

Consolidated financial statements

Consolidated income statement

in CHF million except per share amounts	Note	Financial year ended 30.06.2018		Financial year ended 30.06.2017	
			in %		in %
Net sales	5	2,841.0	100.0	2,520.1	100.0
Cost of goods sold		-1,647.3	-58.0	-1,445.0	-57.3
Gross margin		1,193.7	42.0	1,075.1	42.7
Other operating income, net	6	12.4	0.4	11.5	0.5
Sales and marketing		-446.8	-15.7	-402.6	-16.0
General administration		-286.3	-10.1	-259.4	-10.3
Research and development		-108.7	-3.8	-97.6	-3.9
Operating profit (EBIT)		364.3	12.8	327.0	13.0
Result from associates	16	2.5	0.1	2.7	0.1
Financial expenses	8	-53.5	-1.9	-37.6	-1.5
Financial income	9	2.4	0.1	3.1	0.1
Profit before taxes		315.7	11.1	295.2	11.7
Income taxes	10	-77.0	-2.7	-70.6	-2.8
Net profit		238.7	8.4	224.6	8.9
Net profit attributable to minority interests		114.9		108.2	
Net profit attributable to the owners of the parent		123.8		116.4	
Basic earnings per share (in CHF)	3	29.6		27.8	
Diluted earnings per share (in CHF)	3	29.5		27.7	
Operating profit before depreciation and amortization (EBITDA)	27	431.0	15.2	387.3	15.4

Consolidated balance sheet

Assets

in CHF million	Note	Financial year ended 30.06.2018		Financial year ended 30.06.2017	
			in %		in %
Current assets					
Cash and cash equivalents		145.3	7.3	188.3	9.9
Trade receivables	11	502.1	25.3	461.4	24.2
Inventories	12	432.3	21.8	411.4	21.5
Current income tax assets		49.9	2.6	36.1	1.9
Other current assets	13	59.6	3.0	82.5	4.3
Total current assets		1,189.2	60.0	1,179.7	61.8
Non-current assets					
Property, plant and equipment	14	458.6	23.1	412.8	21.6
Intangible assets	14	51.5	2.6	38.4	2.0
Investments in associates	16	40.6	2.0	36.0	1.9
Non-current financial assets	17	38.9	2.0	37.9	2.0
Deferred income tax assets	23	203.5	10.3	204.2	10.7
Total non-current assets		793.1	40.0	729.3	38.2
Total assets		1,982.3	100.0	1,909.0	100.0

Liabilities and equity

in CHF million	Note	Financial year ended 30.06.2018		Financial year ended 30.06.2017	
			in %		in %
Current liabilities					
Current borrowings	18	156.5	7.9	814.6	42.7
Trade payables		166.5	8.4	151.8	8.0
Current income tax liabilities		51.3	2.6	38.7	2.0
Accrued and other current liabilities	19	338.1	17.0	328.4	17.2
Provisions	20	51.1	2.6	76.9	4.0
Total current liabilities		763.5	38.5	1,410.4	73.9
Non-current liabilities					
Non-current borrowings	18	685.2	34.6	1.3	0.1
Accrued pension costs and benefits	21	303.0	15.3	285.1	14.9
Deferred income tax liabilities	23	38.8	2.0	29.1	1.5
Other non-interest bearing liabilities	18	4.8	0.2	0.0	0.0
Total non-current liabilities		1,031.8	52.1	315.5	16.5
Total liabilities		1,795.3	90.6	1,725.9	90.4
Equity					
Share capital	3	0.4	0.0	0.4	0.0
Additional paid-in capital		811.3	40.9	811.3	42.5
Retained earnings		1,175.1	59.3	1,109.8	58.2
Goodwill offset against equity		-1,805.0	-91.1	-1,728.9	-90.6
Treasury stock		-10.3	-0.5	-17.9	-0.9
Translation exchange differences		2.1	0.1	-1.1	-0.1
Total equity owners of the parent		173.6	8.7	173.6	9.1
Minority interests		13.4	0.7	9.5	0.5
Total equity	2, 10, 15	187.0	9.4	183.1	9.6
Total liabilities and equity		1,982.3	100.0	1,909.0	100.0

Consolidated cash flow statement

in CHF million	Note	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Net profit		238.7	224.6
Depreciation and amortization	14	66.7	60.3
Income tax expenses	10	77.0	70.6
Interest expenses	8	43.2	17.3
Interest income	9	-2.0	-1.8
(Gain) Loss on disposal of fixed assets, net		-1.0	-2.3
Adjustment for non-cash items		10.2	16.5
Change in trade receivables		-31.5	-28.9
Change in inventories		-12.4	-13.9
Change in other current assets		7.4	-16.4
Change in trade payables		11.8	13.5
Change in accrued pension cost		2.8	0.6
Change in accrued and other current liabilities		-43.7	14.6
Cash generated from operations		367.2	354.7
Income taxes paid		-59.8	-74.5
Interest paid		-40.5	-16.7
Interest received		2.0	1.8
Net cash from operating activities		268.9	265.3
Cash flows from investing activities			
Additions of property, plant and equipment	14	-91.7	-73.3
Proceeds from sale of property, plant and equipment	14	3.4	8.1
Acquisition of subsidiaries, net of cash acquired	4	-140.0	-884.9
Acquisition of associates and joint ventures		-1.5	-1.0
Sale of subsidiaries, net of cash sold		20.8	-0.3
Additions of intangible assets	14	-23.6	-11.4
Change in other non-current financial assets and prepaid transaction costs		0.8	-1.7
Net cash used in investing activities		-231.8	-964.5
Cash flows from financing activities			
Other proceeds from (repayment of) current borrowings, net	18	-694.6	756.7
Proceeds from (repayment of) non-current borrowings	18	-0.4	-8.4
Change in other non-current liabilities		-0.1	0.8
New bonds issued		680.5	0.0
Dividends paid to minority shareholders		-54.7	-27.5
(Purchase) Sale of treasury stock		-1.9	-20.8
New shares issued		0.0	3.7
Dividends paid to company's shareholders		-58.6	-50.4
Net cash flows from financing activities		-129.8	654.1
Translation exchange differences		49.7	20.2
Net increase (decrease) in cash and cash equivalents		-43.0	-24.9
Cash and cash equivalents at beginning of period		188.3	213.2
Cash and cash equivalents at end of period		145.3	188.3
Net increase (decrease) in cash and cash equivalents		-43.0	-24.9

Consolidated statement of changes in equity

in CHF million	Share capital	Additional paid-in capital	Retained earnings	Goodwill offset against equity ¹⁾	Treasury stock	Cumul. translation adjustm.	Minority interests	Total equity
Financial year ended 30.06.2017								
Balance at 30.06.2016	0.4	807.6	1,035.0	-1,382.8	-1.6	-15.8	237.7	680.5
Net profit for the reporting period			116.4				108.2	224.6
Goodwill on acquisitions and divestments (see note 15)				-346.1			-313.2	-659.3
Currency translation adjustments						14.7	12.4	27.1
Dividend paid			-50.4				-27.5	-77.9
New shares issued		3.7						3.7
Shares awarded			0.7		5.1			5.8
Treasury stock (purchased) re-issued			8.1		-21.4		-8.1	-21.4
Balance at 30.06.2017	0.4	811.3	1,109.8	-1,728.9	-17.9	-1.1	9.5	183.1
Financial year ended 30.06.2018								
Balance at 30.06.2017	0.4	811.3	1,109.8	-1,728.9	-17.9	-1.1	9.5	183.1
Net profit for the reporting period			123.8				114.9	238.7
Goodwill on acquisitions and divestments (see note 15)				-76.1			-68.9	-145.0
Currency translation adjustments						3.2	12.6	15.8
Dividend paid			-58.6				-54.7	-113.3
Shares awarded			0.1		9.5		0.0	9.6
Treasury stock (purchased) re-issued					-1.9			-1.9
Balance at 30.06.2018	0.4	811.3	1,175.1	-1,805.0	-10.3	2.1	13.4	187.0

¹⁾ Goodwill from acquisitions is no longer offset against retained earnings, but presented retroactively since 1 July 2016 as a separate item of equity.

Notes to the consolidated financial statements for financial year 2017/18

1. General information

Description of business

Strategy

dormakaba Group is one of the leading companies in the global security and access solutions market. With its excellent product and solutions portfolio along the entire value chain, the Group provides its customers with products, solutions and services for anything related to access to buildings and rooms from a single source. dormakaba has distribution channels and production facilities in all of the industries' key markets and will accelerate global expansion through the strengthened presence in Europe, the Americas and Asia Pacific. dormakaba is a growth-oriented company with a strong anchor shareholder group that will ensure its long-term oriented strategy. In order to grow profitably and to maximize the creation of value for all its stakeholders, dormakaba focuses on a clearly defined strategy with the following elements:

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

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

Operating model

dormakaba has divided the areas of business in which the company is globally active into five segments. Access Solutions (AS), which comprises four segments, is structured by region: AS AMER (North and South America), AS APAC (Asia Pacific), AS DACH (Germany, Austria, and Switzerland), and AS EMEA (Europe, Middle East, and Africa). The segment Key & Wall Solutions is globally positioned.

