

Finances in the Fiscal Year 2006

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Commentary on the 2006 Results

1. Income Statement

Income

The basic rule that – as a result of the exhibition rotation – the even years can be defined as weak exhibition years, has once again been confirmed in 2006. Due to the fact that important acyclic exhibitions such as Hilsa (4-year-cycle), Holz (3-year-cycle), Swissbau and Igeho (2-year cycles) did not take place in the year under review, the result of CHF 218.1 million could not reach last year's result of CHF 221.9 million – as to be expected – even with the full consolidation of Winkler Veranstaltungen AG.

In 2006, Winkler Veranstaltungstechnik AG was considered for the first time in the group account with a 12 months business year. Last year, only 6 months could be taken into account due to the acquisition per 1 July 2005.

In view of the exhibition cycles that still dominate the business years, the most important yearly exhibitions (BASELWORLD, Art in Basel and Miami and the muba) as well as the profits of Winkler Veranstaltungstechnik AG are stabilising factors in the annual income statement.

Expenses

The consolidated expenses before depreciation of Swiss Exhibition reach a value of CHF 169.8 million (CHF 161.3 million in the previous year) before depreciation. The increased value is due to the additional costs related to additional income (modules and services) as well as to Winkler Veranstaltungen AG.

Depreciation amounts in total to CHF 34.5 million (CHF 46.1 million in the previous year), last year's value comprising a non-scheduled depreciation of CHF 13.0 million as a result of the "Exhibition Center Basel 2012" project inducing a reduction of the prospective service life of Hall 3.

Cash Flow / Profit

In spite of the weak rotation conditioned own exhibition program of the financial year 2006, the achieved results are pleasing:

- Cash Flow (net profit + depreciation)
CHF 48.3 million (CHF 60.6 million)
- Group Profit
CHF 13.8 million (CHF 14.6 million)
- EBIT (earnings before interest and taxes)
CHF 21.8 million (CHF 22.8 million).

2. Balance Sheet

According to the consolidated presentation, the balance sheet structure shows a total of CHF 491.8 million (CHF 455.0 million in the previous year), divided in current assets of about CHF 129.2 million (CHF 86.4 million) and non current assets of CHF 362.6 million (CHF 368.6 million). Therefore, there are liabilities of CHF 329.0 million (CHF 312.0 million) and shareholders' equity of CHF 162.8 million (CHF 143.0 million). The aimed-at shareholders' equity quote of 30% has been surpassed with a value of 33.1%. The net debt (short-term and long-term loans less cash and cash equivalents) could be reduced from CHF 186.2 million to CHF 142.7 million.

3. Investments

From the group's point of view, in total an amount of CHF 20.4 million (CHF 32.7 million in the previous year) has been invested.

While in view of the coming building project, the investments in the business fields Own Exhibitions and Exhibition and Congress Centers have been deliberately reduced to a minimum of CHF 9.9 million, investments of CHF 10.5 million have been necessary for the Event Technology Services due to an above-average growth in turnover.

4. Comparison over Several Years

The figures for the financial year 2002 – 2004 give an overview of the common results of Swiss Exhibition as a group. The joining of Winkler Veranstaltungstechnik AG is taken into account from 1.7.2005.

Group Balance Sheet

in 1000 CHF	Details	31.12.2006	%	31.12.2005	%
Assets					
Cash and Cash Equivalents	1	65 242		29 866	
Accounts Receivable for Deliveries and Services	2	50 054		46 010	
Other Receivables	3	3 591		3 418	
Assets, Prepayments and Accrued Income	4	10 329		7 108	
Total Current Assets		129 216	26.3	86 402	19.0
Loans	5	849		859	
Employer Contribution Rate	10	8 355		0	
Land, Buildings, Fixed Installations	6	323 043		341 710	
Other Fixed Assets	6	29 118		24 857	
Investments	7	1 195		1 192	
Total Non Current Assets		362 560	73.7	368 618	81.0
Total Assets		491 776	100.0	455 020	100.0
Liabilities					
Liabilities from Deliveries and Services		12 992		14 645	
Other Liabilities		6 255		5 047	
Accrued Expenses and Deferred Income	4	91 030		67 037	
Loans	8	5 620		3 585	
Total Short-Term Liabilities		115 897	23.6	90 314	19.9
Provisions	9	6 218		4 522	
Accruals and Deferrals from Leasing Agreements	16	4 568		4 723	
Loans	8	202 343		212 459	
Total Long-Term Liabilities		213 129	43.3	221 704	48.7
Total Liabilities		329 026	66.9	312 018	68.6
Share Capital		48 053		48 053	
Capital Reserves		47 600		47 600	
Retained Earnings		67 097		47 349	
Total Shareholder's Equity	15	162 750	33.1	143 002	31.4
Total Liabilities and Shareholders' Equity		491 776	100.0	455 020	100.0

