed assets, as follows:

	Years
Furniture and fixed installations	10
IT and communication system	2
Office machines and other office equipment	5
Vehicles	5
Property	40

The residual book values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.
Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the net proceeds and the carrying amount of the item and are recognised in profit or loss.

2.10 Intangible assets

Intangible assets are amortised under the item 'Amortisations' using the straight-line method, with the acquisition cost being depreciated to the residual book value over the expected useful life of the asset, as follows:

	Years
Software licences acquired	4
Capitalised software development costs	5
Trademarks and licences	5
Goodwill	5 to 20

a) Computer software

The cost of licences acquired for computer software are capitalised on the basis of the purchase price and any costs directly attributable to preparing the asset for its intended use.

Costs arising from the development and maintenance of our proprietary computer software are recognised as incurred expenses in the income statement.

Costs for internally-developed software are capitalised, provided the following conditions are met:

– The costs are clearly and unmistakably attributable to the specific software
– The costs can be, and are, controlled by the Group; and
– The asset will probably generate future economic benefits in excess of the costs over an extended period of time. Costs include labour costs for the software developers and a reasonable portion of the relevant overhead expenses.

b) Trademarks and licences

Trademarks and licences are recognised at historical cost. Trademarks and licences have clearly defined useful lives and are valued at cost less accumulated amortisation.

c) Goodwill

Any excess of the cost of the acquisition over the Group's interest in the net assets recognised at fair value, is capitalised as goodwill and amortised over 5 to 20 years. The amortisation period is set as close to the useful life as possible. Useful life is determined on the basis of the existing customer base, acquired product range and long-term customer contracts that guarantee income over multiple years.

Deferred conditional purchase price obligations from acquisitions that will be paid in the future are based on a management estimate. The estimate is reviewed yearly and any adjustments are recognised in equity.

d) Badwill (negative goodwill)

If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference is recognised as a provision that is released to profit or loss over 5 to 20 years.

2.11 Impairment of assets

Intangible assets are tested annually for impairment. All other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If there are indications of impairment, the recoverable amount is calculated in an impairment test. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. Goodwill items are tested annually for impairment by calculating values in use at the acquiree level. Value-in-use calculations are based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year.

2.12 Deferred taxes

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Swiss GAAP FER financial statements using the effective tax rate. Deferred taxes are determined using tax rates (and laws) that apply or have essentially been enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities arising due to temporary differences in connection with investments in subsidiaries are recognised, except where the Group can influence the realisation date of the temporary differences and it is likely it will not be possible to realise the temporary differences in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax receivables against the current tax liabilities and if deferred taxes are levied by the same tax authority.

A deferred tax liability is only recognised on investments if their sale is foreseeable.

2.13 Liabilities

Liabilities are recorded at nominal value.

Loan liabilities are classified as current liabilities unless the Group has the unconditional right to postpone settlement of the debt until twelve months after the balance sheet date or later. Non-current liabilities are discounted at the current local risk-free interest rate. The resulting annual interest expense is recognised as a financial expense in the income statement.

The convertible bond issued was split into a debt component and an equity component upon first recognition. The debt component was obtained by discounting the future coupon payments and the repayment of the principal amount at the maturity date by a discount rate appropriate to a comparable straight bond. This discount rate is higher than the effective interest rate for the convertible bond since the latter includes a discount for the conversion right received. The equity component, in turn, reflects the conversion right for the bond. The debt portion is measured at amortised cost using the effective interest rate method. The interest accrued on the principal amount of 100 per cent of the convertible bond over the entire term is recognised in the income statement.

2.14 Leases

Leases are classified as operating leases if the lessor retains a substantial portion of the risks and rewards incident to ownership of the leased item. Payments in connection with an operating lease (net of reductions conceded by the lessor) are recognised in the income statement on a straight-line basis over the term of the lease.

Finance leases are recognised in tangible fixed assets and other financial liabilities if they transfer substantially all the risks and rewards to the group company when the contract is concluded. Lease payments are divided into interest expenses and principal payments using the equivalent annual cost method. Leased items are depreciated over their estimated useful life or the lease term, whichever is shorter.

2.15 Employee benefit plans

a) Pension obligations

The Group operates a number of pension plans that qualify as defined benefit plans, the assets of which are held and managed autonomously by legally independent foundations.

Although pension plans in Switzerland are established according to the Swiss defined contributions principle, these do not meet all the criteria of a purely defined contribution pension plan.

The pension fund organisations are financed through employee and employer contributions of the affiliated group companies with respect to the recommendations of independent, qualified actuaries.

The contributions are accrued for the period and recorded as personnel expenses, as are the change in recorded economic benefit or liability of the reporting period and the change in the assets from the employer's contribution reserves. If the Group grants the pension fund a conditional waiver of usage, or intends to do so shortly after the balance sheet date, the asset from the employer's contribution reserves is value adjusted.

b) Share-based payments

The Group has set up share-based payment models comprising a share ownership plan and a bonus share ownership plan. A temporary liability is recognised as of the balance sheet date. This temporary liability is equal to the number of bonus shares promised, but not yet transferred to employees as of the balance sheet date, multiplied by the pro-rata value of the CLXN share. The change in the reporting period is shown as personnel expenses.

c) Profit sharing and bonus plans

For bonuses and profit sharing payments, a liability and an expense is recognised based on operating profit (net sales from goods and services, operating profit). The Group recognises a liability in cases of contractual obligations or where a de facto obligation exists due to past business practices.

2.16 Provisions

Provisions are made to cover guarantees, project risks, restructuring, litigation and other costs that are uncertain with respect to amount and date of occurrence. These provisions are recognised if the Group is subject to present legal or de facto obligations that resulted from a past event, payment is probable, and the amount can be reliably estimated. Provisions are recorded at discounted present value if the expected cash outflow for discharging the liability is in excess of one year after the balance sheet date. Restructuring provisions include payments for pre-term lease cancellations and employee severance payments.

2.17 Contingent liabilities

Contingent liabilities are valued on the balance sheet date. Contingent liabilities are reported in the notes if they are possible future obligations or are present obligations whose payment is not probable or not reliably measurable. A provision is recognised if an outflow of resources is probable and does not involve a useful inflow of resources.

2.18 Shareholders' equity

Common shares are classified as shareholders' equity. Costs directly attributable to the issuance of new shares or options are disclosed in shareholders' equity, net of tax, as a deduction from the proceeds of the issue. Costs directly attributable to the issuance of new shares or incurred directly in connection with the acquisition of a company are included in the acquisition cost as part of the consideration paid for the acquisition.

When any group company purchases the Company's equity (treasury shares), the consideration paid, including any directly attributable additional costs (net of taxes), is deducted from the shareholders' equity in the Company until the shares are recalled, reissued or disposed of. When such shares are subsequently reissued or sold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax, is recognised in the shareholders' equity of the Company.

2.19 Operating revenue recognition

A. Net sales from goods and services

CREALOGIX generates net sales from goods and services primarily from licences and services. The Company focuses on the design and production of highly sophisticated applications. These applications are developed and supported according to the 'plan-build-run' model.

Net sales from goods are recognised on delivery of the goods and, where contractually stipulated, on acceptance by the buyer. Net sales from services are recognised by percentage of completion. Net sales from goods and services are usually recognised in the income statement on delivery, with the exception of major projects not completed until after the balance sheet date. In such cases, net sales from goods and services are recognised according to the percentage-of-completion method, reporting the percentage completed as of the balance sheet date.