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

- **Access Solutions AMER (AS AMER):** The AS AMER segment includes dormakaba Group's business activities for access solutions in North and South America. AS AMER also has overall responsibility across all segments for the global Product Clusters Services, Lodging Systems, and Safe Locks.
- **Access Solutions APAC (AS APAC):** This segment includes dormakaba Group's business activities for access solutions in the Asia-Pacific region.
- **Access Solutions DACH (AS DACH):** The AS DACH segment includes the dormakaba Group's business activities for access solutions in Germany, Austria, and Switzerland. AS DACH also has cross-segment responsibility for the following global Product Clusters: Door Hardware, Interior Glass Systems, and Entrance Systems, including the associated production facilities and competence centers, in particular in Singapore, Suzhou (China), Melaka (Malaysia), and Sofia (Bulgaria).

- **Access Solutions EMEA (AS EMEA):** This segment includes the dormakaba Group's business activities for access solutions in Europe (excluding DACH), the Middle East, and Africa. AS EMEA also has cross-segment responsibility for the global Product Clusters Mechanical Key Systems and Electronic Access & Data, including the associated production facilities and competence centers, in particular in Wetzikon and Rümlang (Switzerland), Herzogenburg and Eggenburg (Austria), and Villingen-Schwenningen (Germany).
- **Key & Wall Solutions:** On 20 November 2017, dormakaba combined the segments Key Systems and Movable Walls into one segment Key & Wall Solutions. Key Systems is a globally active business and includes the product categories Keys, Key Cutting Machines, and Automotive Solutions.
Movable Walls has global activities in the space-dividing systems sector where it is specialized in acoustic movable partitions and in horizontal and vertical partitioning systems. The segment has production facilities in Europe, North and South America and Asia.
- **Other:** This segment contains business activities which do not fit into the basic segment structure and mainly consist of operations involving contactless identification systems and trusted services based on Legic SmartCard and Connect technologies.

Offering

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

- **For the Access Solutions segments:** The four AS segments AMER, APAC, DACH and EMEA include all hardware- and software-based components, products, and solutions for access solutions as well as relevant services. The offering includes the global Product Clusters Door Hardware, Entrance Systems, Electronic Access & Data, Interior Glass Systems, Lodging Systems, Mechanical Key Systems, Safe Locks and Services, as well as local products. The multifaceted portfolio ranges from door technology solutions, automatic door systems, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way up to fully networked electronic access solutions for companies, public facilities, hotels, and many other applications. The range also includes physical access systems, high-security locks, glass fittings, solutions for workforce management, as well as services for all these applications.
- **In segment Key & Wall Solutions** the globally active business units Key Systems and Movable Walls are combined. Key Systems offers a high-performance range of key blanks and mechanical, electronic and (semi-)industrial key-cutting and origination machines. In addition, the portfolio also covers solutions for the automotive industry, such as vehicle keys, transponders as well as key programming devices and duplication equipment. Movable Walls is specialized on acoustic movable partitions and on horizontal and vertical sliding walls. The business is globally active and offers partitions available from a manual application to fully automatic / electronic walls.

Parent company of the Group

The parent company of the Group is dormakaba Holding AG, which is a company limited by shares, incorporated and domiciled in Rümlang (Switzerland). The address of its registered office is: Hofwisenstrasse 24, 8153 Rümlang, Switzerland. The company is listed on the SIX Swiss Exchange (SIX).

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of dormakaba Group comply with Swiss law and have been prepared using the historical cost convention, except as disclosed in the accounting policies below, and in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/ FER = Fachempfehlung zur Rechnungslegung). Furthermore, the accounting complies with the provisions of the listing rules of the SIX and the Swiss company law. The financial statements are presented in Swiss Francs (CHF).

The accounting policies have been applied consistently by Group companies. In the year under review, no changes to the Swiss GAAP FER standards have been announced or released. A summary of the significant accounting policies is provided below.

2.2 Basis of consolidation

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

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest. This rule is applied to investments in associates likewise.

In the event that shares of a Group or associated companies are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the income statement.

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

2.3 Use of estimates

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

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

2.4 Foreign currency translation

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

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

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

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

	Exchange rate at 30.06.2018	Exchange rate at 30.06.2017	Average rate 2017/18	Average rate 2016/17
AED	0.272	0.260	0.264	0.270
AUD	0.733	0.735	0.753	0.748
BRL	0.259	0.289	0.294	0.308
CAD	0.752	0.735	0.765	0.747
CNY	0.151	0.141	0.149	0.146
EUR	1.154	1.094	1.158	1.080
GBP	1.304	1.243	1.307	1.257
HKD	0.127	0.122	0.124	0.128
INR	0.015	0.015	0.015	0.015
NOK	0.122	0.114	0.121	0.118
SEK	0.111	0.113	0.117	0.112
SGD	0.729	0.693	0.723	0.712
USD	0.998	0.956	0.971	0.991

2.5 Cash and cash equivalents

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

2.6 Financial assets

Long-term held securities are recorded at fair value. All realized and unrealized gains and losses are recognized in the income statements. Other non-current financial assets are stated at amortized cost less valuation adjustments.

2.7 Trade receivables

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

2.8 Inventories

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

2.9 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation.

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

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

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

Land is not depreciated. Where an asset comprises various components having different useful lives, each component is depreciated separately. Items of minor value are charged directly to the income statement. All gains and losses on disposal of property, plant and equipment are recognized in the income statement.

2.10 Intangible assets

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

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

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

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

2.11 Impairment of assets

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

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

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

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

2.12 Leases

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

2.13 Net sales and revenue recognition

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

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

Sales from long-term construction contracts are recognized using the percentage-of-completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total costs for the contract. Revenue from individual and separate definable performance obligations are assessed and recognized separately.

2.14 Retirement benefits

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

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

2.15 Provisions

Provisions are recognized

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

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

2.16 Financial liabilities

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

2.17 Bonds

Bonds are initially recorded at issue price net of issue costs. Issue costs and any discount or premium are recognized in the financial result of the income statement over the period of the respective bond.

2.18 Income taxes

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

2.19 Earnings per share

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

2.20 Derivative financial instruments

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

The fair value of derivative financial instruments for cash flow hedging purposes is disclosed in the note 26.

2.21 Risk assessment and risk management

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

Financial risk policy

The dormakaba Group is exposed to various risks in connection with financial instruments, in particular to market risks of fluctuations in foreign exchange rates and interest rates. The Management monitors these risks on a regular basis. In managing the exposure resulting from such fluctuations, the dormakaba Group uses derivative financial instruments wherever the Management deems it appropriate to do so given the prevailing circumstances. The counterparties involved are high-ranking financial institutions.

The dormakaba Group enters only into financial transactions to hedge an associated risk out of balance sheet or highly probable future business transactions. No uncovered short transactions are entered.

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

Foreign exchange risk

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

A lot of Group companies are exposed to foreign exchange risks. The intercompany invoicing concentrates the foreign exchange risks to the manufacturing companies. The use of a group netting system with intercompany payment terms of up to 60 days reduces the intercompany exposure and foreign exchange risk. The significant third party and intercompany cross-currency exposures are reduced through natural hedges or hedged with financial instruments. The foreign exchange exposures are derived from a 12 month rolling liquidity planning.

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

The dormakaba Group does not actively manage the translation risk arising from net investment in foreign currencies.

Interest rate risk

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

Liquidity risk

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

Credit risk

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

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

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

2.22 Segment reporting

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

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

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

2.23 Share-based payments

Stock award plans

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

3. Shares

	Financial year ended 30.06.2018	Financial year ended 30.06.2017
	Par value CHF 0.10	Par value CHF 0.10
For basic number of shares		
Number of shares outstanding at beginning of financial year	4,177,588	4,190,963
New shares issued	–	5,000
Own shares (acquired) re-issued	9,655	–18,375
Number of shares outstanding at end of financial year	4,187,243	4,177,588
Weighted average number of shares outstanding (basic)	4,184,285	4,194,106
Profit applicable for calculation of earnings per share (basic and diluted - in CHF million)	123.8	116.4
Basic earnings per share (in CHF)	29.6	27.8
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,184,285	4,194,106
Eligible shares under stock award plans and shares awarded in acquisitions	11,222	14,637
Weighted average number of shares outstanding (diluted)	4,195,507	4,208,743
Profit applicable for calculation of earnings per share (basic and diluted - in CHF million)	123.8	116.4
Diluted earnings per share (in CHF)	29.5	27.7
Dividend (in the form of a distribution of capital reserves) per share (in CHF)	15.0 ¹⁾	14.0
Conditional shares at beginning of financial year	424,384	429,384
New conditional shares created	–	–
New conditional shares issued	–	–5,000
Conditional shares at end of financial year	424,384	424,384
Authorized shares	420,000	419,000
Number of shares authorized but not yet issued	420,000	419,000
Number of own shares held	12,783	22,438

¹⁾ Financial year ended 30.06.2018: proposal to the Annual General Meeting; in the form of a distribution of capital reserves.