Group Income Statement

in 1000 CHF	Details	2006	2005
Income			
Surface Areas		89 534	110 858
Entrance Fees		7 790	9 326
Publications		14 938	14 960
Connections		5 267	6 799
Furniture, Modules		32 559	23 996
Services		53 567	41 056
Conventions		6 987	4 617
Parking		4 188	4 859
Other Operational Income		4 960	6 327
Revenue Reductions		-1 739	- 854
Total Income	11	218 051	221 944
Expenses			
Staff	12	43 937	40 432
Administration		5 897	6 032
Financial Expenses	13	6 982	7 800
Maintenance, Repairs		9 513	9 004
Insurance, Ground Rent, Rents		7 118	6 271
Power Supply		5 430	5 398
Furnishing Expenses		37 094	32 483
Exhibition and Convention Operations		38 196	37 698
Advertising, Press, Public Relations		14 616	15 714
Depreciation	6	34 495	46 071
Total Expenses		203 278	206 903
Taxes	14	978	463
Group Profit	15	13 795	14 578
Cash-flow (Group profit plus depreciation)		48 290	60 649
EBITDA (Earnings before interest, taxes and depreciation)		56 250	68 912
EBIT (Earnings before interest and taxes)		21 755	22 841

Group Cash Flow Statement

(Cash and Cash Equivalents)

in 1000 CHF	Details	2006	2005
Cash Flow from Operating Activities			
	Group Profit	13 795	14 578
	Book Profit from Fixed Assets	50	0
	Depreciation	34 495	46 071
	Variations of Accounts Receivable for Deliveries and Services	- 4 044	4 355
	Variations of Other Receivables	- 173	2 194
	Variations of Prepayments and Accrued Income	- 3 221	3 870
	Variations of Liabilities from Deliveries and Services	- 1 653	1 932
	Variations of Other Liabilities	1 208	3 529
	Variations of Accrued Expenses and Deferred Income	23 993	- 26 012
	Variations of Accruals and Deferrals from Leasing Agreements	- 155	- 154
	Variations of Provisions	1 696	455
	Net Cash Flow from Operating Activities	65 991	50 818
Cash Flow from Investment Activities			
	Land, Buildings, Fixed Installations	- 7 553	- 19 185
	Divestments of Invested Assets	279	0
	Other Fixed Assets	- 12 853	- 13 467
	Repayments/Rising of Active Loans	10	- 9
	Non-Consolidated Participations	- 15	- 9
	Purchase of Consolidated Participations (excluding cash and cash equivalents)	0	- 20 497
	Net Cash Flow from Investment Activities	- 20 132	- 53 167
Cash Flow from Financing Operations			
	Dividends	- 2 402	- 1 922
	Sales of Treasury Shares	0	360
	Raising of Passive Loans	3 500	50 230
	Repayments of Passive Loans	- 11 581	- 75 560
	Net Cash Flow from Financing Operations	- 10 483	- 26 892
	Net Cash Flow	35 376	- 29 241
	Cash and Cash Equivalents at the Beginning of the Financial Year	29 866	59 107
	Cash and Cash Equivalents at the End of the Financial Year	65 242	29 866

Development of Consolidated Shareholders' Equity

The change of the consolidated own capital yields as follows:

in 1000 CHF	Share Capital	Treasury Shares	Capital Reserves	Retained Earnings	Total
As per 1.1.2005	48 053	- 360	47 600	48 539	143 832
Variations in Treasury Shares		360			360
Dividends 2004 paid in 2005				- 1 922	- 1 922
Goodwill				- 13 846	- 13 846
Group Profit 2005				14 578	14 578
As per 31.12.2005	48 053	0	47 600	47 349	143 002
Employer Contribution Rate				8 355	8 355
Dividends 2005 paid in 2006				- 2 402	- 2 402
Group Profit 2006				13 795	13 795
As per 31.12.2006	48 053	0	47 600	67 097	162 750

The retained earnings enclose CHF 31.3 million of general legal reserves from MCH Swiss Exhibition (Holding) Ltd. and its subsidiaries which are not to be distributed. In the Appendix and Notes to the Group Accounts, equity is represented under point 15 (page 85) in case of theoretical capitalization of goodwill.

