Finance Report 2014

Excerpt from the
52nd Annual Report 2014/2015

EMS-CHEMIE HOLDING AG
Domat/Ems Switzerland

Content

Share Performance

	2014	2013	2012	2011	2010
Number of registered shares	23 389 028	23 389 028	23 389 028	23 389 028	23 389 028
Shares entitled to dividend	23 389 028	23 352 828	23 389 028	23 389 028	23 386 528
Treasury shares	0	36 200	0	0	2 500
Information per share (in CHF):					
Dividend per share	12.00 [1]	11.00	10.00	7.00	12.50
Of which ordinary dividend	10.00	8.50	7.50	7.00	6.50
Of which extraordinary dividend	2.00	2.50	2.50	–	–
Of which anniversary dividend	–	–	–	–	6.00
Earnings per share	14.66	13.58	11.45	10.14	9.71
Cash flow per share [2]	17.30	16.21	14.02	12.64	12.50
Equity per share [3]	53.47	50.68	48.03	44.53	47.16
Stock prices [4]					
High	413.25	331.50	233.10	175.91	166.00
Low	305.45	218.00	162.90	137.07	117.25
At December 31	403.75	317.00	215.40	159.10	165.80
Market capitalisation on December 31 (CHF millions)	9 443.3	7 414.3	5 038.0	3 721.2	3 877.9

Registered shares are listed on the SIX Swiss Exchange.

	Security number	ISIN	Investdata/Reuters
EMS-CHEMIE	1.644.035	CH0016440353	EMSN

1) Proposal of the Board of Directors.
2) Cash flow = net income plus write-downs on intangible assets, property, plant and equipment plus value adjustments to securities.
3) Excluding non-controlling interests.
4) Source: Bloomberg.

Key Figures 2010–2014

CHF millions	2014	2013	2012	2011	2010
Net sales revenue	1 971.9	1 885.2	1 755.4	1 657.7	1 595.6
Change in % against previous year	+4.6 %	+7.4 %	+5.9 %	+3.9 %	+33.2 %
Change in local currencies	+7.8 %	+8.7 %	+4.9 %	+15.5 %	+39.6 %
Of which in Switzerland	3.9 %	3.9 %	4.5 %	5.3 %	4.7 %
Net operating income (EBIT)	423.2	368.9	319.7	294.0	281.6
Change in % against previous year	+14.7 %	+15.4 %	+8.7 %	+4.4 %	+27.0 %
In % of net sales revenue	21.5 %	19.6 %	18.2 %	17.7 %	17.6 %
Net financial income	–8.5	16.2	2.6	0.9	–1.5
Income taxes	65.3	61.3	48.6	52.7	48.0
Net income	349.4	323.8	273.7	242.1	232.1
Change in % against previous year	+7.9 %	+18.3 %	+13.0 %	+4.3 %	+4.9 %
In % of net sales revenue	17.7 %	17.2 %	15.6 %	14.6 %	14.5 %
Cash flow [1]	404.5	378.9	328.0	295.5	290.8
Change in % against previous year	+6.7 %	+15.5 %	+11.0 %	+1.6 %	+4.2 %
In % of net sales revenue	20.5 %	20.1 %	18.7 %	17.8 %	18.2 %
Investments	52.3	57.4	44.2	75.9	49.0
In % of cash flow	12.9 %	15.2 %	13.5 %	25.7 %	16.9 %
Balance sheet total	1 845.6	1 737.9	1 661.0	1 634.3	1 668.9
Assets					
Current assets	1 194.2	1 096.1	1 093.4	1 042.3	1 110.3
Non-current assets	651.4	641.8	567.5	592.0	558.6
Equity and liabilities					
Current liabilities	386.0	415.3	304.2	363.0	391.3
Non-current liabilities	191.5	123.3	218.6	214.8	167. 3
Equity [2]	1 250.2	1 184.9	1 123.4	1 041.4	1 096.8
Balance sheet equity ratio	67.7 %	68.2 %	67.6 %	63.7 %	65.7 %
Return on equity	27.4 %	26.8 %	23.8 %	22.8 %	20.6 %
Number of employees on December 31 [3]	2 865	2 670	2 371	2 242	2 256

[1] Cash flow = net income plus write-downs on intangible assets, property, plant and equipment plus value adjustments to securities.
[2] Excluding non-controlling interests.
[3] Excluding apprentices (2014: 139; 2013: 132; 2012: 132; 2011: 134; 2010: 138).