Net sales from goods and services are only realised if the client is deemed 'creditworthy'. Each project is recognised individually. CREALOGIX distinguishes between different types of contracts:

- Fixed-price contracts
- Contracts based on agreed hourly work rates
- User fees
- Software as a service

a) Recognition of net sales from goods and services for fixed-price contracts

As soon as reliable estimates can be made regarding the profitability of an order, the net sales from goods and services resulting from the transaction are recognised according to the percentage-of-completion method, recording the percentage completed as of the balance sheet date. The percentage of completion is measured as the ratio of the number of hours of work performed to date to the total number of hours of work according to the contract. The profitability of the transaction can be reliably estimated when all of the following criteria are met:

– Existence of a contract
– The amount of sales expected from the order can be reliably measured
– The amount of net sales from goods and services expected from the order can be reliably measured
– An organisation capable of fulfilling the long-term contract
– The percentage of completion of the transaction at the balance sheet date can be reliably measured
– The costs already incurred for the transaction and the costs to complete the transaction can be reliably measured

If no reliable estimates on the outcome of a project can be made:

– Net sales from goods and services are recognised only to the extent of the expenses recognised that are recoverable
– These expenses are recognised as expenses in the period in which they were incurred

As soon as losses appear imminent in the course of a long-term contract (imminent losses), a value adjustment must be recognised for the full amount regardless of the degree of completion. If the value adjustments exceed the value of the asset for the current contract, a provision must be recognised for the amount of the difference.
Provisions must be immediately recognised for any losses that can be identified upon the conclusion of the contract, even if no expenses have been incurred.

b) Recognition of net sales from goods and services for contracts based on hourly work rates

For this type of contract, CREALOGIX receives an agreed fixed fee per hour of work performed. Ideally, this fee should cover all costs.
Net sales from goods and services from such transactions are posted with reference to the number of hours of work performed as of the balance sheet date. The total number of hours of work performed is billed on a monthly basis.

c) User fees

Net sales from goods and services from user fees are recognised pro rata temporis on an accrual basis according to the economic substance of the relevant agreements.

d) Software as a Service contracts

The consideration given under these contracts consists of a monthly subscription fee that covers software use, maintenance and hosting. In these cases, the net sales from goods and services consist of the contractual subscription fee, multiplied by the number of software users in the period.

B. Other operating income
This item includes, without limitation, freight charges, profits from the sale of organisations (including software development costs) and other operating income that cannot be allocated to net sales from goods and services.

2.20 Financial income and expenses

a) Interest income and expense
Both interest income and expenses incurred from interest-bearing assets and liabilities, including interest paid on trade assets, are included in this item. If the value of a receivable declines, the Group writes down the book value to the recoverable amount (i.e. the sum of expected future payment streams discounted at the initial effective interest rate) and releases the interest income over the corresponding period.
Interest income from impaired receivables is recognised, depending on the circumstances, when payment is received or costs are incurred.

b) Net income/expense – trade assets
Realised and unrealised gains and losses from trade assets are recognised at the actual profit realised, which is based on the market price at the balance sheet date.

c) Other financial income/expenses
Other financial income and other financial expenses consist of all amounts that are not interest or trading income/expenses. Included in this category is dividend income. Dividend income is recognised when the right to receive payment is established.

2.21 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved.

3 Internal control system and risk management

For several years, the Group has operated an internal control system (ICS) with the objective of ensuring the effectiveness and efficiency of operations, the reliability of financial reporting and adherence to the law. In the compliance with the provisions of the Swiss Code of Obligations, it was integrated, documented and applied in the controlling and reporting process.
The risk management process is monitored by the CLX.Risk-Management-Concept. With this, all business risks are identified, but with focus on risks that could have a material impact on the assessment of the financial statements. Such risks were identified and quantified in workshops and brought to the attention of the Executive Management and the Board of Directors and discussed there. The risk management process is repeated at regular intervals, at least once a year.

3.1 Financial risk management

The fair values of financial assets and liabilities essentially correspond to their carrying values.

The nature of the Group's activities exposes it to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The comprehensive Group risk-management system focuses on the unpredictability of financial market developments and aims at minimising potential negative impacts on the Group's financial position. The Group is able to use derivative financial instruments to hedge against certain risks.

Risk management is conducted by the corporate (Group) Finance Department in accordance with guidelines adopted by the Board of Directors. The Group Finance Department identifies, assesses and hedges against financial risks in close cooperation with the Group's operating units. Thereby financial risks (including concentration risks) are quantified by means of scenario planning and compared with the risk competence and risk tendency of the Group.

Financial risk management remains unchanged from the prior year.

3.2 Financial risk factors

a) Market risks

i) Foreign exchange risks

The Group operates internationally and is consequently exposed to foreign exchange risks arising from fluctuations in the exchange rates of various foreign currencies, primarily the euro. Foreign exchange risks arise from anticipated future transactions, recognised assets and liabilities, as well as net investments in foreign operations.

Foreign exchange risks arise when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the entity's functional currency. To hedge against risks from anticipated future transactions and recognised assets and liabilities, futures contracts can be finalised.

The Group holds interests in foreign operations whose net assets are subject to risks from exchange rate fluctuations. Foreign exchange risks of the net assets of foreign business operations are partially minimised at group level due to the risk assessment system. However, the risk is reduced primarily through the direct settlement of the cash flow in foreign currencies.

ii) Interest rate risks

Since the Group has interest-bearing assets, interest income is dependent on the movement of market interest rates. On the balance sheet, this affects cash and cash equivalents, securities, financial assets, as well as financial liabilities.

Financial assets with variable interest rates expose the Group to cash flow risks, and assets with fixed interest rates subject the Group to fair value risks.

The Group analyses the interest rate risk on a regular basis by estimating the future development of the fixed and variable interest rates and regrouping the financial assets accordingly.

iii) Price risks

The Group is subject to risks arising from fluctuations in the market prices of securities (recognised at fair value through profit or loss). Investments in marketable securities with excellent ratings are managed according to group guidelines and are monitored through continuous performance analyses.

The Group diversifies its investments by investing in various products and at various institutions.

The Group is not exposed to any significant commodity risks with respect to raw materials or any substantial prepayment risks.

b) Credit risks

Basic principles are followed by the Group that ensure that transactions are only conducted with customers having an acceptable credit history. Investments in cash and cash equivalents as well as transactions involving financial derivatives or cash are only carried out with prime financial institutions. The maximum default risk is limited mainly to the book values of the corresponding financial assets.

c) Liquidity risks

Liquidity management involves maintaining sufficient reserves of cash, cash equivalents, and marketable securities, the possibility of financing through adequate available credit lines, and the ability to issue capital stock (authorised and conditional capital). The central finance department bases its liquidity management on contractually fixed payment terms as well as cautious estimates regarding expected deferments. There is no concentration risk with respect to liquidity since the Group works with several different banks.

3.3 Capital resource management

The objectives of capital resource management are as follows:

– To ensure the Group's operation as a going concern
– An adequate interest yield on equity

For implementation purposes, equity is considered in relation to risk, and adjustments are made if necessary. These adjustments are the basis for dividend policies, repayment of capital, increases in capital, or the sale of assets for subsequent debt repayments. Capital is managed on the basis of the equity ratio, which should amount to at least 30 per cent. In regards to the issue of convertible bonds, the Group has obligations to third parties regarding market standard covenants. Capital resource management remains unchanged from the prior year.

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions with respect to future developments. Naturally, the actual subsequent circumstances rarely match these estimates. All estimates and assessments are continually revised and are based on past experience as well as on other factors, including expectations of future events deemed reasonable under the given circumstances.
Those estimates and assumptions entailing significant risks in the form of substantial adjustments to the carrying value of assets and liabilities during the following financial year are discussed below.

a) Recognition of net sales from goods and services
According to note 2.19 A. net sales from services are recognised according to the degree of completion at the balance sheet date. Remaining expenses up to completion, and thus the degree of completion, are estimated as accurately as possible. If actual expenses were to differ significantly from these estimates, the differences would require recognition in subsequent accounting periods.

b) Capitalisation of tax losses
The amount of the capitalised deferred tax assets resulting from loss carryforwards was estimated on the basis of the future taxable profit of the respective group entity based on budget calculations. Should the entities develop differently than expected, the impact will be on future tax expenses.

c) Goodwill
Deferred conditional purchase price obligations from acquisitions are based on a management estimate. The estimate is reviewed yearly and any adjustments are recognised in equity.
Goodwill items are tested annually for impairment by calculating values in use at the acquiree level. Value-in-use calculations are based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year. Goodwill is capitalised and amortised over 5 to 20 years. The amortisation period is set as close to the useful life as possible. Useful life is determined on the basis of the existing customer base, acquired product range and long-term customer contracts that guarantee income over multiple years.

5 Segment information

5.1 Geographical segments

The Group's main activity is in three geographical segments: Switzerland, the home country of the Group; Europe; and the Asia-Pacific region.