Comparison over Several Years

in 1000 CHF	Income	against prev. year in %	Group Profit	against prev. year in %
2002	181 203	- 4.3	4 556	- 53.5
2003	179 527	- 0.9	3 202	- 29.7
2004	185 990	+ 3.6	4 576	+ 42.9
2005	221 944	+ 19.3	14 578	+ 218.6
2006	218 051	- 1.8	13 795	- 5.4

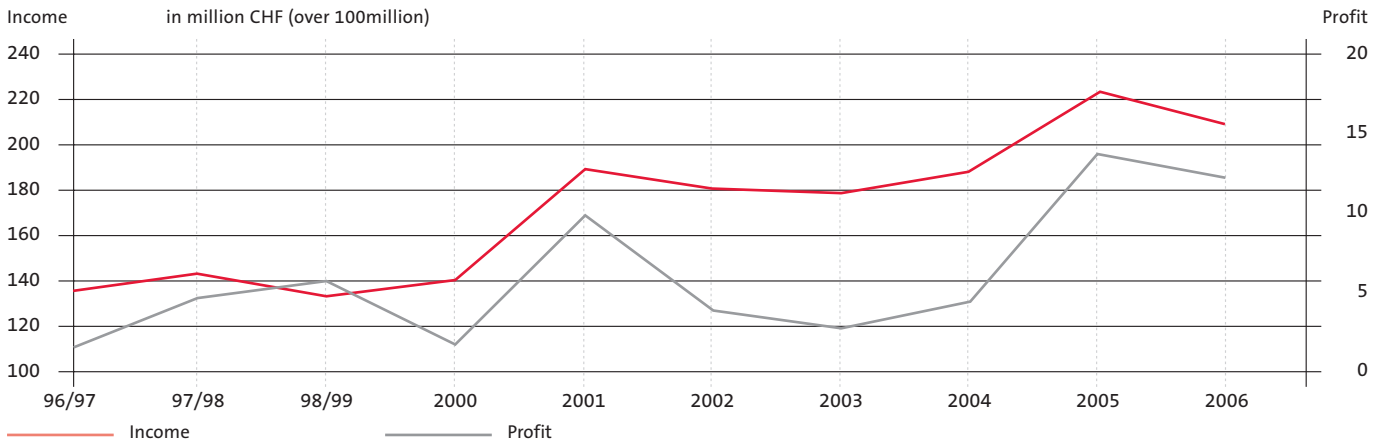
in 1000 CHF	¹⁾ Cash-flow	against prev. year in %	Investments	against prev. year in %
2002	30 160	- 8.6	14 308	+ 12.2
2003	30 320	+ 0.5	31 621	+ 121.0
2004	37 712	+ 24.4	22 432	- 29.1
2005	60 649	+ 60.8	32 652	45.6
2006	48 290	- 20.4	20 406	- 37.5

in 1000 CHF	Total Assets	against prev. year in %	Shareholders' Equity	against prev. year in %
31.12.2002	459 376	+ 1.5	137 358	+ 1.6
31.12.2003	458 363	- 0.2	139 409	+ 1.5
31.12.2004	491 814	+ 7.3	143 832	+ 3.2
31.12.2005	455 020	- 7.5	143 002	- 0.6
31.12.2006	491 776	+ 8.1	162 750	+ 13.8

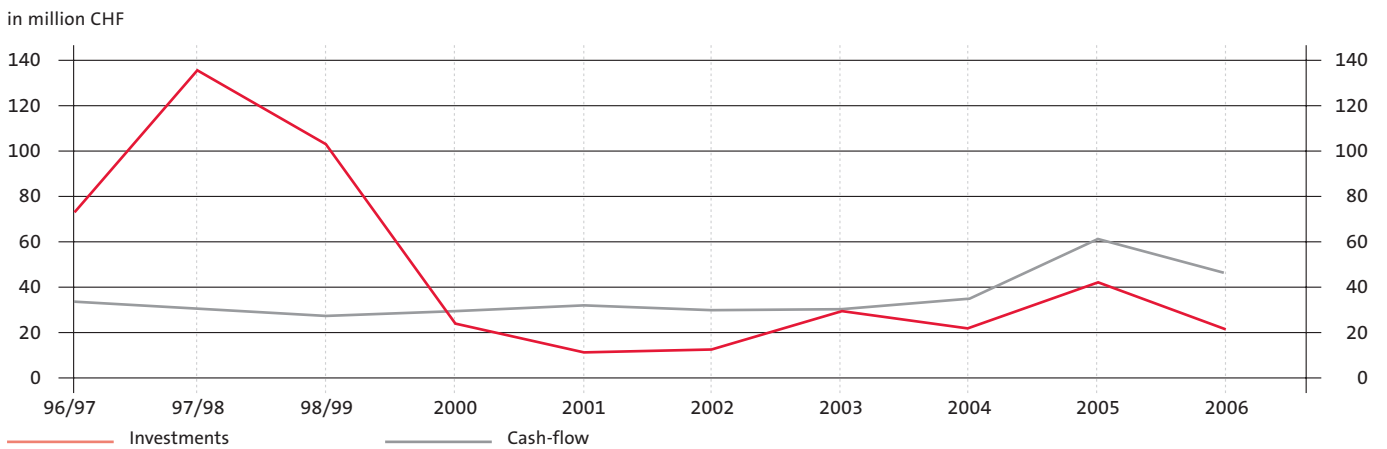
1) Cash flow from ordinary operating activity = group profit + depreciation

In the financial year 2005, the Winkler Veranstaltungstechnik AG has only been included as a short year (1.7. – 31.12.2005) in the consolidation range of Swiss Exhibition.