Remuneration system, competence and method of determining

The remuneration system for members of the Board of Directors and Senior Management consists of a basic salary and a variable salary component, which are paid out in cash only. EMS has no participation plan. The basic salary and variable salary component are independent of each other. The variable salary component may form a central part of the overall remuneration package. The principal criteria for setting the variable salary component are the achievement of earnings targets and project objectives. Otherwise, no guidelines exist for the remuneration system. If targets are not achieved, the variable salary component may be omitted. The level of the remuneration depends on individual responsibility and target achievement.

The individual total remuneration sum is defined by the Board of Directors at the proposal of the Remuneration Committee and after consultation with the CEO in April of the following year and paid in May.

Voting of the Annual General Meeting on remuneration

The Annual General Meeting votes annually and separately on the total remuneration sum for the Board of Directors and Senior Management.

Remuneration for the reporting period and comparison with previous period (audited by the Statutory Auditors)

The following remuneration was paid in the reporting year (1.5.2014–30.4.2015):

		2014/2015 (CHF '000)	2013/2014 (CHF '000)
Board of Directors	**Function**	**Remuneration**	
Dr U. Berg	Chairman	244	244
M. Martullo	Vice-Chairman and CEO	232	232
Dr J. Streu	Member (since 10.8.2013)	130	39
Dr W. Prätorius	Member (until 10.8.2013)	–	90
B. Merki	Member (since 9.8.2014)	38	–
U. Fankhauser	Member (since 10.8.2013 to 27.2.2014)*	–	70
Dr H.J. Frei	Member (until 10.8.2013)**	–	90
Total Board of Directors		644	765
* Passed away 27.2.2014. ** From 31.12.2013 also as Chairman of the Foundation Board of the Pension Fund for the EMS Group TCHF 172.			
Senior Management			
Total remuneration paid to the Senior Management was The highest remuneration for a member of the Senior Management in the reporting year was KCHF 1073 (2013/2014: KCHF 987) and was paid to M. Martullo, in addition to the remuneration she received as Member of the Board of Directors.		2662	2475
Total remuneration paid to the Board of Directors and Senior Management was The remuneration is paid exclusively in cash. EMS has no stock option program.		3306	3240
Advisory board			
There is no advisory board.			
No remuneration was paid to former members of the Board of Directors or Senior Management. Furthermore, all remuneration for current or former members of the Board of Directors, Senior Management and related parties was paid on an arm's length basis. The current as well as former members of the Board of Directors, Senior Management and related parties did not receive any loans or credits.			

Loans and Credit

Neither the current nor previous members of the Board of Directors or Senior Management or persons associated to them have received loans or credit.

Proposals to the Annual General Meeting 2015: Approval of the Remuneration 2014/2015

Total sum of remuneration to the Board of Directors to be approved: TCHF 644.
Total sum of remuneration to Senior Management to be approved: TCHF 2 662.

Report of the Statutory Auditor on the Remuneration Report

KPMG

Report of the Statutory Auditor on the Remuneration Report to the General Meeting of Shareholders of EMS-CHEMIE HOLDING AG, Domat/Ems.

We have audited the Remuneration Report dated June 22, 2015 of EMS-CHEMIE HOLDING AG for the year ended April 30, 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive remuneration in Stock Exchange Listed Companies contained in the table “Remuneration for the reporting year and comparison with previous year” on page 17 of the Remuneration Report.

Responsibility of the Board of Directors

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the Remuneration Report for the year ended April 30, 2015 of EMS-CHEMIE HOLDING AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, June 22, 2015

KPMG AG

François Rouiller	Roman Künzle
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Consolidated Income Statement

	Notes	2014 (CHF '000)	2013 (CHF '000)
Net sales revenue from goods and services		1 971 887	1 885 187
Inventory changes, semi-finished and finished goods		(12 299)	(2 409)
Capitalised costs and other operating income	1	30 664	33 692
Material expenses		1 141 292	1 145 204
Personnel expenses	2	246 286	222 413
Other operating expenses	3	124 392	124 832
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISZATION (EBITDA)		478 282	424 021
Depreciation and amortization	9, 23	55 046	55 134
NET OPERATING INCOME (EBIT)		423 236	368 887
Income from associated companies	4	34	25 680
Financial income	6	610	3 567
Financial expenses	7	9 136	13 030
NET FINANCIAL INCOME		(8 492)	16 217
NET INCOME BEFORE TAXES		414 744	385 104
Income taxes	8	65 324	61 298
NET INCOME		349 420	323 806
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		342 871	317 618
Non-controlling interests	17	6 549	6 188
Earnings per share in CHF:			
Basic	26	14.66	13.58
Diluted	26	14.66	13.58