Net sales from goods and services	July–June 2015/2016	July–June 2014/2015
Switzerland	34 645	34 388
Europe	27 982	13 856
Other countries	690	1 063
Total Group	**63 317**	49 307

Net sales from goods and services are assigned to the country in which the client is domiciled.

5.2 Net sales from goods and services by category

Net sales from goods and services	July–June 2015/2016	July–June 2014/2015
Sales from services	25 160	20 775
Sales of goods	3 747	4 073
Hosting and SaaS services[1)]	4 528	2 173
License sales[1)]	29 882	22 286
Total net sales from goods and services	**63 317**	49 307

[1)] Due to a revenue reallocation between License sales and Hosting and SaaS services, the figures for the previous period have been adjusted by CHF 711 thousand.

Net sales from goods and services from fixed-price contracts in the financial year amounted to CHF 13 176 thousand (previous year: CHF 12 403 thousand).

6 Cash

Cash	30 June 2016	30 June 2015
Cash on hand and bank accounts	14 166	8 477
Short-term investments	13 329	2 338
Total Cash	**27 495**	10 815

The increase of cash is directly related to the issue of convertible bonds, see Cash Flow Statement (page 46).

CREALOGIX AG has pledged CHF 25 thousand in bank deposits to UBS AG as security for a surety bond issued to the Federal Tax Administration in Berne.

7 Securities

Marketable securities	30 June 2016	30 June 2015
Obligations	0	1 523
Shares	0	573
Property/alternative investments	0	226
Total securities	**0**	2 322

8 Receivables from goods and services

Receivables from goods and services	30 June 2016	30 June 2015
Current	9 469	7 270
Overdue 1–30 days	2 652	626
Overdue 31–90 days	561	331
Overdue more than 90 days	453	82
Total receivables from goods and services (gross)	**13 135**	8 309
Less: value adjustment of receivables from goods and services	–233	–8
Total receivables from goods and services (net)	**12 902**	8 301

Per 30 June 2016, receivables from goods and services with associated companies totalled CHF 83 thousand (previous year: CHF 3 thousand).

Impairment of receivables from goods and services	**July–June 2015/2016**	July–June 2014/2015
At beginning of period	**–8**	–82
Change in scope of consolidation	**–136**	0
Value adjustment for doubtful accounts (income statement related)	**–105**	–6
Value adjustment for doubtful accounts (balance sheet related)	**0**	0
Use of impairment for doubtful accounts (income statement related)	**8**	27
Use of impairment for doubtful accounts (balance sheet related)	**4**	49
Write-off of impairment for doubtful accounts	**0**	4
Currency translation differences	**4**	0
At end of period	**–233**	–8

Carrying values of receivables from goods and services are denominated in the following currencies (in CHF thousand):

Currencies of book values of receivables from goods and services	**30 June 2016**	30 June 2015
CHF	**4 558**	5 949
EUR	**6 159**	1 660
Other currencies	**2 418**	700
Total currencies of book values of receivables from goods and services	**13 135**	8 309

As the Group has a broad international client base, there is no concentration of credit risks with respect to receivables from goods and services.
The amounts on the balance sheet are not secured. The maximum credit default risk corresponds to the stated carrying values.
During the financial year, the Group recognised an expense of CHF 105 thousand (previous year: CHF 6 thousand) on its impairment for receivables. The change is recorded under 'general and administration expenses' in the income statement.

9 Other short-term receivables

Other short-term receivables	30 June 2016	30 June 2015
Tax receivables	494	341
Other current third-party receivables	403	269
Prepaid social security	2 246	1 237
Prepaid expenses	603	974
Total other short-term receivables	3 746	2 821

The increase in prepaid social security (CHF 1 009 thousand) is largely attributable to a higher prepayment to the company pension fund (CHF 516 thousand). A prepayment to social insurance accounts for CHF 161 thousand of the prepaid social security. The remaining CHF 332 thousand resulted from normal day-to-day operations.

10 Work in progress/inventories

Work in progress/inventories	30 June 2016	30 June 2015
Work in progress (projects)	3 558	2 732
Value adjustment for work in progress (projects)	–918	–673
Total work in progress	2 640	2 059
Inventories	1 294	1 527
Value adjustment on inventories	–273	–139
Total inventories	1 021	1 388
Total work in progress/inventories	3 661	3 447

Work in progress (projects) is accounted for under the valuation method described in note 2.19.
Value adjustments recognised for imminent losses in the project business totalled CHF 504 thousand in the 2015/2016 financial year. CHF 142 thousand were offset against the asset for the ongoing contract (work in progress), as required under FER 22.5. CHF 157 thousand in value adjustments were recognised to correct the recognition of long-term contracts as income using the completed contract method. CHF 619 thousand in value adjustments are related to work in progress which more than likely can not be recognised as revenue. CHF 362 thousand in short-term provisions from project risks were recognised; see note 16.

Inventories are measured at cost, either as purchasing cost or production cost. They are recognised as an expense amounting to CHF 1 235 thousand (previous year: CHF 1 375 thousand) under cost of goods sold. Inventories comprise mainly trading goods (slip scanners and mouse scanners).

11 Financial assets

Financial assets	30 June 2016	30 June 2015
Loans with associates with subordination statement	2 975	2 392
Financial investment Meniga	615	615
Total financial assets	**3 590**	3 007

As contractually agreed an additional loan of TCHF 350 has been granted to Qontis AG. The proportionate profit of CHF 248 thousand (previous year: loss of CHF 838 thousand) was debited towards the loan. Due to a change in contract an interest amounting to CHF 15 thousand had to be paid back (previous year: CHF 92 thousand was charged). The net position of CHF 2975 thousand (previous year: CHF 2392 thousand) is subordinated.
The CREALOGIX Group also holds a stake worth CHF 615 thousand in Meniga, an Icelandic software company, as part of a financial investment deal.

12 Investments in associates

Investments in associates	30 June 2016	30 June 2015
At beginning of period	298	298
Acquisition of organisations	2 177	0
Share of profit[1]	269	0
Currency translation differences	–23	0
At end of period	**2 721**	298

[1] Profit Portion regarding Qontis AG is included in the loan. (see Note 11)

Per 1 January 2016, CREALOGIX (Deutschland) AG acquired a 20 per cent minority stake in ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland.

Profit and loss from associates	30 June 2016	30 June 2015
Qontis AG, Zürich, Schweiz	248	–837
ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland	269	0
Total profit and loss from associates	**517**	–837

13 Tangible fixed assets

July–June 2015/2016	Furniture & fixed installations	Office machines	IT & communications systems	Vehicles	Property	Total
Cost						
Value at start of period	2 789	197	2 991	914	0	6 891
Translation differences on opening balance	–13	–4	–54	3	0	–68
Change in scope of consolidation	1 373	0	0	0	552	1 925
Additions	88	5	150	198	3	444
Disposals	0	0	0	–443	0	–443
Translation differences on effect of movement	–1	0	–5	–2	0	–8
Value at end of period	*4 236*	*198*	*3 082*	*670*	*555*	*8 741*
Accumulated depreciation						
Value at start of period	1 831	176	2 597	418	0	5 022
Translation differences on opening balance	–12	–4	–54	2	0	–68
Change in scope of consolidation	1 209	0	0	0	483	1 692
Depreciation	278	11	339	149	7	784
Disposals	0	0	0	–277	0	–277
Translation differences on effect of chance	–1	0	–5	–1	0	–7
Value at end of period	*3 305*	*183*	*2 877*	*291*	*490*	*7 146*
30 June 2016						
Net book values						
Value at start of period	958	21	394	496	0	1 869
Value at end of period	**931**	**15**	**205**	**379**	**65**	**1 595**