Development of Income and Profit



Development of Investments and Cash Flow



Development of Total Assets and Shareholders' Equity



Consolidation and Valuation Principles

Introduction

The available final figures are based on the calendar year – and this for all associated companies, with exception of the figures of Winkler Veranstaltungstechnik AG (taken over per 1 July 2005) considered in the 2005 statements of Swiss Exhibition only for the period 1.7. – 31.12.2005.

The consolidated annual accounts are based on the following principles:

1. Accounting Policies

The consolidated Swiss Exhibition Group Accounts comply with the principles provided by the Swiss GAAP FER (specialized commission providing financial reporting standards) and therefore comply with the guidelines of the Swiss Exchange SWX within the “Local Caps” segment.

They present a true and fair view of the group’s assets, financial position and earnings. The group accounts have been created on the basis of the separate financial statements of the companies included in the consolidation.

All internal group transactions are offset against each other during consolidation. Any inter-company profits have been eliminated.

In accordance with the Swiss GAAP FER, the book values of participations are eliminated by means of offsetting against the equity capital of participations.

The standard reporting date for all group companies is 31 December.

2. Scope of Consolidation

The group accounts comprise the annual accounts of MCH Swiss Exhibition Ltd. and of all subsidiaries in compliance with following criteria:

- Companies in which Swiss Exhibition has a majority holding and management responsibility are generally fully consolidated. 100% of assets, liabilities, income and expenses are included. Any shares in equity capital and in the profits of the consolidated companies that may be held by minority shareholders are shown separately in the group balance sheet or in the group income statement.
- Companies in which Swiss Exhibition has a holding of between 20% and 49.9% are included according to the equity method. This means that the share of equity capital is entered under “participations” in the group accounts.
- Participations of less than 20% are reported at historical costs, minus any value adjustments that may be necessary. They are listed under the item “participations”. The relevant dividends are listed under the term “other operating income”.

3. Valuation Principles

The representation of separate positions is based on carefully established operational data in accordance with Swiss GAAP FER.

Receivables

The receivables are valued net, i.e. after deduction of an appropriate adjustment following the principle of prudent accounting (bad debt provision).

Stocks

Since stocks are insignificant, they are not capitalized.

Prepayments, accruals and Deferrals

Prepayments, accruals and deferrals are valued according to the principles that apply to receivables and/or liabilities.

Securities

Securities are valued at market price.

Fixed Assets

Fixed Assets are capitalized at initial costs and depreciated in a linear way for the projected period of use.

After expiration of the estimated depreciation period, the initial- or production cost value is compensated with the accumulated depreciation unless the fixed asset was prematurely withdrawn.

For following items the depreciation period is:

- buildings: 30 – 40 years
exhibition halls, convention- and administrative buildings, etc.
- various additional investments in buildings:
10 – 20 years
theatre buildings, minor investments, etc.
- equipment, installations, devices:
3 – 6 years
convention furniture, technical furniture, operational vehicles, office furniture and equipment, information technology, etc.
- land: no depreciation

Project related services provided by our employees for investments in non-current assets are not capitalized due to the type of activity (general planning).

Liabilities

Liabilities are shown at the relevant nominal value.

Provisions

These will be determined in accordance with standardized and constant operational criteria. They are used to cover identifiable risks of loss and payment obligations.

4. Foreign Currency Conversion

Expenses are valued at the average exchange rate for the period. Assets and liabilities are valued at the spot rate

5. Statement and Reporting Period

Within the framework of the holding structure all group companies' accounting period is 1.1. – 31.12.

6. Goodwill

In accordance with the consolidation principles, Swiss Exhibition charges the acquired goodwill at the moment of the initial consolidation and/or at the time of acquisition to equity.

Appendix and Notes to the Group Account

1. Cash and Cash Equivalents

in 1000 CHF	31.12.2006	31.12.2005
Composition		
Cash, Post	5 075	4 200
Bank	8 167	14 466
Fixed Deposits	52 000	11 200
Total Cash and Cash Equivalents	65 242	29 866

2. Accounts Receivable for Deliveries and Services

in 1000 CHF	31.12.2006	31.12.2005
Composition		
Due and Payable for Deliveries and Services	52 790	48 017
– Bad Dept Provision	– 2 736	– 2 007
Total Due and Payable for Deliveries and Services	50 054	46 010
Deadlines		
Not due yet	27 843	18 950
Due and payable within 60 days	22 665	26 549
Due and payable after 60 days	2 282	2 518
Total Due and Payable for Deliveries and Services	52 790	48 017

Due to the invoicing of stand rental in the year following the respective events, the amount of outstanding payments for deliveries and services is relatively high per 31 December.