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

4. Business combinations and divestments

Klaus Group

On May 9 2018, dormakaba acquired Klaus Group, based in Lima (Peru). With its key blanks as well as other brass products Klaus Group is a market leader for key systems in South America.

The following table summarizes the consideration paid for the business and the amounts of the assets and liabilities acquired recognized at fair value at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 9 May 2018	
Cash paid	6.3
Deferred payment	1.7
Acquisition-related costs	0.3
Total consideration	8.3
Trade receivables	1.7
Inventories	2.2
Current income tax assets	0.3
Other current assets	0.4
Property, plant and equipment	0.8
Current borrowings	-0.2
Trade payables	-0.9
Accrued and other current liabilities	-3.6
Non-current borrowings	-2.4
Total identifiable net assets	-1.7
Goodwill	10.0
Total consideration	8.3

Cambaum Group

On 26 April 2018, dormakaba acquired the Commercial Building Physical Access Solutions (PAS) business from Beijing-based Cambaum Group. The integration of Cambaum Group's business team, products and service solution offering strengthens dormakaba's position in the smart commercial buildings market within a number of fast growing major cities in China.

The following table summarizes the consideration paid for the business and the amounts of the assets and liabilities acquired recognized at fair value at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 26 April 2018	
Cash paid	20.2
Deferred payment	4.9
Acquisition-related costs	2.0
Total consideration	27.1
Other current assets	1.2
Property, plant and equipment	0.2
Accrued and other current liabilities	-0.3
Other non-interest bearing liabilities	-0.1
Total identifiable net assets	1.0
Goodwill	26.1
Total consideration	27.1

Dorset Kaba

As per 9 April 2018 dormakaba and the Indian joint venture partner have agreed to divide their existing shareholding in Dorset Kaba among them, thus dissolving the joint venture that was initiated by former Kaba Group in 2007 to gain a foothold in the attractive Indian market.

In this regard the minority shares of 26% owned by the Indian partner Dorset Industries Pvt Ltd. were purchased and the net assets related to the local door hardware business sold in return. The activities in the dormakaba's core business (mainly lodging products, physical access systems) remain within the dormakaba Group.

The following table summarizes the considerations paid and received as well as the net assets divested. The resulting net goodwill of CHF 1.9 million was recognized in equity.

in CHF million	As at the acquisition date
Consideration at 9 April 2018	
Cash consideration received	18.6
Purchaseprice for minority shares paid	-8.3
Divestment-related costs paid	-0.2
Total consideration	10.1
Assets and liabilities divested	
Trade receivables	5.6
Inventories	3.5
Other current assets	0.1
Property, plant and equipment	1.6
Trade payables	-1.8
Current income tax liabilities	-0.2
Accrued and other current liabilities	-0.3
Accrued pension costs and benefits	-0.3
Total net assets divested	8.2
Goodwill net	1.9
Total consideration	10.1

Kilargo

On 17 July 2017, dormakaba acquired Kilargo Pty Ltd, based in Brisbane (Australia). Kilargo is one of the market leaders in Australia for commercial door seals and complements dormakaba's integrated portfolio of products, solutions, and services in the Pacific region.

The following table summarizes the consideration paid for the business and the amounts of the assets and liabilities acquired recognized at fair value at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 17 July 2017	
Cash paid	24.2
Acquisition-related costs	0.2
Total consideration	24.4
Identifiable assets and liabilities	
Cash and cash equivalents	0.9
Trade receivables	3.0
Inventories	2.2
Other current assets	0.1
Property, plant and equipment	1.1
Deferred income tax assets	0.3
Current borrowings	-2.7
Trade payables	-0.8
Current income tax liabilities	-0.5
Accrued and other current liabilities	-0.7
Provisions	-0.1
Accrued pension costs and benefits	-0.4
Total identifiable net assets	2.4
Goodwill	22.0
Total consideration	24.4

Skyfold

On 13 July 2017, dormakaba acquired Skyfold Investment Inc., based in Montreal (Canada). The company, with its well-known brand, was the first worldwide to develop vertical folding walls. Skyfold is a provider of automated vertical folding wall systems with a strong presence in the North American market. With this acquisition dormakaba enhances its product portfolio, following the industry trend towards automated systems.

The following table summarizes the consideration paid for the business and the amounts of the assets and liabilities acquired recognized at fair value at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 13 July 2017	
Cash paid	82.5
Acquisition-related costs	0.6
Total consideration	83.1
Cash and cash equivalents	5.2
Trade receivables	5.3
Inventories	1.8
Current income tax assets	0.3
Other current assets	0.9
Property, plant and equipment	8.1
Intangible assets	0.1
Non-current financial assets	0.1
Trade payables	-0.7
Current income tax liabilities	-0.2
Accrued and other current liabilities	-8.0
Deferred income tax liabilities	-1.0
Total identifiable net assets	11.9
Goodwill	71.2
Total consideration	83.1

GMT

GMT Hardware Co. Ltd. (Shanghai/China) was divested on 29 September 2017. GMT offers commercial door hardware products, such as floor hinges for glass doors and door fittings, in China and became member of dormakaba as part of the acquisition of Stanley Black&Decker's mechanical security business in February 2017. Because of dormakaba's existing portfolio of businesses in Asia as well as profitability prospects of GMT, it was concluded to divest the business.

The following table summarizes the consideration received and the net assets divested. The negative goodwill of CHF 5.1 million was recognized in equity.

in CHF million	As at the divestment date
Consideration at 29 September 2017	
Cash considerations	27.2
Divestment-related costs	1.0
Total consideration	26.2
Assets and liabilities divested	
Cash and cash equivalents	19.4
Trade receivables	5.5
Inventories	6.7
Other current assets	0.7
Property, plant and equipment	7.2
Intangible assets	0.1
Non-current financial assets	0.3
Trade payables	-4.6
Current income tax liabilities	-0.1
Accrued and other current liabilities	-3.0
Provisions	-0.9
Total net assets divested	31.3
Goodwill	-5.1
Total consideration	26.2

Other acquisitions/divestments in the reporting period

Divestment DORMA Beschlagtechnik GmbH, Germany

DORMA Beschlagtechnik (Velbert/DE) was sold as at 10 July 2017 to Flacks Group, Miami (Florida/USA). The divested net assets amounted to CHF 9.4 million. A contingent liability related to this transaction depending on the future development of the business remains with dormakaba.

Prior-year business combinations and divestments

Best Access Solutions

On 22 February 2017, dormakaba acquired certain Mechanical Security businesses from Stanley Black & Decker in North America, Taiwan, and China.

With this acquisition, dormakaba gains substantial scale in line with its stated strategy and can offer the full portfolio of door hardware and access control solutions to customers in the important North American market, which dormakaba considers to be the most attractive market in its industry.

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

in CHF million	As at the acquisition date
Consideration at 22 February 2017	
Cash paid	750.1
Acquisition-related costs	9.9
Total consideration	760.0
Identifiable assets and liabilities	
Cash and cash equivalents	25.2
Trade receivables	28.3
Inventories	30.2
Current income tax assets	0.4
Other current assets	2.2
Property, plant and equipment	57.7
Intangible assets	0.1
Non-current financial assets	0.3
Deferred income tax assets	116.9
Trade payables	-19.8
Current income tax liabilities	-1.3
Accrued and other current liabilities	-13.0
Provisions	-5.8
Non-current borrowings	-7.9
Accrued pension costs and benefits	-5.1
Deferred income tax liabilities	-2.2
Total identifiable net assets	206.2
Goodwill	553.8
Total consideration	760.0

As per 22 February 2017, goodwill was decreased by net CHF 0.5 million due to changes in various identifiable net assets and final purchase price adjustments.

Mesker Openings Group

On 12 December 2016, dormakaba acquired Mesker Openings Group, based in Huntsville (Alabama/USA). Mesker is a provider of commercial door hardware. With this acquisition, dormakaba strengthens its breadth of its product offering in North America.

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

in CHF million	As at the acquisition date
Consideration at 12 December 2016	
Cash paid	142.7
Acquisition-related costs	0.9
Total consideration	143.6
Identifiable assets and liabilities	
Cash and cash equivalents	1.9
Trade receivables	10.3
Inventories	10.4
Other current assets	0.3
Property, plant and equipment	11.6
Deferred income tax assets	18.2
Trade payables	-2.7
Accrued and other current liabilities	-2.5
Provisions	-0.1
Total identifiable net assets	47.4
Goodwill	96.2
Total consideration	143.6

Other acquisitions/divestments

Acquisition of ATM Türautomatik GmbH, Austria

On 1 July 2016, dormakaba acquired ATM Türautomatik GmbH (Gleisdorf/AT). ATM is a distributor of automatic doors in southern Austria and a major local player in entrance systems and service solutions. The acquired net assets amounted to CHF 0.9 million.

Acquisition of Seca Solutions A/S, Norway

On 28 February 2017, dormakaba acquired Seca Solutions AS, an expert in physical access control and airport solutions in Norway. The acquired net assets amounted to CHF 0.8 million.