July–June 2014/2015	Furniture & fixed installations	Office machines	IT & communications systems	Vehicles	Property	Total
Cost						
Value at start of period	2 547	142	2 079	1 037	0	5 805
Translation differences on opening balance	–6	–1	–29	–11	0	–47
Change in scope of consolidation	141	39	529	3	0	712
Additions	118	20	419	280	0	837
Disposals	0	0	0	–384	0	–384
Translation differences on effect of chance	–11	–3	–7	–11	0	–32
Value at end of period	*2 789*	*197*	*2 991*	*914*	*0*	*6 891*
Accumulated depreciation						
Value at start of period	1 517	125	1 847	475	0	3 964
Translation differences on opening balance	–5	–1	–23	–3	0	–32
Change in scope of consolidation	110	37	492	3	0	642
Depreciation	210	16	285	217	0	728
Disposals	0	0	0	–273	0	–273
Translation differences on effect of chance	–1	–1	–4	–1	0	–7
Value at end of period	*1 831*	*176*	*2 597*	*418*	*0*	*5 022*
30 June 2015						
Net book values						
Value at start of period	1 030	17	232	562	0	1 841
Value at end of period	**958**	**21**	**394**	**496**	**0**	**1 869**

14 Intangible assets

July–June 2015/2016	**Software Licenses**	**Goodwill**	**Other[1)]**	**Total**
Cost				
Value at start of period	3 052	31 323	5 180	39 555
Translation differences on opening balance	–37	–861	–40	–938
Change in scope of consolidation	1 456	9 367	768	11 591
Additions	198	0	0	198
Translation differences on effect of change	–4	–64	–5	–73
Value at end of period	*4 665*	*39 765*	*5 903*	*50 333*
Accumulated amortisation				
Value at start of period	2 402	22 630	4 745	29 777
Exchange differences on opening balance	–35	155	0	120
Change in scope of consolidation	1 333	0	0	1 333
Amortisation	437	2 634	211	3 282
Translation differences on effect of change	–2	–300	–11	–313
Value at end of period	*4 135*	*25 119*	*4 945*	*34 199*
30 June 2016				
Net book values				
Value at start of period	650	8 693	435	9 778
Value at end of period	**530**	**14 646**	**958**	**16 134**

[1)] Other intangible fixed assets include capitalised software development costs and service/production contracts, which where recognised following business acquisitions. These assets have definable useful lives over which they are amortised, until 31 December 2020 at the latest.

July–June 2014/2015	**Software licences acquired**	**Goodwill**	**Other[1)]**	**Total**
Cost				
Value at start of period	2 466	23 994	4 805	31 265
Translation differences on opening balance	–4	0	–40	–44
Change in scope of consolidation	311	6 967	407	7 685
Additions	279	0	0	279
Disposals	0	0	0	0
Translation differences on effect of change	0	362	8	370
Value at end of period	*3 052*	*31 323*	*5 180*	*39 555*
Accumulated amortisation				
Value at start of period	1 670	20 773	4 676	27 119
Exchange differences on opening balance	–2	–1	–22	–25
Change in scope of consolidation	298	0	0	298
Amortisation	438	1 616	94	2 148
Translation differences on effect of change	–2	242	–3	237
Value at end of period	*2 402*	*22 630*	*4 745*	*29 777*
30 June 2015				
Net book values				
Value at start of period	796	3 221	129	4 146
Value at end of period	**650**	**8 693**	**435**	**9 778**

[1)] Other intangible fixed assets include capitalised software development costs and service/production contracts, which where recognised following business acquisitions. These assets have definable useful lives over which they are amortised, until 31 December 2019 at the latest.

15 Accrued liabilities and deferred income

Accrued liabilities and deferred income	30 June 2016	30 June 2015
Deferred expenses, bonuses	**13 944**	9 314
Payments received in advance (for long-term contracts)	**3 498**	1 740
Accruals/deferrals for vacation, overtime	**1 703**	2 473
Total Accrued liabilities and deferred income	**19 145**	13 527

The increase in deferred expenses, bonuses is mainly related to the acquisition of ELAXY Financial Software & Solutions GmbH & Co. KG (CHF 2 907 thousand). Further interest related to the convertible bond accounts for CHF 520 thousand (previous year: none). Deferred bonuses increased by CHF 838 thousand. The remaining CHF 365 thousand result from normal day-to-day operations.

The increase in payments received in advance is largely attributable to the acquisition of ELAXY Financial Software & Solutions GmbH & Co. KG.

16 Short-/long-term provisions

July–June 2015/2016	Provisions short term	Provisions long term
Value at start of period	1 352	93
Translation differences on opening balance	10	3
Additional provisions	253	0
Used in year under review	–823	0
Release of unused provisions	–248	0
Value at end of period	**544**	**96**

July–June 2014/2015	Provisions short term	Provisions long term
Value at start of period	0	0
Additional provisions	1 352	93
Used in year under review	0	0
Release of unused provisions	0	0
Value at end of period	**1 352**	**93**

In the year under review, new value adjustments recognised for imminent losses in the project business totalled CHF 71 thousand. Further CHF 182 thousand in provisions were recognised for various legal disputes.
CHF 699 thousand related to imminent losses in the project business as well as CHF 124 thousand for various legal disputes have been used in the 2015/2016 financial year. CHF 248 thousand reserved for legal disputes have been released unused.

17 Financial liabilities

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years.
The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50.
Financial liabilities are recorded and valued at the present value.
Deducting the discounted issue costs of CHF 393 thousand as well as CHF 466 thousand, which were assigned to equity, the present value of the convertible bond (CLX15) on 30 June 2016 is CHF 24 141 thousand.

July–June 2015/2016

Financial liabilities

Amounts in thousands of CHF	Present Value	Nominal Value	Due Date	Interest Rate
Convertible Bond (CLX15)	24 141	25 000	2019	2.375%
Total	**24 141**	**25 000**		
Unused credit limits	0	7 000		

July–June 2014/2015

Financial liabilities

Amounts in thousands of CHF	Present Value	Nominal Value	Due Date	Interest Rate
	0	0	n/a	0
Total	**0**	**0**		
Unused credit limits	0	7 000		

18 Taxes

Deferred Taxes	30 June 2016	30 June 2016	30 June 2016	30 June 2015	30 June 2015	30 June 2015
	Assets	Liabilities	Net	Assets	Liabilities	Net
Use of loss carryforwards	4 352	0	–4 352	4 146	0	–4 146
Receivables	0	240	240	306	138	–168
Work in progress/ inventories	0	117	117	0	108	108
Financial assets	0	0	0	0	0	0
Tangible fixed assets	61	69	8	21	96	75
Intangible assets	874	21	–853	738	33	–705
Asset from employer contribution reserve	0	51	51	0	229	229
Share-based payments	0	0	0	0	0	0
Liabilities	32	675	643	184	454	270
Total deferred taxes	5 319	1 173	–4 146	5 395	1 058	–4 337
Netting	–449	–449	0	–1 058	–1 058	0
Deferred taxes	4 870	724	–4 146	4 337	0	–4 337

The Group has tax loss carryforwards. Deferred tax assets for these tax loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group determines these gains based on the budget as well as on corresponding general and realisable tax strategies.

The existing tax loss carryforwards can be used as follows:

Expiry of loss carryforwards	30 June 2016	30 June 2015
Expiry in next 3 years	0	6 800
Expiry in 4–7 years	1 900	4 618
No expiry date	14 311	10 160
Total tax losses	16 211	21 578
Thereof tax losses for which deferred tax assets were recorded	16 211	16 228
Recorded deferred tax assets	4 352	4 146
Tax losses for which no deferred tax assets were recorded	0	5 350
Unrecorded deferred tax assets	0	1 131

Income tax	July–June 2015/2016	July–June 2014/2015
Current tax	–400	–1
Deferred tax	270	3 900
Total income tax	–130	3 899

The income tax calculated on the ordinary earnings before tax differs from the theoretical tax expense, which is based on the ordinary earnings before tax using the domestic rate where the Group is domiciled, as follows:

Income tax	**July–June 2015/2016**	July–June 2014/2015
Ordinary earnings before tax	**–483**	–14 173
Group's average tax rate	**18.63%**	25.61%
Expected income taxes	**–90**	3 630
Cause for variance:		
Non-tax-deductible expenses and earnings	**–245**	–14
Other positions where no deferred tax assets were recognised	**–75**	0
Adjusted tax charges/relief	**0**	–1
Translation and other adjustments	**280**	284
Total income tax	**–130**	3 899
Effective tax rate	**26.91%**	27.51%

19 Asset from employer contribution reserve

The plan assets of the pension funds are held in separate legally independent foundations. To cover the insurance benefits for death, disability and longevity risks, reinsurance cover has been taken out with a collective insurer.
The information about the financial situation of the pension funds is always based on the interim financial statements on 30 June of the financial year. The employer contributions were drawn from the employer contribution reserves.