Consolidated Statement of Comprehensive Income

	Notes	2014 (CHF '000)	2013 (CHF '000)
Net income recognized in income statement		349 420	323 806
Remeasurements of defined benefit liability/(asset), after taxes		(39 521)	13 684
Total items that will never be reclassified to profit or loss		(39 521)	13 684
Net changes from cash flow hedges, after taxes	14	(2 431)	(7 823)
Currency translation differences		12 732	(18 293)
Total items that are or may be reclassified to profit or loss		10 301	(26 116)
Other comprehensive income, after taxes		(29 220)	(12 432)
TOTAL COMPREHENSIVE INCOME		320 200	311 374
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		312 710	306 595
Non-controlling interests	17	7 490	4 779

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

	Notes	31.12.2014 (CHF '000)	31.12.2013 (CHF '000)
NON-CURRENT ASSETS		651 412	641 754
Intangible assets	9	95 675	92 586
Property, plant and equipment	9	522 347	515 201
Investments	9	183	4 267
Other non-current assets	10	7 557	17 615
Deferred income tax assets	8	25 650	12 085
CURRENT ASSETS		1 194 214	1 096 098
Inventories	11	295 998	314 183
Trade receivables	12	263 420	258 920
Income tax assets		11 976	5 715
Other receivables	13	149 532	74 264
Derivative financial instruments	14	0	2 997
Cash and cash equivalents	15	473 288	440 019
TOTAL ASSETS		1 845 626	1 737 852
EQUITY		1 268 211	1 199 312
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 250 153	1 184 888
Share capital	16	234	234
Retained earnings and reserves		907 048	867 036
Net income		342 871	317 618
Equity, attributable to non-controlling interests	17	18 058	14 424
LIABILITIES		577 415	538 540
Non-current liabilities		189 225	123 254
Derivative financial instruments	14	3 809	5 889
Bank loans	18	41	42
Other non-current liabilities		17	236
Deferred income tax liabilities	8	96 600	97 503
Pension liabilities	19	58 665	15 509
Provisions	20	30 093	4 075
Current liabilities		388 190	415 286
Derivative financial instruments	14	11 768	9 179
Bank loans	18	11 597	100 000
Trade payables		118 626	108 085
Income tax liabilities		83 737	62 368
Provisions	20	4 256	4 623
Other current liabilities	21	158 206	131 031
TOTAL EQUITY AND LIABILITIES		1 845 626	1 737 852

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves (share premium)	Treasury shares	Retained earnings	Hedging reserves from IAS 39	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
At 31.12. 2012	**234**	**21 563**	**0**	**1 150 152**	**10 254**	**(58 768)**	**1 123 435**	**14 732**	**1 138 167**
Net changes from cash flow hedges, after taxes					(7 823)		(7 823)		(7 823)
Remeasurements of defined benefit liability/(asset), after taxes				13 684			13 684		13 684
Currency translation differences						(16 884)	(16 884)	(1 409)	(18 293)
Other comprehensive income, after taxes				**13 684**	**(7 823)**	**(16 884)**	**(11 023)**	**(1 409)**	**(12 432)**
Net income recognized in income statement				317 618			317 618	6 188	323 806
Total comprehensive income	**0**	**0**	**0**	**331 302**	**(7 823)**	**(16 884)**	**306 595**	**4 779**	**311 374**
Transactions with treasury shares		131	(11 383)				(11 252)		(11 252)
Transactions with non-controlling interests							0	273	273
Dividends paid				(233 890)			(233 890)	(5 360)	(239 250)
At 31.12.2013	**234**	**21 694**	**(11 383)**	**1 247 564**	**2 431**	**(75 652)**	**1 184 888**	**14 424**	**1 199 312**
Net changes from cash flow hedges, after taxes					(2 431)		(2 431)		(2 431)
Remeasurements of defined benefit liability/(asset), after taxes				(39 521)			(39 521)		(39 521)
Currency translation differences						11 791	11 791	941	12 732
Other comprehensive income, after taxes				**(39 521)**	**(2 431)**	**11 791**	**(30 161)**	**941**	**(29 220)**
Net income recognized in income statement				342 871			342 871	6 549	349 420
Total comprehensive income	**0**	**0**	**0**	**303 350**	**(2 431)**	**(11 791)**	**312 710**	**7 490**	**320 200**
Transactions with treasury shares		937	11 383				12 320		12 320
Transactions with non-controlling interests				(2 223)		(263)	(2 486)	1 266	(1 220)
Dividends paid				(257 279)			(257 279)	(5 122)	(262 401)
At 31.12. 2014	**234**	**22 631**	**0**	**1 291 412**	**0**	**(64 124)**	**1 250 153**	**18 058**	**1 268 211**

	2014	2013
Balance sheet equity ratio	68.7 %	69.0 %

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2013: KCHF 47) not eligible for distribution.