Divestment of Ascot Doors Ltd, United Kingdom

Ascot Doors Ltd (Bolton/UK) was divested on 31 October 2016 as part of the post-merger process of the dormakaba business combination. Ascot is a manufacturer and installer of steel doors and shutters. The divested net assets amounted to CHF 3.6 million.

Divestment of the sanitary business of Provitris GmbH, Germany

The sanitary business of Provitris was divested on 20 February 2017 as part of the post-merger process of the dormakaba business combination. The divested net assets amounted to CHF 0.9 million and a contingent liability related to this transaction depending on the future development of the business remains with dormakaba.

5. Net sales

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Total net sales	2,841.0	2,520.1
Additional information for long-term contracts applying the percentage-of-completion method		
Amounts included in net sales based on the percentage-of-completion method	80.0	70.4
Cumulative progress invoices on contracts in progress	9.2	20.4
Construction contracts in progress (assets)	14.3	10.4
Billings in excess of cost of construction contracts (liabilities see note 19)	-1.5	-1.3
Accumulated contract costs including recognized profits (losses)	22.0	29.5
Advances for construction contracts (liabilities)	-0.8	-5.4
Retentions on construction contracts in progress (assets)	0.1	0.0

6. Other operating income, net

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Rent	1.0	0.8
Gain from the sale of fixed assets	1.7	3.9
Re-invoiced cost	0.5	0.5
Licence income	1.1	0.1
Insurance reclaim	0.3	0.1
Other revenues	8.1	6.4
Other operating expense	-0.3	-0.3
Total other operating income (net)	12.4	11.5

7. Personnel expenses

in CHF million	Financial year ended		Financial year ended	
	30.06.2018	in %	30.06.2017	in %
Salaries and wages	847.0		758.4	
Social security expenses	166.9		145.7	
Share-based payments	9.1		6.7	
Pension cost (see note 21)	19.8		20.4	
Employment termination expenses	2.1		1.2	
Other benefits	0.7		0.9	
Total personnel expenses	1,045.6		933.3	
Employees at balance sheet date	15,801		16,965	
Average number of full-time equivalent employees	16,433		16,250	
Average number of employees per geographic region				
Switzerland	802	4.9	793	4.9
Germany	3,084	18.8	3,400	20.9
Rest of EMEA	3,567	21.7	3,366	20.7
Americas	4,011	24.4	3,292	20.3
Asia Pacific	4,969	30.2	5,399	33.2
Total	16,433	100.0	16,250	100.0

8. Financial expenses

in CHF million	Financial year ended	Financial year ended
	30.06.2018	30.06.2017
Interest expenses	43.2	17.3
Foreign exchange losses/(gains)	6.4	15.9
Other financial expenses	3.9	4.4
Total financial expenses	53.5	37.6

9. Financial income

in CHF million	Financial year ended	Financial year ended
	30.06.2018	30.06.2017
Interest income	2.0	1.8
Other financial income	0.4	1.3
Total financial income	2.4	3.1

10. Income taxes

The weighted applicable tax rate is calculated using the expected income tax rates of the individual Group companies in each jurisdiction. These rates vary significantly. The weighted applicable tax rate is 300 basis points below prior year as a result of the US tax reform (effective as of 1 January 2018) and profit from countries with higher than average tax rates contributing less to the overall Group's tax profit.

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Profit before taxes	315.7	295.2
Weighted applicable tax rate	25.3%	28.3%
Tax calculated at applicable tax rate	79.9	83.5
Current income taxes	61.0	70.0
Deferred income taxes	16.0	0.6
Income taxes	77.0	70.6
Difference between applicable and effective income taxes	-2.9	-12.9
Impact of losses and tax loss carryforwards	-2.1	-9.3
Tax-exempt income	-5.4	-5.2
Non-deductible expenses	6.6	7.2
Non-recoverable withholding tax expenses	2.7	2.3
Tax charges (credits) relating to prior periods, net	-1.1	-2.2
Other	-3.6	-5.7
Difference between expected and effective income taxes	-2.9	-12.9
Income taxes charged to equity	-0.2	0.5

11. Trade receivables

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Accounts receivable from third parties	513.1	477.1
Accounts receivable from associates	0.5	0.3
Construction contracts in progress	14.3	10.4
Total trade receivables, gross	527.9	487.8
Allowance for doubtful accounts	-25.8	-26.4
Total trade receivables, net	502.1	461.4

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Maturity analysis of trade receivables	Gross	Gross
Not yet due	374.3	350.1
1-30 day(s) overdue	69.0	59.2
31-60 days overdue	22.6	20.2
61-90 days overdue	12.4	12.7
91-120 days overdue	9.6	6.1
121-150 days overdue	5.1	5.0
More than 150 days overdue	34.9	34.5
Total trade receivables, gross	527.9	487.8

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

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Details of allowance for doubtful accounts		
Allowance at beginning of financial year	-26.4	-28.0
Additions	-5.4	-11.0
Releases	4.3	8.5
Usage	2.3	5.0
Disposals of businesses	0.7	0.0
Acquisition of businesses	-0.3	-1.5
Translation exchange differences	-1.0	0.6
Allowance at end of financial year	-25.8	-26.4

Allowances are recorded systematically based on overdue ageing and past experience. In addition accounts receivable are individually impaired in case of clear evidence of insolvency or other indications that collectability is severely endangered.

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

12. Inventories

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Raw materials and supplies	191.2	168.4
Semi-finished goods and work in progress	83.9	79.6
Finished goods	207.6	216.0
Prepayments to suppliers	3.7	3.6
Total inventories, gross	486.4	467.6
Allowance for obsolete and slow-moving items	-54.1	-56.2
Total inventories, net	432.3	411.4
Details allowance for obsolete and slow-moving items		
Allowance beginning of year	-56.2	-51.1
Additions	-6.2	-10.9
Acquisition of businesses	0.0	-5.4
Disposal of businesses	2.9	0.0
Releases	3.8	4.9
Usage	3.8	5.3
Translation exchange differences	-2.2	1.0
Allowance end of year	-54.1	-56.2

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

13. Other current assets

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Prepaid expenses	19.1	18.8
Retentions	4.4	2.1
Sales, withholding and other recoverable taxes	31.6	36.0
Fair value of forward contracts (see note 26)	0.5	23.4
Other receivables and miscellaneous	4.0	2.2
Total other current assets	59.6	82.5

14. Property, plant and equipment/Intangible assets

in CHF million	Land and buildings	Plant, machinery and equipment	Furniture and fixtures	Prepayments	Total property, plant and equipment	Intangible assets
Cost						
30 June 2016	260.3	241.3	116.0	15.2	632.8	76.5
Additions	14.3	14.1	18.1	26.9	73.3	11.4
Disposals	-4.2	-9.2	-8.2	-0.5	-22.3	-1.6
Reclassifications	11.6	4.8	-2.8	-13.8	0.0	0.0
Acquisition of businesses	36.2	25.8	9.1	2.3	73.4	0.1
Translation exchange differences	-4.1	-5.6	-1.4	-0.7	-11.7	-0.8
30 June 2017	314.1	271.2	130.8	29.4	745.5	85.6
Accumulated depreciation						
30 June 2016	82.4	155.0	65.5	0.0	302.8	38.8
Additions	8.5	22.9	18.2	0.0	49.7	10.7
Disposals	-0.9	-8.5	-6.4	0.0	-15.3	-2.1
Reclassifications	-0.1	0.8	-0.2	0.0	0.0	0.0
Translation exchange differences	-0.6	-3.2	-0.7	0.0	-4.5	-0.2
30 June 2017	89.3	167.0	76.4	0.0	332.7	47.2
Net book value as of						
30 June 2016 net	177.9	86.3	50.5	15.2	330.0	37.7
30 June 2017 net	224.8	104.2	54.4	29.4	412.8	38.4
Net carrying amount of assets under finance leases as of						
30 June 2016 net			1.3		1.3	
30 June 2017 net		0.2	1.8		2.0	
Cost						
30 June 2017	314.1	271.2	130.8	29.4	745.5	85.6
Additions	19.0	24.9	19.3	28.5	91.7	23.6
Disposals	-0.9	-4.2	-5.0	-0.1	-10.2	-0.8
Reclassifications	10.4	13.6	4.7	-28.7	0.0	0.0
Acquisition of businesses	4.3	4.4	1.3	0.1	10.1	0.4
Divestment of businesses	-7.7	-5.5	-2.3	-0.1	-15.6	-0.3
Translation exchange differences	8.8	11.1	4.6	1.4	25.9	3.0
30 June 2018	348.0	315.5	153.4	30.5	847.4	111.5
Accumulated depreciation						
30 June 2017	89.3	167.0	76.4	0.0	332.7	47.2
Additions	9.6	26.7	18.8	0.0	55.1	11.6
Disposals	-0.2	-3.6	-4.2	0.0	-8.0	-0.6
Reclassifications	0.4	-0.3	-0.1	0.0	0.0	0.0
Divestment of businesses	-0.3	-1.5	-0.7	0.0	-2.5	-0.1
Translation exchange differences	1.9	6.8	2.8	0.0	11.5	1.9
30 June 2018	100.7	195.1	93.0	0.0	388.8	60.0
Net book value as of						
30 June 2017 net	224.8	104.2	54.4	29.4	412.8	38.4
30 June 2018 net	247.3	120.4	60.4	30.5	458.6	51.5
Net carrying amount of assets under finance leases as of						
30 June 2017 net		0.2	1.8		2.0	
30 June 2018 net		1.0	2.5		3.5	

Intangible assets: additions to cost include CHF 2.2 million (2016/17 CHF 1.4 million) invested in research and development projects.