Employer contribution reserve	**July–June 2015/2016**	July–June 2014/2015
Nominal value at start of period	**1 082**	2 717
Additions	**0**	0
Interest	**3**	86
Employer contribution	**–1 085**	–1 721
Nominal value at end of period	**0**	1 082
Appropriation waiver at end of period	**0**	0
Balance sheet at end of period	**0**	1 082
Interest	**3**	86
Release appropriation waiver	**0**	0
Additions appropriation waiver	**0**	0
Impact on personnel expense	**3**	86

Economic benefit/economic liability and pension costs	**July–June 2015/2016**			July–June 2014/2015		
	Pension fund			Pension fund		
	mandatory	**voluntary**	**Total**	mandatory	voluntary	Total
Funded status at start of period	0	0	**0**	0	0	0
Change	0	0	**0**	0	0	0
Funded status at end of period	**0**	**0**	**0**	0	0	0
Economic share of CREALOGIX at start of period	0	0	**0**	0	0	0
Economic share of CREALOGIX at end of period	0	0	**0**	0	0	0
Effect on income statement	0	0	**0**	0	0	0
Interest	0	3	**3**	0	86	86
Release appropriation waiver	0	0	**0**	0	0	0
Employer contribution	–815	–904	**–1 719**	–944	–1 048	–1 992
Pension costs included in personnel expense	**–815**	**–901**	**–1 716**	–944	–962	–1 906

20 Share capital

July–June 2015/2016	Number of shares			Capital		
	Issued	Treasury	Outstanding	Issued	Treasury	Outstanding
At beginning of period	1 070 000	–3 358	1 066 642	8 560	–322	8 238
Treasury shares purchased	0	–21 805	–21 805	0	–1 966	–1 966
Treasury shares sold	0	9 801	9 801	0	912	912
Treasury shares used for share-based payments	0	4 043	4 043	0	316	316
At end of period	**1 070 000**	**–11 319**	**1 058 681**	**8 560**	**–1 060**	**7 500**
July–June 2014/2015						
At beginning of period	1 070 000	–9 546	1 060 454	8 560	–945	7 615
Treasury shares purchased	0	–14 264	–14 264	0	–1 383	–1 383
Treasury shares sold	0	7 402	7 402	0	718	718
Treasury shares used for share-based payments	0	13 050	13 050	0	1 288	1 288
At end of period	**1 070 000**	**–3 358**	**1 066 642**	**8 560**	**–322**	**8 238**

The total number of issued registered shares is 1 070 000 (previous year: 1 070 000). The shareholders' equity comprises CHF 300 thousand (previous year: CHF 300 thousand) in non-distributable reserves.
The nominal value of the 1 070 000 registered shares was lowered from CHF 10 to CHF 8 on 9 November 2006 in connection with the capital reduction; shareholders received CHF 2 per share on 1 March 2007. The share capital has been CHF 8 560 000 since then.

The Company has had conditional capital since 5 September 2000. The Shareholders' Meeting of 15 November 2012 changed the purpose of the capital. The conditional capital can only be used to exercise warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments of the Company.
On 2 November 2015, the conditional capital has been increased to as much as CHF 2 400 000 by issuing up to 300 000 registered shares with a nominal value of CHF 8 each while not granting subscription rights to shareholders.

Transactions with treasury shares resulted in a net change of CHF 738 thousand (previous year: CHF 623 thousand) that was accounted for in shareholders' equity. The shares are held as treasury shares. The Company is entitled to resell these treasury shares in the future.

All treasury shares are directly held by CREALOGIX Holding AG.

21 Personnel expenses

Personnel expenses	July–June 2015/2016	July–June 2014/2015
Wages and salaries	–33 937	–32 712
Social security costs	–3 272	–3 102
Pension fund costs	–2 398	–1 906
Other personnel expenses	–1 336	–2 699
Total personnel expenses	–40 943	–40 419
Full-time employees	324.9	287.5
Headcount on 30 June	414	354

22 Financial result

Financial result	July–June 2015/2016	July–June 2014/2015
Interest income	19	128
Gain on marketable securities/dividends	37	64
Foreign exchange gain	48	0
Total financial income	104	192
Interest expense	–456	–36
Loss on marketable securities/dividends	–50	0
Foreign exchange loss	0	–37
Bank fees and other financial expense	–228	–24
Total financial expense	–734	–97
Total Financial result	–630	95

Interest expenses in 2015/2016 include the interest and other costs expenses for the 2.375 per cent convertible bond (since November 16) totalling CHF 440 thousand (previous year: none). See Note: 17.

Other financial expenses 2015/2016 include the discounted amount of the issue costs of the convertible bond (CHF 130 thousand; previous year: none) as well as the discounted amount of the deferred conditional purchase price obligation (CHF 53 thousand; previous year: none).

23 Earnings per share

	July–June 2015/2016	July–June 2014/2015
Consolidated profit attributable to Shareholders of CREALOGIX Holding AG	–883	–10 274
Weighted average number of shares outstanding	1 063 290	1 064 637
Maximum number of new shares (convertible bonds)	239 234	239 234
Earnings per share – undiluted in CHF	–0.83	–9.65
Dilutive effect of conversion of convertible bonds in CHF	0.39	1.77
Earnings per share – diluted in CHF	–0.44	–7.88

24 Obligations

Operating lease obligations
The Group rents office space and vehicles under non-cancellable operating lease agreements. The lease agreements are subject to various conditions, rental increase clauses and extension options. The lease and rental expenses were recognised in the income statement for the current year.

The future aggregate minimum lease payments required under non-cancellable operating leases are as follows:

Future minimum lease payments	**30 June 2016**	30 June 2015
Due within 1 year	**2 217**	2 036
Due between 1 and 5 years	**3 831**	5 134
Due > 5 years	**429**	664
Total future liabilities	**6 477**	7 834

25 Contingent liabilities

Due to a client project, there was another quantifiable liability of a contingent nature amounting to CHF 100 thousand (previous year: CHF 100 thousand).

26 Legal restructuring/acquisition/sale of organisations

July–June 2015/2016

On 1 January 2016, CREALOGIX (Deutschland) AG acquired 80 per cent of the shares in FS&S Holding GmbH, which in turn holds 100 per cent of the shares in ELAXY Financial Software & Solutions GmbH & Co. KG. Further CREALOGIX (Deutschland) AG acquired 100 per cent of the shares in ELAXY Financial Software & Solutions Verwaltungs GmbH.

On 1 January 2016, CREALOGIX (Deutschland) AG acquired a minority stake of 20 per cent in ELAXY Business Solution & Services GmbH & Co. KG.

CREALOGIX (Deutschland) AG has a Call-Option to acquire the remaining 80% of Elaxy Business Solution & Services GmbH & Co. KG. The call has to be announced between 1 January and 30 June 2018.
In addition there is a Put-Option and a Call-Option for the remaining 20% of FS&S Holding GmbH. The put has to be executed between 1 January and 30 June 2020 and the call between 1 January and 30 June 2021. The underlying basic values of the options represent fair values. Therefore the options create neither an asset nor a liability and do not qualify as derivative financial instruments as referred to in Swiss GAAP FER 27.

CREALOGIX UK Ltd still holds a deferred conditional purchase price obligation from the CREALOGIX MBA Group Ltd acquisition in 2014/2015. Per 30 June 2016 the estimation for future payments is CHF 2370 thousand (previous year: CHF 2630 thousand).

The acquired net assets and goodwill as of the acquisition date are as follows:

	ELAXY Holding GmbH & FS&S Verw. GmbH
Purchase price	10 141
Costs directly attributable to the acquisition	554
Total purchase price	**10 695**
Fair value of net assets acquired	1 328
Goodwill	**9 367**

To reflect the long-term nature of this investment, the Board of Directors of CREALOGIX Holding AG decided to amortise the goodwill created by capitalising the acquisition premium over ten years.