3. Other Receivables

This position comprises accounts with insurance companies as well as prepayments for the project Art Basel Miami Beach.

4. Prepayments, Accruals and Deferrals

The amount of accruals and deferrals of assets and liabilities is mainly influenced by the rotation of exhibitions and specifically by the following exhibitions in 2007: Swissbau, muba, SWISS-MOTO, BASELWORLD.

Prepayments and Accrued Income

The assets side shows the prepaid invoices and liabilities already paid for events to be carried out in the financial year.

in 1000 CHF	31.12.2006	31.12.2005
Composition of Accruals		
Events	8 654	5 498
Prepaid Rents etc	973	1 330
Various Accruals	702	280
Total of Prepayments and Accrual Income	10 329	7 108

Accrued Expenses and Deferred Income

On the liabilities side, mainly invoiced or received revenues for events to be carried out in the financial year 2007 have been taken into account.

in 1000 CHF	31.12.2006	31.12.2005
Composition of Deferrals		
Events	83 538	58 907
Interest Deferrals	1 855	1 855
Salaries and Social Contributions	4 235	4 299
Tax Deferrals	310	195
Various Deferrals	1 092	1 781
Total of Accrued Expenses and Deferred Income	91 030	67 037

5. Loans

The loans of CHF 0.8 million related to non-interest bearing claims from deliveries and services become due 2007.

6. Fixed Assets

in 1000 CHF

Fire Insurance Values are as follows	31.12.2006	31.12.2005
Buildings, Fixed Installations	938 834	890 276
Other Fixed Assets	111 000	110 500
Composition of Depreciation		
Scheduled Depreciation of Buildings, Fixed Installations	26 220	28 201
Scheduled Depreciation of other Fixed Assets	8 263	4 911
Non-Scheduled Depreciation of Buildings, Fixed Installations	0	12 959
Depreciation of Investments	12	0
Total Depreciation	34 495	46 071

in 1000 CHF	Land, Buildings Fixed Installations	Other Fixed Assets	Total
Composition of Fixed Assets			
Purchase Costs as per 1.1.2005	618 158	18 095	636 253
Depreciated values ¹⁾	- 7 069	- 1 990	- 9 059
+ Entries	19 184	13 467	32 651
+ Entries from Acquisitions	0	18 914	18 914
- Disposals	0	0	0
Purchase Values at the End of the Year	630 273	48 486	678 759
Accumulated Depreciation as per 1.1.2005	- 254 472	- 14 368	- 268 840
- Depreciated Values ¹⁾	7 069	1 990	9 059
- Depreciated Values from Acquisitions	0	- 6 340	- 6 340
- Depreciation Financial Year 2005	- 28 201	- 4 911	- 33 112
- Non-Scheduled Depreciation Financial Year 2005	- 12 959	0	- 12 959
As per 31.12.2005	341 710	24 857	366 567
Composition of Fixed Assets			
Purchase Costs as per 1.1.2006	630 273	48 486	678 759
Depreciated Values ¹⁾	- 65 156	- 2 969	- 68 125
+ Entries	7 553	12 853	20 406
- Disposals	0	- 329	- 329
Purchase Values at the End of the Year	572 670	58 041	630 711
Accumulated Depreciation as per 1.1.2006	- 288 563	- 23 629	- 312 192
- Depreciated Values ¹⁾	65 156	2 969	68 125
- Depreciation Financial Year 2006	- 26 220	- 8 263	- 34 483
As per 31.12.2006	323 043	29 118	352 161

1) After expiry of the depreciation period, the purchase value of the production value will be set against the accumulated depreciation.

In the financial year 2005, non-scheduled depreciation of fixed assets reached CHF 13.0 million. The liabilities from leasing agreements attained CHF 4.0 million; the corresponding fixed assets reached a book value of CHF 4.8 million. The mortgaged assets of the group on the Zurich location amount to CHF 32.5 million (CHF 40.0 million in the previous year).

7. Investments

in 1000 CHF	Location	Purpose	Share Capital	Investments in %	
Composition					
MCH Swiss Exhibition (Basel) Ltd.	Basel	Exhibitions and Conventions	40 000	100.0	a
MCH Swiss Exhibition (Zurich) Ltd.	Zurich	Exhibitions and Conventions	13 720	100.0	a
Winkler Veranstaltungstechnik AG	Wohlen	Event Technology Services	100	100.0	a
Art Kunstmesse AG	Basel	Trademark Company	50	100.0	b
Swisstech Fachmesse AG	Basel	Trademark Company	50	100.0	b
Natura AG	Basel	Trademark Company	50	100.0	b
Ineltec AG	Basel	Trademark Company	50	100.0	b
Igeho AG	Basel	Trademark Company	50	100.0	b
Swissdata AG	Basel	Trademark Company	50	100.0	b
Orbit Fachmessen AG	Basel	Trademark Company	100	100.0	b
World Trade Center Basel GmbH	Basel	Promotion of Intern. Trade	50	24.0	b, e
Parkhaus Messe Zürich AG	Zurich	Parking Services	5 000	20.0	c, e
LSE Light & Sound Equipment AG	Wohlen	Event Technology Services	100	100.0	d