15. Theoretical movement of goodwill

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Cost		
Opening	1,774.8	1,153.2
Additions from acquisitions	141.7	657.0
Adjustments (earn-out, divestments and others)	3.3	2.3
Translation exchange differences	30.4	-37.7
Closing	1,950.2	1,774.8
Accumulated amortization		
Opening	522.6	255.2
Additions	372.9	272.1
Translation exchange differences	8.2	-4.7
Closing	903.7	522.6
Theoretical book values, net		
Opening	1,252.2	898.0
Closing	1,046.5	1,252.2

The total goodwill of CHF 145.0 million (2016/17 CHF 659.3 million) resulting from acquisitions is offset in equity as described in note 2.10 and disclosed in the consolidated statement of changes in equity. The following tables show the impact on equity and net profit based on the assumption that this goodwill had been capitalized and amortized over a period of five years.

Effect on the income statement

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Operating profit (EBIT)	364.3	327.0
EBIT in % of net sales	12.8	13.0
Amortization goodwill	-372.9	-272.1
Theoretical operating profit (EBIT) incl. amortization goodwill	-8.6	54.9
Theoretical EBIT in % of net sales	-0.3	2.2
Net profit	238.7	224.6
Amortization goodwill	-372.9	-272.1
Theoretical net loss/profit incl. amortization goodwill	-134.2	-47.5

Effect on the balance sheet

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Equity according to balance sheet	187.0	183.1
Theoretical capitalization net book value goodwill	1,046.5	1,252.2
Theoretical equity incl. net book value goodwill	1,233.5	1,435.3
Equity in % of balance sheet total	9.4	9.6
Theoretical equity incl. net book value goodwill in % of balance sheet total	40.7	45.4

16. Investments in associates and joint ventures

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Associates		
Beginning of year	36.0	33.9
Increase of investments in associates	1.5	1.0
Dividends received	-1.4	-1.8
Share of profit/(loss)	2.5	2.7
Translation exchange differences	2.0	0.2
Total investments in associates	40.6	36.0
Details of material investments in associates		
Entity name		
ISEO Serrature S.p.A., Pisogne / IT		
Assets	215.5	183.7
Liabilities	139.8	114.8
Revenues	167.8	158.2
Profit/(Loss)	6.9	6.6
Interest held in %	40.0	40.0
Goodwill included in investments in associates	11.0	11.0

In July 2018 dormakaba has reached an agreement on the sale of its 40% shareholding in ISEO to the Facchinetti family, who already owns the remaining 60% in the company. Closing of the divestment contract is expected to take place by fall 2018.

17. Non-current financial assets

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Non-current financial assets		
Loans	3.6	4.0
Pension-related assets	24.6	22.8
Long-term prepaid expenses	7.3	7.6
Prepaid financing cost	0.0	0.0
Long-term held securities	3.4	3.5
Total non-current financial assets	38.9	37.9

18. Borrowings

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Current borrowings		
Bank overdrafts	27.2	10.6
Short-term bank loans	121.7	797.3
Current portion of finance lease obligation	1.4	0.9
Current portion of other debt	6.2	5.8
Total current borrowings	156.5	814.6

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

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Non-current borrowings		
Bank loans	0.1	0.2
Other long-term liabilities	2.2	0.0
Bonds	680.5	0.0
Finance lease obligation	2.4	1.1
Total non-current borrowings	685.2	1.3
Other non-interest bearing liabilities	4.8	0.0
Total long-term debt	690.0	1.3

The increased short-term bank loans in 2016/17 to finance the business expansion in North America were refinanced by the issuance of 2 bonds at the Swiss debt capital market on 13 October 2017.

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
At year-end, maturities of debt were as follows:		
Within 1 year	7.6	6.7
Within 2 to 5 years	368.2	1.3
After 5 years	321.8	0.0
Total debt	697.6	8.0
Current portion of debt	7.6	6.7
Total long-term debt	690.0	1.3

in CHF million	Issuing currency	Coupon in % p.a.	Financial year ended 30.06.2018	Issuing currency	Coupon in % p.a.	Financial year ended 30.06.2017
Bonds (at fixed interest rates)	CHF		680.5	-	-	-
CHF 360 million bond 2017 – 2021 (dormakaba Finance AG) Payment date: 13 October 2017 Issue price: 100.298%	CHF	0.375	360.1	-	-	-
CHF 320 million bond 2017 – 2025 (dormakaba Finance AG) Payment date: 13 October 2017 Issue price: 100.46%	CHF	1.000	320.4	-	-	-

19. Accrued and other current liabilities

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Advances from customers	27.0	27.9
Billings in excess of cost of construction contracts	1.5	1.3
Deferred income	33.7	44.1
Sales, withholding and other tax payable	42.9	49.1
Social security payable	11.5	10.2
Payable to pension fund	0.9	0.9
Accruals for vacation, overtime and other employee benefits	112.8	102.5
Accrued interest	3.5	0.6
Fair value of forward contracts (see note 26)	7.6	0.8
Other accruals and current non-interest-bearing liabilities	96.7	91.0
Total accrued and other current liabilities	338.1	328.4

20. Provisions

in CHF million	Warranty and customer returns	Restructuring	Other	Total
Financial year ended 30.06.2017				
Opening balance as at 01.07.2016	14.9	57.6	16.1	88.6
Additions	7.6	-0.2	10.5	17.9
Releases	-0.2	0.0	-0.4	-0.6
Usage	-8.2	-19.5	-6.4	-34.1
Acquisition of businesses	5.2	0.0	0.6	5.8
Translation exchange differences	-0.3	-0.2	-0.2	-0.7
Balance at 30.06.2017	19.0	37.7	20.2	76.9
Thereof due within 1 year	19.0	37.7	20.2	76.9
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	19.0	37.7	20.2	76.9
Financial year ended 30.06.2018				
Opening balance as at 01.07.2017	19.0	37.7	20.2	76.9
Additions	7.5	0.0	9.0	16.5
Releases	-2.3	-0.2	-2.9	-5.4
Usage	-7.0	-22.2	-5.8	-35.0
Acquisition of businesses	-3.9	0.0	0.1	-3.8
Divestment of business	-0.2	0.0	-0.7	-0.9
Translation exchange differences	0.7	1.5	0.6	2.8
Balance at 30.06.2018	13.8	16.8	20.5	51.1
Thereof due within 1 year	13.8	16.8	20.5	51.1
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	13.8	16.8	20.5	51.1

Warranty and customer return provisions

The provision covers customer warranty claims and voluntary concessions as well as customer returns.

Restructuring provisions

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

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

Other provisions

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

21. Employee benefit liabilities

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017					Financial year ended 30.06.2018	Financial year ended 30.06.2017
	Economic part of the Corporation	Economic part of the Corporation	Acquisition of Businesses Economic part of the Corporation	Translation differences	Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Pension institutions with surplus						7.9	7.9	7.5
Pension institutions with deficit								
Pension institutions w/o surplus/deficit						11.0	11.0	9.9
Pension institutions without own assets	279.3	264.9	-	14.3	0.1	0.8	0.9	3.0
Other long-term employee benefits	23.7	20.2						
Total	303.0	285.1	-	14.3	0.1	19.7	19.8	20.4

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Contributions to pension institutions from Group entities	18.9	17.4
Contributions to pension institutions from employer contribution reserves (ECR)	0.0	0.0
Total contributions	18.9	17.4
+/- Changes ECR from asset development, value adjustments, etc.	0.0	0.0
Contributions and changes employer contribution reserves	18.9	17.4
Increase/decrease economical benefit group from surplus	0.0	0.0
Decrease/increase economical obligation group from deficit	0.0	0.0
Decrease/increase economical obligation group from pension institutions without own assets	0.9	3.0
Total changes economical effects from surplus/deficit	0.9	3.0
Pension benefit expenses within personnel expenses in the period under review	19.8	20.4

The expenses for pension institutions with surplus fully relate to pension plans in Switzerland. The Swiss plans are valued annually as per December and in line with Swiss GAAP FER 26. The pension institutions without own assets are assessed annually as per financial year-end closing and relate mainly to pension liabilities of Group companies in Germany, Austria as well as Italy.