The following assets and liabilities were acquired during the acquisition:

	Fair value	Acquiree's carrying amount
Cash	3 167	3 167
Other current assets	1 955	919
Tangible fixed assets	237	299
Intangible assets	891	98
Goodwill	0	16 888
Total ASSETS	**6 250**	**21 371**
Current liabilities	–4 302	–5 144
Deferred tax liabilities	–486	0
Other non-current liabilities	0	–244
Total LIABILITIES	**–4 788**	**–5 388**
Fair value of total net assets acquired	**1 462**	**15 983**
Minority interests ELAXY Holding GmbH	–134	–3 191
Fair value of net assets acquired attributable to CREALOGIX (Deutschland) AG	**1 328**	**12 792**

	ELAXY Holding GmbH & FS&S Verw. GmbH
Purchase price paid	9 786
Costs directly attributable to the acquisition	554
Cash acquired	–3 167
Cash outflow from the transaction	**7 173**
Payment through CLXN Shares	**0**

The difference between Fair Value and Acquiree's carrying amount is related to the consolidation of CREALOGIX (Deutschland) AG with the three acquired companies.
Part of the purchase price (CHF 355 thousand) has been paid after the 30 June 2016.

July–June 2014/2015

The CREALOGIX Group established a subsidiary in Vienna (CREALOGIX Austria GmbH) on 1 August 2014.
On 1 January 2015, CREALOGIX UK Ltd acquired 100 per cent of the shares in MBA Investment Group Ltd, renamed CREALOGIX MBA Group Ltd, which in turn holds 100 per cent of the shares in MBA Systems Ltd, renamed CREALOGIX MBA Ltd.

The acquired net assets and goodwill as of the acquisition date are as follows:

	CLX MBA Group Ltd & CLX MBA Ltd
Purchase price	5 733
Costs directly attributable to the acquisition	494
Estimate of future purchase price payments	2 515
Total purchase price	**8 742**
Fair value of net assets acquired	1 775
Goodwill	**6 967**

To reflect the long-term nature of this investment, the Board of Directors of CREALOGIX Holding AG decided to amortise the goodwill created by capitalising the acquisition premium over ten years.

The following assets and liabilities were acquired during the acquisition:

CLX MBA Group Ltd & CLX MBA Ltd	**Fair value**	**Acquiree's carrying amount**
Cash and cash equivalents	1 639	1 639
Other current assets	1 125	1 125
Property, plant and equipment	66	66
Intangible fixed assets	381	11
Total ASSETS	3 211	2 841
Current liabilities	–1 436	–1 436
Total LIABILITIES	–1 436	–1 436
Fair value of net assets acquired	**1 775**	**1 405**

	CLX MBA Group Ltd & CLX MBA Ltd
Purchase price paid	5 471
Costs directly attributable to the acquisition	494
Cash and cash equivalents acquired	–1 639
Cash outflow from the transaction	**4 326**
Payment through CLXN Shares	**262**

27 Related-party disclosures

Related parties include members of the Board of Directors, the Executive Management as well as friends and family members of the aforementioned persons, major shareholders and companies controlled by them, associated companies, and the Group's pension funds.

a) Majority shareholders
The Group is controlled by Bruno Richle, Dr. Richard Dratva, Daniel Hiltebrand and Peter Süsstrunk, who together have a 70 per cent shareholding in CREALOGIX Holding AG. The remaining 30 per cent of shares are in free float.
These four shareholders (founder shareholders) have concluded a shareholder pooling agreement.

b) Group companies and associates
Note one provides an overview of the group companies and associates. Transactions between the parent and its subsidiaries and those between group companies have been eliminated in the consolidated financial statements.
CREALOGIX (Deutschland) AG has several Call-/Put-Options to acquire additional shares of Elaxy Business Solution & Services GmbH & Co. KG or FS&S Holding GmbH (see Note 26).

c) Members of the Management

The Board of Directors and the Executive Management are composed as follows:

Board of Directors	Executive Management
Bruno Richle	Thomas F.J. Avedik (CEO)
Dr. Richard Dratva	Dr. Richard Dratva (CSO)
Jean-Claude Philipona	Rolf Lichtin (CFO)
Prof. em. Dr. Beat Schmid	Volker Weimer
Dr. Christoph Schmid	Marc Staehli

d) Remuneration and shareholdings of the Board of Directors and Executive Management

The remuneration report starting on page 32 to the annual financial statements of CREALOGIX Holding AG contains additional disclosures required by Swiss law regarding remuneration and ownership of shares and options for the Board of Directors and the Executive Management.

Since 1 January 2016, Bruno Richle, Chairman of the Board, has taken over an operative role outside of the Executive Management. In his new position the overall compensation was TCHF 270.

There were no further claims or commitments to/from persons in key management positions on 30 June 2016 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none). In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 21 thousand (previous year: CHF 15 thousand). Board of Directors member Jean-Claude Philipona provided consulting services amounting to CHF 27 thousand related to acquisition projects in the current year (previous year: none).

Other compensation and credits

Qontis AG generated CHF 287 thousand in net sales from goods and services during the year under review (previous year: CHF 323 thousand). On 30 June 2016, there were also CHF 47 thousand (including VAT) in outstanding receivables (previous year: CHF 1 thousand) and CHF 2 975 thousand in non-current loans (previous year: CHF 2 137 thousand).

28 Events after the balance sheet date

Since the balance sheet date of 30 June 2016, there have been no material events that would affect the integrity of the consolidated financial statements approved by the Board of Directors on 12 September 2016.

Report of the statutory auditor to the General Meeting
of CREALOGIX Holding AG, Zurich

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Crealogix Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 43 to 83), for the year ended 30 June 2016.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

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

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Hanspeter Gerber
Audit expert
Auditor in charge

Andreas Fontanive
Audit expert

Zürich, 12 September 2016

CREALOGIX HOLDING AG FINANCIAL REPORT

CREALOGIX Holding AG Financial Report

BALANCE SHEET

Amounts in thousands of CHF	Notes	**30 June 2016**	%	30 June 2015	%
ASSETS					
Cash, cash equivalents and current assets with a quoted market price	2.1	**13 572**		5 702	
Other current receivables		**1**		3	
Accounts receivable from group companies	2.2	**7 743**		5 656	
Accrued income and prepaid expenses		**595**		110	
Current Assets		**21 911**	**33.6**	11 471	27.6
Accounts receivable from group companies with subordination statement	2.2	**10 138**		8 877	
Loans to group companies	2.4	**16 066**		4 103	
Shareholdings	2.5	**17 167**		17 167	
Capital assets		**43 371**	**66.4**	30 147	72.4
Total ASSETS		**65 282**	**100.0**	41 618	100.0
LIABILITIES AND EQUITY					
Trade creditors		**15**		14	
Other current liabilities		**426**		424	
Accounts payable to group companies	2.2	**0**		17 456	
Deferred income and accrued expenses		**540**		110	
Current borrowed capital		**981**	**1.5**	18 004	43.3
Long-term interest-bearing liabilities	2.6	**25 000**		0	
Long-term borrowed capital		**25 000**	**38.3**	0	0.0
Shareholder capital	7	**8 560**		8 560	
Reserves from capital contributions		*19 168*		*19 168*	
Statutory capital reserves		**19 168**		19 168	
Statutory retained earnings		**250**		250	
Voluntary retained earnings		**29**		–9	
Loss brought forward		*–4 042*		*–4 537*	
Profit for the period		*16 396*		*504*	
Available earnings		**12 354**		–4 033	
Own capital shares as negative items	5	**–1 060**		–322	
Shareholders' equity		**39 301**	**60.2**	23 614	56.7
Total LIABILITIES AND EQUITY		**65 282**	**100.0**	41 618	100.0

INCOME STATEMENT

Amounts in thousands of CHF	July–June 2015/2016	July–June 2014/2015
Net proceeds from sales of goods and services	**1 501**	1 343
Staff costs	**–182**	–202
Other operational costs	**–738**	–684
Financial income	**16 448**	303
Financial costs	**–599**	–215
Financial costs and financial income	**15 849**	88
Direct taxes	**–34**	–41
Annual profit	**16 396**	504

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies adopted in the annual financial statements

These annual financial statements were prepared in accordance with the accounting provisions of the Swiss Code of Obligations (OR).
The following disclosures are not made pursuant to Art. 961d (1) OR:
- Additional disclosures in the notes (auditor's fee; disclosures on non-current interest-bearing liabilities)
- Cash flow statement
- Management report

All the values in the annual financial statements are reported in thousands of Swiss francs (CHF thousand) unless otherwise indicated.