- a Company directly owned by MCH Swiss Exhibition (Holding) Ltd.
b Company owned by MCH Swiss Exhibition (Basel) Ltd.
c Company owned by MCH Swiss Exhibition (Zurich) Ltd.
d Company owned by Winkler Veranstaltungstechnik AG
e Company being consolidated according to the equity model

8. Loans

in 1000 CHF	31.12.2006	31.12.2005
Composition		
Fixed Rate Loan (less than 1 year)	5 620	3 585
Fixed Rate Loan (more than 1 year)	202 343	212 459
Total Loans (short- and long-term)	207 963	216 044

9. Provisions

in 1000 CHF	As per 1.1.2005	Constituted	Used	Released	As per 31.12.2005
Risks related to the Exhibition Tower Project	1 800		1 600	200	0
Risks related to Contract Amendments	1 000				1 000
Acquisition Price Provisions	0	1 000			1 000
Repairs/Improvements of Exhibition Parking Spaces	900				900
Liabilities from Guarantee Payments	200		200		0
Dismantling of Hall 6	167	119			286
Total Other Provisions	4 067	1 119	1 800	200	3 186
Provisions for Deferred Taxes	0	1 336			1 336
Total Provisions	4 067	2 455	1 800	200	4 522

in 1000 CHF	As per 1.1.2006	Constituted	Used	Released	As per 31.12.2006
Risks related to the Exhibition Tower Project	1 000				1 000
Acquisition Price Provisions	1 000				1 000
Repairs/Improvements of Exhibition Parking Spaces	900	900			1 800
Dismantling of Hall 6	286	119			405
Total Other Provisions	3 186	1 019	0	0	4 205
Provisions for Deferred Taxes	1 336	677			2 013
Total Provisions	4 522	1 696	0	0	6 218

CHF 1.8 million (CHF 0.9million in the previous year) of contractual liabilities are for refurbishment works of the exhibition parking spaces at the Zurich location. Associated with the purchase of Winkler Veranstaltungstechnik AG, CHF 1.0 million of the acquisition price will only be settled in 2007. The cash outflow is probable.

10. Employer Contribution Rate

Employer's contribution reserve	Nominal value	Application waiver	Other value adjustments	Discount	Balance sheet	Balance sheet	Personal benefit plan	
	31.12.2006	31.12.2006	31.12.2006	31.12.2006	31.12.2006	01.01.2006	2006	2005
Benefit plan	8 355	0	0	0	8 355	8 355	2 674	3 172
Total	8 355	0	0	0	8 355	8 355	2 674	3 172

Economic impact and benefit	Excess coverage/ under-coverage	Economic impact of the Group		Variation compared to the previous year	Contribution limited to the reporting period	Benefit proportion of personnel expenditure	
	31.12.2006	31.12.2006	01.01.2006	fiscal year		2006	2005
Benefit plans with excess coverage	37 962	0	0	0	0	2 476	3 120
Benefit plans without excess coverage or under-coverage	0	0	0	0	0	198	52
Total	37 962	0	0	0	0	2 674	3 172

Projected Benefit Obligations

All employees of Swiss Exhibition (Holding, Basel, Zurich) adhere to a benefit plan. Swiss Exhibition has not the intention to take any economic advantage from the excess coverage at the date of balance. Therefore, only the employer's contribution reserve will be capitalized. The excess coverage represents the portion of available funds of Swiss Exhibition (Holding, Basel, Zurich) at the associated benefit plan.

11. Revenue by Business Segments

in 1000 CHF	2006	2005
Revenue by Business Segments		
Own Exhibitions	162 541	187 853
Exhibition and Convention Centres	26 964	24 426
Event Technology Services	28 546	9 665
Total Revenue by Business Segments	218 051	221 944

12. Staff

Staff Members	2006	2005
Headcount	361	327

During the exhibitions, additional part time workers – cleaners, cashiers, cloakroom attendants, hostesses, etc. – are employed. In addition, five apprentices are being trained. The staff increase is essentially due to the growth strategy of Winkler Veranstaltungstechnik AG.

13. Details on Financial Income and Financial Expenses

in 1000 CHF	2006	2005
Composition of Financial Income		
Interest Income	490	248
Exchange Profit	351	227
Total Financial Income	841	475

in 1000 CHF	2006	2005
Composition of Financial Expenses		
Interest on Capital	6 720	7 571
Exchange Loss	20	4
Bank Commissions, Credit Card Commissions, etc.	242	225
Total Financial Expenses	6 982	7 800

Because of its relative insignificance, financial income is listed under other operational income. Financial expenses refer to financial costs for operational loans. A segregation of the financial results in the income statement is therefore not necessary.