22. Operating lease commitments

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Operating leases		
Expenses for operating leases amounted to	41.1	36.3
Future minimum lease payments resulting from non-cancellable operating lease contracts are due as follows:		
Up to 1 year	36.1	33.8
2 to 5 years	71.8	64.9
Over 5 years	22.8	22.1
Total future payment commitments for operating leases	130.7	120.8

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

23. Deferred income taxes

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Expiration of tax loss carry-forwards not recognized as deferred tax assets		
Expiry in 1 year	3.0	3.4
Expiry in 2 to 5 years	19.9	16.1
Expiry after 5 years	13.6	3.3
No expiry	157.3	154.9
Balance of tax loss carry-forwards at end of financial year	193.8	177.7

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Balance sheet presentation of deferred income taxes		
Deferred income tax assets	203.5	204.2
Deferred income tax liabilities	38.8	29.1
Total deferred income taxes, net	164.7	175.1

Deferred income tax assets from temporary differences are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes resulting from tax loss carry-forwards applicable to future taxable income are only recognized to the extent of available deferred tax liabilities.

24. Capital management

Management of capital is governed by the following objectives:

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

Continuous monitoring and reporting of key financial figures and key performance indicators to the management ensure that appropriate action is taken as soon as required.

The syndicated credit facility of CHF 500 million, established in March 2016 for a five-year period nominates at its original amount again, after the temporary increase was set back due to the issuance of two bonds at the Swiss debt capital market 13 October 2017. The options for prolongation of two additional years and increase of up to CHF 200 million are reinforced after the termination of the temporary increase. The only financial covenant is the net debt ratio (calculated as the ratio of net debt to EBITDA). As of 30 June 2018 dormakaba complied with this financial covenant. The corresponding key figures as at 30 June 2018 and 30 June 2017 respectively are shown below:

in CHF million, except where indicated	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Gearing		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	431.0	387.3
Net debt	701.2	627.6
Net debt/EBITDA (Gearing)	1.6	1.6

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

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

The Group is not subject to externally imposed capital restrictions.

25. Commitments and contingencies

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Current endorsement liabilities	5.0	3.0
Investments committed to purchase from third parties:		
Property, plant and equipment	15.2	27.9
Intangible assets	1.2	0.5

In addition to the table above, contingent liabilities related to divestments of DORMA Beschlagtechnik GmbH (Germany) and the sanitary business of Provitris GmbH (Germany) remain with dormakaba and depend on the future development of these divested businesses.

26. Derivative financial instruments

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
The following forward contracts existed for hedging purposes on the balance sheet date:		
Currencies		
– Contract value	633.4	1,195.3
– Fair value – held-for-trading, net	-7.1	22.6

27. Segment reporting

in CHF million	Access Solutions AMER		Access Solutions APAC		Access Solutions DACH	
	Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Net sales third parties	796.9	656.2	441.1	398.7	530.8	496.4
Intercompany sales	31.5	28.8	26.9	22.2	320.8	304.6
Total sales	828.4	685.0	468.0	420.9	851.6	801.0
Operating profit (EBIT)	151.0	134.4	58.3	46.6	130.4	132.7
in % of sales	18.2%	19.6%	12.5%	11.1%	15.3%	16.6%
Depreciation and amortization	12.4	9.6	7.5	6.2	17.0	16.9
Operating profit before depreciation and amortization (EBITDA)	163.4	144.0	65.8	52.8	147.4	149.5
in % of sales	19.7%	21.0%	14.1%	12.6%	17.3%	18.7%
Operating assets	345.4	341.6	222.2	207.0	356.0	312.4
Operating liabilities	-105.6	-119.6	-111.9	-84.9	-365.9	-362.6
Net operating assets	239.8	221.9	110.3	122.2	-9.9	-50.1
Capital expenditure	14.6	11.7	11.2	10.5	37.8	27.8
Average number of full-time equivalent employees	3,078	2,506	3,836	4,039	3,506	3,747

in CHF million	Access Solutions EMEA		Eliminations		Access Solutions TOTAL	
	Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Net sales third parties	666.2	619.8	0.0	0.0	2,435.0	2,171.1
Intercompany sales	115.7	113.1	-486.6	-460.1	8.3	8.6
Total sales	781.9	732.9	-486.6	-460.1	2,443.3	2,179.7
Operating profit (EBIT)	43.4	35.9	-0.6	0.7	382.5	350.3
in % of sales	5.5%	4.9%	0.1%	-0.2%	15.7%	16.1%
Depreciation and amortization	14.0	13.6	0.0	0.0	50.9	46.2
Operating profit before depreciation and amortization (EBITDA)	57.4	49.4	-0.6	0.7	433.4	396.5
in % of sales	7.3%	6.7%	0.1%	-0.2%	17.7%	18.2%
Operating assets	345.1	315.0	-15.7	-15.4	1,253.0	1,160.7
Operating liabilities	-148.4	-137.1	0.0	0.1	-731.8	-704.1
Net operating assets	196.7	177.9	-15.7	-15.3	521.2	456.6
Capital expenditure	13.6	10.5	0.0	0.0	77.2	60.4
Average number of full-time equivalent employees	3,378	3,501	-	-	13,799	13,793

in CHF million	Key & Wall Solutions ¹⁾			Other ²⁾		
			Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017 ³⁾
Net sales third parties			374.2	321.4	31.8	27.6
Intercompany sales			13.3	10.4	3.7	3.4
Total sales			387.5	331.8	35.5	31.0
Operating profit (EBIT)			47.9	39.9	3.0	0.5
in % of sales			12.3%	12.0%	8.6%	1.6%
Depreciation and amortization			8.8	7.6	0.6	0.8
Operating profit before depreciation and amortization (EBITDA)			56.7	47.4	3.6	1.3
in % of sales			14.6%	14.3%	10.2%	4.1%
Operating assets			218.5	173.0	14.1	34.9
Operating liabilities			-89.4	-74.1	-3.4	-10.7
Net operating assets			129.1	98.8	10.7	24.2
Capital expenditure			13.3	8.6	2.5	0.6
Average number of full-time equivalent employees			2,139	2,056	178	97

in CHF million	Corporate			Eliminations		Group
	Financial year ended 30.06.2018	Financial year ended 30.06.2017 ³⁾	Financial year ended 30.06.2018	Financial year ended 30.06.2017	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Net sales third parties	0.0	0.0	0.0	0.0	2,841.0	2,520.1
Intercompany sales	0.0	0.0	-25.3	-22.4	0.0	0.0
Total sales	0.0	0.0	-25.3	-22.4	2,841.0	2,520.1
Operating profit (EBIT)	-69.1	-63.7	0.0	0.0	364.3	327.0
in % of sales	0.0%	0.0%	0.0%	0.0%	12.8%	13.0%
Depreciation and amortization	6.4	5.8	0.0	0.0	66.7	60.3
Operating profit before depreciation and amortization (EBITDA)	-62.7	-57.9	0.0	0.0	431.0	387.3
in % of sales	0.0%	0.0%	0.0%	0.0%	15.2%	15.4%
Depreciation and amortization					-66.8	-60.3
Result from associates					2.5	2.7
Financial expenses					-53.5	-37.6
Financial income					2.4	3.1
Profit before taxes					315.7	295.2
Operating assets	46.0	42.8	0.0	0.0	1,531.6	1,411.2
Operating liabilities	-27.8	-52.0	0.0	0.0	-852.4	-840.9
Net operating assets	18.2	-9.3	0.0	0.0	679.2	570.4
Capital expenditure	22.3	15.1	0.0	0.0	115.3	84.7
Average number of full-time equivalent employees	316	303	-	-	16,432	16,250

- 1) In the financial year ended 30.06.2018 the segments Key Systems and Movable Walls were combined into segment Key & Wall Solutions. In order to enable a comparison with current-year data, prior year data has also been consolidated.
- 2) The divested GMT commercial door hardware business, acquired within Best Access Solutions in financial year 2016/17, was reclassified into segment "Other" to ensure a fair presentation of the operational main segment.
- 3) In order to enable a fair comparison with current-year data, certain expenses have been reclassified within segment "Other" and segment "Corporate".

Reconciliation of assets and liabilities

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Segment operating assets	1,531.6	1,411.2
Cash and cash equivalents	145.3	188.3
Current income tax assets	49.9	36.1
Other current assets	4.5	25.6
Investments in associates	40.6	36.0
Non-current financial assets	6.9	7.6
Deferred income tax assets	203.5	204.2
Total assets	1,982.3	1,909.0
Segment operating liabilities	-852.4	-840.9
Current borrowings	-156.5	-814.6
Current income tax liabilities	-51.3	-38.7
Accrued and other current liabilities	-11.1	-1.3
Non-current borrowings	-685.2	-1.3
Deferred income tax liabilities	-38.8	-29.1
Total liabilities	-1,795.3	-1,725.9

28. Regional reporting – key figures

in CHF million	Net sales to third parties	in %	Non- current assets	in %	Capital expenditure	in %
Prior financial year ended 30.06.2017						
Switzerland	167.2	7	209.8	28	17.0	20
Germany	324.0	13	210.5	30	15.7	18
Rest of EMEA	775.7	30	66.4	9	8.9	11
Americas	830.0	33	137.5	19	16.1	19
Asia Pacific	423.2	17	105.1	14	27.0	32
Total	2,520.1	100	729.3	100	84.7	100
Financial year ended 30.06.2018						
Switzerland	172.6	6	221.7	28	15.3	13
Germany	351.4	12	223.8	28	27.2	24
Rest of EMEA	833.5	29	71.9	9	13.9	12
Americas	1,038.4	37	130.8	17	20.4	18
Asia Pacific	445.1	16	144.9	18	38.5	33
Total	2,841.0	100	793.1	100	115.3	100

29. Stock award plans

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

In 2013, the Executive Stock Award Plan "ESAP Plus 3" was introduced for new participants. ESAP Plus 3 has the same design as ESAP Plus except that under ESAP Plus, existing ESAP 1 participants were entitled to choose between an allocation under ESAP 1 or under ESAP Plus. Under ESAP Plus 3, this choice is no longer available. ESAP 1 and ESAP Plus were discontinued from 2014/15 financial year onwards.