The main balance sheet items are accounted for as follows:

1.1 Cash, cash equivalents and current assets with a quoted market price

Cash and cash equivalents comprise cash on hand, bank account deposits and other short-term, highly liquid financial assets with a residual term to maturity of three months or less. Current account overdrafts are disclosed in the balance sheet as liabilities due to banks under current financial liabilities.

Current assets held for a quoted market price are recognised at their current value. Changes to the values of such financial assets recognised through profit or loss are shown in the income statement under the item 'Financial expense and financial income'.

1.2 Receivables from group companies

Receivables from group companies are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised when the Group has objective evidence that it is not in a position to realise the full amount of the claim.

CHF 10 138 thousand in receivables from group companies are subordinated.

1.3 Loans to group companies

Loans to group companies are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised when the Group has objective evidence that it is not in a position to realise the full amount of the claim.

1.4 Shareholdings

Shareholdings are capitalised at cost.
Shareholdings are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications of impairment, the recoverable amount is calculated in an impairment test.

1.5 Recognition of net proceeds from goods and services

Net proceeds from goods and services includes all sales from services provided by CREALOGIX Holding AG. Net proceeds from goods and services for services are determined on the basis of the services provided for the customer during the year under review.

1.6 Exchange rates

The exchange rates used in the balance sheet are the closing rates at 30 June and the rates for transactions during the year. The exchange rates used in the income statements are the average rates for the 2015/2016 and 2014/2015 financial years.

	Year-end rates (balance sheet)		Average rates (income statement)	
	30 June 2016	30 June 2015	**July–June 2015/2016**	July–June 2014/2015
EUR	**1.08**	1.05	**1.09**	1.14
CAD	**0.75**	0.75	**0.74**	0.81
USD	**0.98**	0.94	**0.99**	0.95
GBP	**1.30**	1.47	**1.46**	1.49
SGD	**0.73**	0.69	**0.71**	0.72

2 Disclosures, breakdown and explanatory notes to the annual financial statements

CREALOGIX Holding AG is legally domiciled in Zurich.
The number of full-time positions does not exceed ten employees on average over the year.

2.1 Cash, cash equivalents and current assets with a quoted market price

	30 June 2016	30 June 2015
Cash	**1 572**	3 380
Cash equivalents and current assets with a quoted market price	**12 000**	2 322
Total cash, cash equivalents and current assets with a quoted market price	**13 572**	5 702

The increase of cash equivalents and current assets with a quoted market price is directly related to the issue of convertible bonds.

2.2 Receivables and liabilities

CREALOGIX Holding AG has the following receivables from and liabilities to Group companies:

	30 June 2016	30 June 2015
Receivables from group companies		
CREALOGIX AG	**716**	0
CREALOGIX (Deutschland) AG	**12 459**	11 592
CREALOGIX International AG	**394**	993
CREALOGIX (Austria) GmbH	**519**	219
CREALOGIX UK Ltd	**1 297**	1 073
CREALOGIX MBA Ltd	**1 579**	234
CREALOGIX PTE Ltd	**917**	422
Total receivables from group companies	**17 881**	14 533
thereof without subordination statement	**7 743**	5 656
thereof with subordination statement	**10 138**	8 877
Liabilities to group companies		
CREALOGIX AG	**0**	–17 456
Total liabilities to group companies	**0**	–17 456

2.3 Liabilities to pension funds

There are no liabilities to pension funds as of 30 June 2016 (previous year: none).

2.4 Loans to group companies

The long-term loans to group companies consist of a loan to CREALOGIX UK Ltd to finance the acquisition of MBA Investment Group Ltd (CHF 4103 thousand) as well as a loan to CREALOGIX (Deutschland) AG to finance the acquisition of FS&S Holding GmbH and ELAXY Business Solution & Services GmbH & Co. KG (CHF 11963 thousand).

2.5 Shareholdings

July–June 2015/2016

Company	Company Capital	Ownership interest	Votes
Direct held shareholdings			
CREALOGIX AG, Zurich, Switzerland	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany	EUR 100 000	100%	100%
CREALOGIX International AG, Stuttgart, Germany	EUR 50 000	100%	100%
CREALOGIX Corp., Toronto, Canada	CAD 100 000	100%	100%
CREALOGIX UK Ltd, Winchester, UK	GBP 1 050 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria	EUR 35 000	100%	100%
Indirect held shareholdings			
CREALOGIX MBA Group Ltd, Winchester, UK	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK	GBP 25 000	100%	100%
FS&S Holding GmbH, Stuttgart, Deutschland	EUR 100 000	80%	80%
ELAXY Financial Software & Solutions GmbH & Co. KG, Stuttgart, Deutschland	EUR 10 000	80%	80%
ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Deutschland	EUR 25 000	100%	100%

July–June 2014/2015

Company	Company Capital	Capital	Votes
Direct held shareholdings			
CREALOGIX AG, Zurich, Switzerland	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany	EUR 100 000	100%	100%
CREALOGIX International AG, Stuttgart, Germany	EUR 50 000	100%	100%
CREALOGIX Corp., Toronto, Canada	CAD 100 000	100%	100%
CREALOGIX UK Ltd, London, UK	GBP 1 050 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria	EUR 35 000	100%	100%
Indirect held shareholdings			
CREALOGIX MBA Group Ltd, Winchester, UK	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK	GBP 25 000	100%	100%

2.6 Long-term interest-bearing liabilities

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years. The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50. Financial liabilities are recorded and valued at the nominal value.

3 Contingent liabilities

CREALOGIX Holding AG is not involved in any legal disputes, tax administration investigations or other legal matters.

3.1 Joint and several liabilities for debt from value added tax

The CREALOGIX companies in Switzerland are treated as a single taxable entity for VAT purposes (group taxation, art. 13 VAT law). If one of the group companies is unable to meet its payment obligations to the Federal tax authorities, the other group companies are jointly and severally liable.

4 Significant shareholders

On 30 June 2016, each of the following significant shareholders held more than three per cent of the voting rights:

Shareholders	**Share of votes**		**Number of shares**	
	30 June 2016	30 June 2015	**30 June 2016**	30 June 2015
Dr. Richard Dratva	**24.31%**	24.20%	**260 080**	258 893
Bruno Richle	**23.89%**	23.78%	**255 591**	254 404
Daniel Hiltebrand	**15.51%**	15.49%	**165 985**	165 748
Peter Süsstrunk	**6.59%**	6.60%	**70 500**	70 609
Noser Management AG	**3.93%**	3.93%	**42 000**	42 000

5 Treasury shares including shares held in subsidiaries

	2 016		**2 015**	
	Quantity	**Value**	**Quantity**	**Value**
on 1 July	3 358	322	9 546	945
Purchases	21 805	1 966	14 264	1 383
Sales	–13 844	–1 228	–20 452	–2 006
on 30 June	**11 319**	**1 060**	**3 358**	**322**

Treasury shares are purchased and sold at market prices.

6 Explanations of extraordinary, non-recurring or prior-period items in the income statement

None occurred in the year under review or the previous year.

7 Share capital

The Company has had conditional capital since 5 September 2000.
The Shareholders' Meeting of 15 November 2012 changed the purpose of the capital. The conditional capital can now only be used to exercise warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments of the Company.
On 2 November 2015, the conditional capital has been increased to as much as CHF 2 400 000 by issuing up to 300 000 registered shares with a nominal value of CHF 8 each while not granting subscription rights to shareholders.