14. Taxes

Due to the tax arrangements with Canton Basel-City, income taxes are not really significant for MCH Swiss Exhibition (Basel) Ltd. For MCH Swiss Exhibition (Zurich) Ltd., Winkler Veranstaltungstechnik AG as well as for MCH Swiss Exhibition (Holding) Ltd. there are no special tax arrangements.

Winkler Veranstaltungstechnik AG has deferred tax liabilities of CHF 2.0 million.

15. Goodwill

In accordance with the consolidation principles, Swiss Exhibition charges the acquired goodwill at the initial consolidation to equity. In accordance with Swiss GAAP FER 9 this is only allowed, in case the effects of a theoretical capitalization and a theoretical amortization are represented on own capital funds and profit. In the case of capitalization of goodwill and under the assumption of an amortization period over twenty years, the following values were obtained:

in 1000 CHF	2006	2005
Equity in Case of Theoretical Activation of Goodwill		
Equity per 31.12.	162 750	143 002
Capitalization of Goodwill	13 846	13 846
Goodwill Depreciation cumulative	- 1 038	- 346
Total Equity in Case of Theoretical Activation of Goodwill	175 558	156 502

in 1000 CHF	2006	2005
Group Profit in Case of Theoretical Activation of Goodwill		
Group Profit	13 795	14 578
Goodwill Depreciation (pro rata in 2005)	- 692	- 346
Total Group Profit in Case of Theoretical Activation of Goodwill	13 103	14 232

16. Further Details

16.1 Leasing Activities

As per 8 July 1998, MCH Swiss Exhibition (Zurich) concluded a "lease-and-lease-back" (finance lease) agreement with American investors for the new exhibition building. This leasing agreement is valid for a period of 38 years. The purpose of this transaction is to allow the American investors to take advantage of the tax benefits of the leasing agreement. The tax saving results from the timing differences between depreciation and income from the leasing business (present value benefit) from a taxation perspective. Part of this benefit is allocated to the company and the user of the leased property. This present value benefit has been deferred (see balance item accruals and deferrals from leasing agreement) and will be dissolved and terminated over the leasing period of 38 years. The risk of retrospective amendments to the American Tax Law was expressly excluded in the agreement.

The company's obligations resulting from the leasing contract are guaranteed by a Letter of Credit from Landesbank Baden-Württemberg.

16.2 Commitments from Long-Term Rental Agreements

The group rents some operational installations and facilities

Future obligations resulting from the fixed-term rental agreements

2007	CHF	2.6 million
2008	CHF	1.9 million
2009	CHF	1.8 million
2010	CHF	1.4 million
2011 – 2018	CHF	10.0 million
Total	CHF	17.7 million

16.3 Transactions with Related Parties

As organizer of exhibitions and various other events, Swiss Exhibition has various business relationships with the most important shareholders, the Cantons and Cities of Basel and Zurich, in connection with its ordinary business activity.

Canton Basel-City provides most of the land required by MCH Swiss Exhibition (Basel) Ltd. and provides interest bearing loans at 3.75% to 3.8% amounting to CHF 100.0 million. The Canton and the City of Zurich

provide MCH Swiss Exhibition (Zurich) Ltd. with interest-bearing loans at 2% amounting to CHF 16.0 million respectively CHF 16.5 million. The City of Zurich also provides the land needed by MCH Swiss Exhibition (Zurich) Ltd. according to the urban planning and building law.

16.4 Personal Retirement Benefit Plan

The MCH Swiss Exhibition Ltd. Retirement Benefit Plan (hereafter "Pension Fund") is independent from the group.

This plan is basically financed by employer and employee contributions. Joining the pension fund is compulsory for all employees from Swiss Exhibition (Holding, Basel and Zurich) with unlimited employment contracts. Benefits are derived on the basis of payments during old age, in case of general disability, or in case of death and other payments. The employees from Winkler Veranstaltungstechnik AG are associated in a multi-employer pension fund.

The pension fund operates on the defined-benefit principle. Swiss Exhibition (Holding, Basel and Zurich) makes an overall contribution amounting to 150% of the contribution amount covered by the members. Expenditures in the financial year amounted to CHF 2.5 million. The total reserve of the employer contributions to the MCH Swiss Exhibition Ltd. pension fund as per 31.12.2006 reached CHF 8.4 million (CHF 8.4 million in previous year).

An actuarial balance sheet is set up by an expert at least every three years. This sheet is currently based on LOB 2000 (4%) – (LOB) = Federal Occupational Old-Age, Survivors and Disability Benefit-Plans Act). The premium reserve is calculated annually. The excess coverage in comparison to the net assets of the pension fund was at a level of 32% at the moment of the last actuarial balance sheet per 1.1.2006.