In 2015, the Executive Stock Award Plan "ESAP 5" was introduced. Under ESAP 5, participants, nominated each year by the Compensation Committee, are granted Award Shares and Performance Share Units that are subject to a three-year vesting period ("Vesting Period") conditional upon (i) the continuous employment of the participant with a dormakaba Group company at the end of the Vesting Period and (ii) the fulfilment of the Earnings per Share ("EPS") performance condition during the Vesting Period, as determined in the ESAP 5 plan rules. At the vesting date, Performance Share Units are converted into shares based on a payout percentage between 0% and 200% (0 to 2 shares delivered for each Performance Share Unit based on the achieved EPS performance).

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

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

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

On 21 September 2016, a total of 5,224 Award Shares under ESAP 5 and a total of 1,426 Matching Shares (of which 1,120 under ESAP Plus and 306 under ESAP Plus 3) were allocated (1,650 out of treasury shares and 5,000 out of conditional capital) with an award value of CHF 738.00 each.

On 21 September 2017, a total of 5,997 Award Shares under ESAP 5 with an award value of CHF 975.00 and a total of 1,630 Matching Shares under ESAP Plus 3 with an award value of CHF 978.50 were allocated out of treasury shares. The impact on dormakaba's 2017/18 income statement amounts to CHF 5,847,075 for the Award Shares and CHF 1,726,473 for the Matching Shares (2016/17: CHF 3,855,312 for Award Shares and CHF 989,530 for the Matching Shares).

CHF 6,438.40 (divided into 64,384 registered shares with a par value of CHF 0.10) of conditional capital is reserved for stock award plans.

30. Related parties

in CHF million	Financial year ended 30.06.2018	Financial year ended 30.06.2017
Transactions with associates		
Sales of goods and services	1.1	0.6
Purchase of goods and services	2.6	2.2
Accounts receivable	0.5	0.3
Accounts payable	0.3	0.3

31. Events after the reporting period

dormakaba has reached an agreement on the sale of its 40% shareholding in ISEO to the Facchinetti family, who already owns the remaining 60% in the company. Closing of the divestment contract is expected to take place by fall 2018.

32. Release of consolidated financial statements for publication

These consolidated financial statements have been approved for issue by the Board of Directors on 7 September 2018 and will be presented for approval by the General Meeting of Shareholders of 23 October 2018.

Legal structure of the dormakaba Group

as at 30 June 2018

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of Group companies
dormakaba Holding AG, Rümlang/CH	CHF	420,002.60		Publicly Quoted Company
dormakaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642,105.00	52.5	dormakaba Holding AG
			47.5	Familie Mankel Industriebeteiligung GmbH + Co. KGaA
dormakaba Beteiligungs-GmbH, Ennepetal/DE	EUR	1,000,000.00	52.5	dormakaba Holding AG
All of the following companies are directly or indirectly held by dormakaba Holding GmbH + Co. KGaA. Voting rights listed for these companies are the voting rights of this subholding. dormakaba Shareholders ultimately benefit with 52.5% from the cash flows generated by these entities.				
dormakaba International Holding AG, Rümlang/CH	CHF	101,000.00	100	dormakaba Holding GmbH + Co. KGaA
ADUK Products Ltd., Haslemere/GB	GBP	53.73	100	Kaba Holding (UK) Ltd.
Advanced Diagnostics Ltd., Haslemere/GB	GBP	100.00	100	ADUK Products Ltd.
Aluminium Services Inc., Scituate/US	USD	30,000.00	100	dormakaba USA Inc.
ATM-Türautomatik GmbH, Gleisdorf/AT	EUR	35,000.00	100	dormakaba Austria GmbH
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXP	202,059,403.00	100	dormakaba Canada Inc.
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Arabia Automatic Doors Company Ltd., Dammam/SA	SAR	4,000,000.00	95	Dorma- Vertrieb-International GmbH
			5	DORMA Produktion International GmbH
DORMA Door Controls Pty. Ltd., Hallam/AU	AUD	910,700.00	100	Dorma- Vertrieb-International GmbH
DORMA Ghana Limited, Accra/GH	GHS	1,850,000.00	100	Dorma- Vertrieb-International GmbH
DORMA HUEPPE Pty. Ltd., Hallam/AU	AUD	374,406.72	100	DORMA Door Controls Pty. Ltd.
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Raumtrennsysteme GmbH + Co. KG, Westerstede-Ocholt/DE	EUR	48,300,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Hüppe S.A., Brugge/BE	EUR	3,300,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Schweiz AG, St. Gallen/CH	CHF	100,000.00	100	dormakaba International Holding AG
DORMA Ireland Ltd., Dublin/IE	EUR	1,500,002.54	100	Dorma- Vertrieb-International GmbH
DORMA Movable Wall Verwaltungs-GmbH, Ennepetal/DE	EUR	25,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Produktion International GmbH, Ennepetal/DE	EUR	60,000.00	100	dormakaba Deutschland GmbH
DORMA UK Ltd., Hitchin/GB	GBP	250,000.00	100	dormakaba Nederland B.V.
DORMA Ukraine LLC, Kiev/UA	EUR	100,000.00	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
Dorma- Vertrieb-International Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	110,000.00	100	dormakaba Deutschland GmbH
DORMA-Glas GmbH, Bad Salzfluren/DE	EUR	520,000.00	100	dormakaba Deutschland GmbH
dormakaba (Thailand) Ltd., Bangkok/TH	THB	13,490,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Access Indonesia, PT, Jakarta/IN	IDR	1,136,300,000.00	90	Dorma- Vertrieb-International GmbH
			10	DORMA Produktion International GmbH
dormakaba Access Solutions LLC, Doha/QA	QAR	200,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Australia Pty. Ltd., Hallam/AU	AUD	10,702.00	100	DORMA Door Controls Pty. Ltd.

dormakaba Austria GmbH, Herzogenburg/AT	EUR	1,460,000.00	100	dormakaba International Holding AG
dormakaba Belgium N.V., Bruges/BE	EUR	2,416,273.79	100	dormakaba International Holding AG
dormakaba Brasil Soluções de Acesso Ltda. Sao Paulo/BR	BRL	35,160,684.00	100	dormakaba International Holding AG
dormakaba Bulgaria Ltd., Sofia/BG	EUR	1,314,147.96	100	Dorma- Vertrieb-International GmbH
dormakaba Canada Inc., Montreal/CA	CAD	1,000.00	100	dormakaba International Holding AG
dormakaba Cesko s.r.o., Praha/CZ	CZK	100,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba China Ltd, Suzhou/CN	CNY	127,759,074.00	100	Dorma- Vertrieb-International GmbH
dormakaba Danmark A/S, Albertslund/DK	DKK	696,000.00	100	dormakaba International Holding AG
dormakaba Deutschland GmbH, Ennepetal/DE	EUR	126,780,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMAKABA DOO BEOGRAD, Beograd/RS	RSD	4,474,250.00	100	Dorma- Vertrieb-International GmbH
dormakaba EAD GmbH, Villingen-Schwenningen/DE	EUR	819,100.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba España S.A.U., Madrid/ES	EUR	600,000.00	100	dormakaba International Holding AG
dormakaba Eurasia LLC, Moscow/RU	RUB	213,000,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Finance AG, Rümlang/CH	CHF	100,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Finance B.V., Dodewaard/NL	EUR	100,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Finance GmbH, Ennepetal/DE	EUR	25,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba France S.A.S., Certeil/FR	EUR	5,617,200.00	100	dormakaba International Holding AG
dormakaba Gulf FZE, Dubai/AE	USD	9,524,934.10	100	Dorma- Vertrieb-International GmbH
dormakaba Hong Kong Limited, Hong Kong/HK	HKD	100,000.00	100	dormakaba Nederland B.V.
dormakaba Hrvatska d.o.o., Zagreb/HR	HRK	5,650,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba India Private Limited, Chennai/IN	INR	1,147,197,270.00	100	Dorma- Vertrieb-International GmbH
dormakaba International Holding GmbH, Ennepetal/DE	EUR	1,000,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Italia Srl, Milano/IT	EUR	260,000.00	100	dormakaba Schweiz AG
dormakaba Japan Co. Ltd., Yokohama/JP	JPY	120,000,000.00	100	dormakaba Schweiz AG
dormakaba Kapi Ve Güvenlik Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	TRY	3,750,000.00	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Kenya Limited, Nairobi/KE	KES	40,000,000.00	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Korea Inc., Seongnam Ciy/KR	KRW	150,000,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Kuwait for Ready Made Windows LLC, Kuwait City/KW	KWD	10,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Luxembourg S.A., Wecker/LU	EUR	15,191,560.72	100	dormakaba International Holding AG
dormakaba Magyarorszög Zrt., Budapest/HU	HUF	251,000,000.00	100	dormakaba Luxembourg S.A.
dormakaba Malaysia SDN BHD, Selangor/MY	MYR	200,000.00	100	dormakaba Nederland B.V.
dormakaba Maroc SARL, Casablanca/MA	MAD	2,000,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba México, S. de R.L. de C.V., Mexico City/MX	MXN	3,000.00	96.6	Dorma- Vertrieb-International GmbH
			3.4	dormakaba Deutschland GmbH
dormakaba Middle East (LLC), Dubai/AE	AED	7,700,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Nederland B.V., Dodewaard/NL	EUR	11,662.00	100	Dorma- Vertrieb-International GmbH
dormakaba New Zealand Limited, Auckland/NZ	NZD	384,000.00	100	dormakaba Nederland B.V.
dormakaba Norge A/S, Drammen/NO	NOK	1,754,500.00	100	dormakaba International Holding AG
dormakaba Philippines Inc., Makati City/PH	PHP	18,000,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Polska sp.z.o.o., Konstancin-Jeziorna/PL	PLN	14,255,500.00	100	dormakaba International Holding AG
dormakaba Portugal, Unipessoal Lda., Lisbon/PT	EUR	50,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SGP	EUR	2,560,000.00	100	dormakaba Deutschland GmbH
dormakaba Production GmbH, Ennepetal/DE	EUR	50,000.00	100	dormakaba Deutschland GmbH