	30 June 2016	30 June 2015
Conditional share capital	**2 400 000**	2 000 000
Authorised share capital	**0**	2 400 000

8 Remuneration of the Board of Directors and Executive Management

Compensation

July–June 2015/2016	Annual fixed compensation	Annual variable compensation	Share-based payments[3]	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 Dec 15)[2]	15	0	0	1	0	**16**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	0	2	0	**44**
Prof. em. Dr. Beat Schmid, Member	30	12	0	2	0	**44**
Dr. Christoph Schmid, Member	30	21	0	4	0	**55**
Total Board of Directors	**105**	**45**	**0**	**9**	**0**	**159**
Executive Management (four members until Dec 15, 30 June: five members)[1]	1 002	517	109	386	21	**2 035**
Total	**1 107**	**562**	**109**	**395**	**21**	**2 194**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*258*	*167*	*109*	*135*	*9*	**678**

July–June 2014/2015	Annual fixed compensation	Annual variable compensation	Share-based payments[3]	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO	0	0	0	0	0	**0**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	2	3	0	**47**
Prof. em. Dr. Beat Schmid, Member	30	12	51	5	0	**98**
Dr. Christoph Schmid, Member	30	15	0	3	0	**48**
Total Board of Directors	**90**	**39**	**53**	**11**	**0**	**193**
Executive Management (six members until January 15, five members until May 15, 30 June: four members)[1]	1 226	301	231	507	40	**2 305**
Total	**1 316**	**340**	**284**	**518**	**40**	**2 498**
Highest compensation to Bruno Richle, Chairman and CEO	*263*	*101*	*112*	*148*	*10*	**634**

[1] until 31 Dec 150: Bruno Richle (CEO), Richard Dratva, Thomas Avedik, Rolf Lichtin
since 1 Jan 16: Thomas Avedik (CEO), Richard Dratva, Volker Weimer, Marc Stähli, Rolf Lichtin
[2] Compensation for 1 January until 30 June 2016
[3] Fair Value.

The amounts were adapted to conform with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV). The social security contributions include the employer's contributions to occupational and non-occupational accident insurance and daily sickness benefit insurance.
Out-of-pocket expenses are no longer calculated separately since the tax administration has approved the payment of a fixed entertainment allowance to cover out-of-pocket expenses.

1) Compensation of members of the Board of Directors and Executive Management
For discharging their duties, the non-executive members of the Group's Board of Directors receive an fixed annual salary plus additional compensation per meeting related to their committee membership. Instead of receiving their fee in cash, they have the right to receive up to 90 per cent of their fee, but no more than the equivalent of CHF 50 thousand, in unvested CREALOGIX shares.
The executive members of the Group's Board of Directors and members of the Executive Management receive contractually agreed compensation for their role in the Company's operations. The fixed compensation includes an annual salary and lump-sum expense reimbursements. The variable compensation includes the bonuses.

2) Share-based payments
As disclosed in the remuneration report on page 32, an employee share ownership programme is in place for the Board of Directors and selected members of the Executive Management, senior staff and employees. The fair value is the basis for the valuation of expenditures recorded in the income statement relating to employees shares taken up.

3) Social security contributions consist of the actual regulatory premiums paid to social security institutions during the current financial year.

4) Other compensation and credits
There were no further claims or commitments to/from persons in key management positions on 30 June 2016 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none).

Since 1 January 2016, Bruno Richle, Chairman of the Board, has taken over an operative role outside of the Executive Management. In his new position the overall compensation was TCHF 270.

In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 21 thousand (previous year: CHF 15 thousand). Board of Directors member Jean-Claude Philipona provided consulting services amounting to CHF 27 thousand related to acquisition projects in the current year (previous year: none)

5) Shareholdings

The members of the Board of Directors and the Executive Management held the following CREALOGIX shares as of 30 June 2016:

	CREALOGIX shares		thereof blocked		thereof blocked for warrants[1]	
	30 June 2016	30 June 2015	**30 June 2016**	30 June 2015	**30 June 2016**	30 June 2015
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 Dec 15)	**255 591**	254 404	**4 362**	6 993	**17 000**	17 000
Dr. Richard Dratva, Vice Chairman and CSO	**260 080**	258 893	**2 893**	4 802	**17 000**	17 000
Jean-Claude Philipona, Member	**1 194**	1 194	**414**	414	**0**	0
Prof. em. Dr. Beat Schmid, Member	**3 197**	3 197	**443**	804	**0**	0
Dr. Christoph Schmid, Member	**4 418**	4 418	**1 572**	1 962	**0**	0
Members of the Executive Management						
Thomas Avedik, member of the Executive Management and CEO (since 01.01.16)	**1 231**	1 231	**940**	940	**0**	0
Rolf Lichtin, member of the Executive Management and CFO	**438**	438	**438**	438	**0**	0
Volker Weimer, member of the Executive Management and Head Digital Banking Deutschland (since 01.01.16)	**0**	0	**0**	0	**0**	0
Marc Stähli, member of the Executive Management and Head Sales & Marketing (since 01.01.16)	**0**	0	**0**	0	**0**	0
Other significant shareholders						
Noser Management AG	**42 000**	42 000	**0**	0	**0**	0
Total	**568 149**	565 775	**11 062**	16 353	**34 000**	34 000

[1] When issuing call warrants (CREANO symbol) with a term ending 29 June 2018 and an exercise price of CHF 130, a corresponding number of put options have been written.

9 Events after the balance sheet date

Since the balance sheet date of 30 June 2016, there have been no material events that would affect the integrity of the annual financial statements approved by the Board of Directors on 12 September 2016.

PROPOSAL OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

Available earnings	**July–June 2015/2016**	July–June 2014/2015
Retained losses carried forward	**–4 042**	–4 537
Net profit	**16 396**	504
Available for distribution by the Shareholders' Meeting	**12 354**	–4 033
Available earnings	**12 354**	–4 033
Appropriation to statutory retained earnings	**0**	0
Appropriation voluntary retained earnings	**0**	–9
Carried forward to new account	**12 354**	–4 042
Distribution of share premium	**0**	0

The Board of Directors will propose to the Shareholders' Meeting of 31 October 2016 not to distribute a dividend or share premium for the 2015/2016 financial year.

Report of the statutory auditor to the General Meeting
of CREALOGIX Holding AG, Zurich

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Crealogix Holding AG, which comprise the balance sheet, income statement and notes (pages 88 to 98), for the year ended 30 June 2016.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 30 June 2016 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Hanspeter Gerber Audit expert Auditor in charge	Andreas Fontanive Audit expert

Zürich, 12 September 2016

DATES AND CONTACTS

IMPORTANT DATES

31 October 2016
Ordinary Shareholders' Meeting

March 2017
Presentation of 2016/2017 Half-Year Results

CONTACT ADDRESSES

CREALOGIX Investor Relations
CREALOGIX Holding AG
Rolf Lichtin, CFO
Baslerstrasse 60 | 8048 Zurich | Switzerland
+41 58 404 80 00 | rolf.lichtin@crealogix.com

CREALOGIX Corporate Communications
CREALOGIX Holding AG
Marc Stähli, Head of Sales & CMO
Baslerstrasse 60 | 8048 Zurich | Switzerland
+41 58 404 80 00 | marc.staehli@crealogix.com

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding CREALOGIX that are inherently susceptible to risk and uncertainty. The reader must be aware that the actual future results may vary from these statements. Forward-looking statements are projections of possible developments. All forward-looking statements are based on information available to CREALOGIX at the time the annual report was prepared.

You can read the entire annual report of the CREALOGIX Group online at:

crealogix.com/report-en

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IMPORTANT GROUP COMPANIES

CREALOGIX Holding AG
Headquarters
Baslerstrasse 60
8048 Zurich
T + 41 58 404 80 00
info@crealogix.com

Switzerland

Baslerstrasse 60
8048 Zurich
T + 41 58 404 80 00

Länggassstrasse 7
3012 Berne

Rosengartenstrasse 6
8608 Bubikon

Germany

Breitscheidstrasse 10
70174 Stuttgart
T +49 711 614 160

Gutenbergstraße 5
82178 Puchheim/Munich

Mühlenstraße 18
26441 Jever

Austria

Herrengasse 1
1010 Vienna
T +43 1 93084 3050

United Kingdom

One Change Alley
London, EC3V 3ND
T +44 1962 841494

Staple House, Staple Gardens
Winchester, Hampshire, SO23 8SR

Singapore

80 Raffles Place
Level 35 UOB Plaza 1
Singapore 048624
T +65 6248 4965


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The Leader for the Digital Bank.
crealogix.com