16.5 Subsequent events

Per 1 January 2007, the stand building company Expomobilia AG has been taken over.

Report of the Group Auditors

As group auditors, we have audited the consolidated financial statements (group balance sheet, group income statement, group cash flow statement, development of consolidated shareholders' equity and notes/pages 70 to 86) of MCH Swiss Exhibition (Holding) Ltd. for the year ended 31 December 2006.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting

the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

Basel, March 19, 2007

Ernst & Young AG

Manuel Aeby
Swiss Certified Accountant
(in charge of the audit)



Richard Graber
Swiss Certified Accountant



MCH Swiss Exhibition (Holding) Ltd.

Balance Sheet

(Statutory Accounts)

in 1000 CHF	31.12.2006	%	31.12.2005	%
Assets				
Cash and Cash Equivalents	4 347		3 139	
Accounts Receivables from Deliveries and Services	3		9	
Receivables from Group Companies	2 768		2 276	
Other Receivables	128		56	
Prepayments and Accrued Income	57		67	
Loan to a Group Company	1 000		0	
Total Current Assets	8 303	7.4	5 547	5.1
Investments	104 281		104 281	
Total Non Current Assets	104 281	92.6	104 281	94.9
Total Assets	112 584	100.0	109 828	100.0
Liabilities				
Liabilities from Deliveries and Services	637		491	
Liabilities to Group Companies	629		713	
Other Liabilities	0		4	
Accrued Expenses and Deferred Income	771		1 040	
Provisions	1 000		1 000	
Total Liabilities	3 037	2.7	3 248	3.0
Share Capital	48 053		48 053	
Legal Reserves	4 350		4 240	
Special Reserves	47 600		47 600	
Profit Carried Forward	4 174		4 683	
Annual Profit	5 370		2 004	
Total Shareholders' Equity	109 547	97.3	106 580	97.0
Total Liabilities and Shareholders' Equity	112 584	100.0	109 828	100.0

MCH Swiss Exhibition (Holding) Ltd.

Income Statement

(Statutory Accounts)

in 1000 CHF	2006	2005
Income		
Management Fee to Group Companies	8 113	7 430
Services	68	69
Dividends and Interest Income	4 759	1 924
Revenue Reduction	- 82	- 54
Total Income	12 858	9 369
Expenses		
Staff	4 072	4 367
Administration	2 456	2 055
Financial Expenses	52	53
Insurance	35	40
Operating Expenses	66	52
Advertising, Press and Public Relations	768	739
Total Expenses	7 449	7 306
Pre-Tax Profit	5 409	2 063
Taxes	39	59
Annual Profit	5 370	2 004

Appendix and Notes to the Annual Accounts

Share Capital

The company's share capital consists of 480,526 registered shares with a nominal value of CHF 100.– per share. The limit for registration in the register of shares is a maximum of 5 % per shareholder. This registration limit does not apply for the Cantons of Basel-City, Basel-Country and Zurich as well as Zurich-City.

Personnel Retirement Benefit Plan

Per 31 December 2006 there were no liabilities towards the personnel retirement benefit plan.

Investments

The overview of participations is shown on page 81. MCH Swiss Exhibition (Holding) Ltd. owns directly at 100% the investments of MCH Swiss Exhibition (Basel) Ltd., of MCH Swiss Exhibition (Zurich) Ltd. as well as of Winkler Veranstaltungstechnik AG.

Major Shareholders

Canton Basel-City	33.5 %
Canton Basel-Country	7.8 %
Pico European Holdings Inc.*	7.3 %
LB (Swiss) Investment AG	4.4 %
Canton of Zurich	4.0 %
City of Zürich	3.7 %

* Registered with 24,026 shares (5%) in the share register of "shareholders with right to vote".

At the end of 2006, 3,397 registered shareholders were entered in the register of shares.

Profit Distribution

The Board of Directors proposes to the Annual General Meeting the following profit distribution for the financial year 2006:

in 1000 CHF	2006	2005
Profit Brought Forward from the Previous Year	4 174	4 683
Annual Profit	5 370	2 004
Total Balance Sheet Profit	9 544	6 687
Dividend of CHF 5.– gross per nominal share of CHF 100.– (CHF 5.– in the previous year)	– 2 403	– 2 403
Allocation to Legal Reserve	– 270	– 110
Balance Carried Forward	6 871	4 174

Report of the Statutory Auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 88 to 91) of MCH Swiss Exhibition (Holding) Ltd. for the year ended on 31 December 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also

assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the accounting records and financial statements as well as the proposed appropriation of available earnings comply with the Swiss law and the company's articles of incorporation.

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

Basel, March 19, 2007

Ernst & Young AG

Manuel Aeby
Swiss Certified Accountant
(in charge of the audit)



Richard Graber
Swiss Certified Accountant