dormakaba Production Malaysia SDN. BHD., Melaka/MY	MYR	5,000,000.00	100	Dorma- Vertrieb-International GmbH
dormakaba Romania S.R.L., Bucharest/RO	RON	4,705,845.65	100	Dorma- Vertrieb-International GmbH
dormakaba Schweiz AG, Wetzikon/CH	CHF	6,800,000.00	100	dormakaba International Holding AG
dormakaba Singapore Pte Ltd, Singapore/SGP	SGD	500,000.00	100	dormakaba Production GmbH + Co. KG
dormakaba Slovensko s.r.o, Bratislava/SK	EUR	6,639.00	100	Dorma- Vertrieb-International GmbH
dormakaba South Africa (Pty.) Ltd., Johannesburg/ZA	ZAR	950.00	100	Dorma- Vertrieb-International GmbH
dormakaba Suomi Oy, Helsinki/FI	EUR	67,275.17	100	Dorma- Vertrieb-International GmbH
dormakaba Sverige AB, Västra Frölunda/SE	SEK	500,000.00	100	dormakaba Nederland B.V.
dormakaba Uruguay S.A, Montevideo/UY	UYU	10,800.00	100	Dorma- Vertrieb-International GmbH
dormakaba USA Inc., Wilmington/US	USD	1,000.00	100	Kaba U.S. Holding Ltd.
dormakaba Workforce Solutions LLC, Wilmington/US	USD	19,712.76	100	Kaba U.S. Holding Ltd.
Farpointe Data Inc., Sunnyvale/US	USD	1,701,734.88	100	dormakaba USA Inc.
Fermetures GROOM S.A.S., Javené/FR	EUR	1,500,000.00	100	dormakaba France S.A.S.
Forponto Informática S.A., São Paulo/BR	BRL	10,000.00	100	Task Sistemas de Computação S.A.
Grupo Klaus S.A.C., Lima/PE	PEN	11,516,230.00	100	dormakaba International Holding AG
H. Cillekens & ZN BV, Roermond/NL	EUR	15,882.31	100	dormakaba Nederland B.V.
ISEO Serrature S.p.A., Pisogne/IT	EUR	23,969,040.00	40	Dorma- Vertrieb-International GmbH
Kaba (China) Technologies Ltd., Shenzhen/CN	CNY	69,500,000.00	100	Kaba Limited (HK)
Kaba Delaware, LLC, Wilmington/US		N/A	100	dormakaba Schweiz AG
Kaba do Brasil Ltda., São Paulo/BR	BRL	32,051,215.00	100	dormakaba International Holding AG
Kaba Gallenschütz GmbH, Bühl/DE	EUR	2,560,000.00	100	dormakaba Holding GmbH + Co. KGaA
Kaba Holding (UK) Ltd., London/GB	GBP	173,000.00	100	dormakaba International Holding AG
Kaba Holding AG, Rümlang/CH	CHF	100,000.00	100	dormakaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	USD	56,897,640.00	100	Kaba U.S. Holding Ltd.
Kaba Jaya Security Sdn. Bhd., Selangor/MY	MYR	350,000.00	70	dormakaba Schweiz AG
			30	dormakaba International Holding AG
Kaba Limited, Hong Kong/HK	HKD	560,250,000.00	100	dormakaba Schweiz AG
Kaba Ltd., Tiverton/GB	GBP	6,300,000.00	100	Kaba Holding (UK) Ltd.
Kaba Mas LLC, Lexington/US	USD	880,679.00	100	Kaba U.S. Holding Ltd.
Kaba Security Systems Private Limited, New Delhi/IN	INR	59,630,770.00	100	dormakaba International Holding AG
Kaba U.S. Holding Ltd., Wilmington/US	USD	200,000,000.00	59.47	Kaba Delaware, LLC
			1.98	dormakaba Schweiz AG
			17.55	dormakaba Nederland B.V.
			21	dormakaba International Holding AG
Lasservice Midt-Norge A/S, Drammen/NO	NOK	100,000.00	100	dormakaba Norge A/S
Legic Identsystems AG, Wetzikon/CH	CHF	500,000.00	100	dormakaba Schweiz AG
Mauer Thüringen GmbH, Bad Berka/DE	EUR	255,700.00	100	dormakaba EAD GmbH
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	INR	107,510,000.00	65	dormakaba International Holding AG
Modernfold Inc., Greenfield/US	USD	1.00	100	dormakaba USA Inc.
Modernfold of Nevada LLC., Greenfield/US	USD	1.00	100	Modernfold Inc.
Path Line (China) Ltd., Hong Kong/HK	HKD	113,900,000.00	100	Kaba Limited (HK)
Rafi Shapira & Sons Ltd., Rishon LeZion/IL	ILS	143.00	30	Dorma- Vertrieb-International GmbH
Railtech Composites Inc., New York/US	USD	101.00	100	Skyfold Inc.
Resolute Testing Laboratories Pty. Ltd., Brisbane/AU	AUD	100.00	100	Kilargo Pty. Ltd.
Seca Solutions A/S, Sandnes/NO	NOK	3,000,000.00	100	dormakaba Norge A/S
Silca GmbH, Velbert/DE	EUR	358,000.00	100	dormakaba Holding GmbH + Co. KGaA
Silca Key Systems S.A., Barcelona/ES	EUR	162,296.90	100	dormakaba Luxembourg S.A.

Silca Ltd., Harrow/GB	GBP	411,050.00	100	Kaba Holding (UK) Ltd.
Silca S.A.S., Porcheville/FR	EUR	797,670.00	100	dormakaba France S.A.S.
Silca S.p.A., Vittorio Veneto/IT	EUR	10,000,000.00	97	dormakaba Luxembourg S.A.
			3	dormakaba Schweiz AG
Silca South America S.A., Tocancipa/CO	COP	4,973,013,770.00	65.92	dormakaba International Holding AG
			32.52	dormakaba Schweiz AG
Skyfold Inc., Quebec/CA	CAD	113,994,483.00	100	dormakaba Canada Inc.
Task Sistemas de Computação S.A., Rio de Janeiro/BR	BRL	26,438,731.00	100	dormakaba International Holding AG
TLHM Co. Ltd., Taiwan/TWN	TWD	665,000,000.00	100	dormakaba International Holding AG
Wah Mei (Toishan) Hardware Co., Ltd., Taishan/CN	USD	15,000,000.00	100	Path Line (China) Ltd.
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	USD	13,289,000.00	100	Kaba Ltd. (HK)
Wah Yuet Industrial Co. Ltd., Hong Kong/HK	HKD	1,000,000.00	100	Kaba Ltd. (HK)
Yantai DORMA Tri-Circle Lock Co. Ltd, Yantai City/Shandong/ CN	CNY	10,000,000.00	60	Dorma- Vertrieb-International GmbH

Apart from dormakaba Holding AG in Rümlang, there are no companies in the dormakaba Group's scope of consolidation whose shares are listed on a stock exchange. The registered shares of dormakaba Holding AG are traded on the Swiss Reporting Standard board of the SIX Swiss Exchange (security no./ISIN: 1179595/CH 0011795959). As at 30 June 2018, the company's market capitalization was CHF 2,908.0 million.

This Legal Structure meets the requirements of the GRI-Standards (Disclosure 102-45).