The change in other comprehensive income and income taxes recognized directly in equity amounts to KCHF +206 (2013: KCHF +665) on hedge accounting, KCHF +7 395 (2013: –2 392) on remeasurements of defined benefit liability (asset) and KCHF –80 (2013: KCHF +11) on transactions with treasury shares.

The translation differences contains KCHF –3 460 (2013: KCHF –8 221) from IAS 21 "Net investment in a foreign operation".

On February 6, 2015, the company announced that the Board of Directors will propose a dividend payment of CHF 12.00 per each share to the ordinary annual shareholder meeting on August 8, 2015 (CHF 10.00 ordinary dividend, CHF 2.00 extraordinary dividend).

For further information and data refer to page 4, "Share Performance".

Consolidated Statement of Cash Flows

	Notes	2014 (CHF '000)	2013 (CHF '000)
Net income		349 420	323 806
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	9, 23	55 046	55 134
(Profit)/loss from disposal of property, plant and equipment, net	3	642	(1 078)
Increase/(decrease) of provisions	20	26 467	2 527
Increase/(decrease) of other non-current liabilities		(226)	217
(Income)/expenses from the equity-valuation of associated companies	4	(34)	(25 680)
Unrealised currency translation (gains)/losses on foreign exchange positions		3 727	7 880
Change assets and liabilities of post-employment benefits, net	19	4 399	(24 065)
Net interest expense	6, 7	376	1 364
Dividends on available-for-sale securities	6	(22)	(2 891)
Expenses for income taxes	8	65 324	61 298
Changes in net working capital		60 400	7 668
Taxes paid		(74 144)	(59 518)
Interest paid		(978)	(2 043)
Provisions used	20	(895)	(286)
CASH FLOW FROM OPERATING ACTIVITIES A		489 501	344 333
(Purchase) of intangible assets and property, plant and equipment	9	(52 313)	(57 448)
Disposal of intangible assets and property, plant and equipment	3, 9	688	2 424
(Increase) in other non-current assets		(91)	(517)
Decrease in other non-current assets		0	2 920
Interest received		586	679
Dividends received		42	2 846
Cash inflow from sale of fully consolidated companies	24	(6 732)	(46 721)
(Increase)/decrease of interest-bearing assets	13	(61 871)	435
CASH FLOW FROM INVESTING ACTIVITIES B		(119 691)	(95 382)
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(257 279)	(233 890)
Dividends paid to non-controlling interests	17	(5 122)	(5 360)
Cash outflow from purchase of minority shares		(731)	0
(Purchase) of treasury shares	16	(2 033)	(13 834)
Sale of treasury shares	16	14 353	2 582
Increase in interest-bearing liabilities	18	11 596	0
(Decrease) in interest-bearing liabilities	18	(100 000)	(21 061)
CASH FLOW FROM FINANCING ACTIVITIES C		(339 216)	(271 563)
Increase/(decrease) in cash and cash equivalents (A + B + C)		30 594	(22 612)
Cash and cash equivalents at 1.1.		440 019	461 041
Translation difference on cash and cash equivalents		2 675	1 590
Cash and cash equivalents at 31.12.	15	473 288	440 019

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated accounting principles

General information on the consolidated financial statements

The consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the EMS Group. The consolidation is based on individual financial statements of subsidiaries prepared according to uniform Group accounting principles and in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They also comply with Swiss law.

The preparation of consolidated financial statements and related disclosures in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary.

Significant estimates and assumptions made by management

Impairment of non-current assets

To ascertain whether impairment has occurred, estimates are made of the expected future cash flows arising from the use and possible disposal of such assets. Significant assumptions are made in relation to such calculations, including sales figures, margins and discounting rates. It is also possible for useful lives to be reduced, the intended use of property, plant and equipment to change, production sites to be relocated or closed, and production plants to generate lower-than-expected sales in the medium term. The carrying amounts for property, plant and equipment and intangible assets are shown in note 9.

Provisions for litigation risks and other provisions

In the course of their ordinary business operations, Group companies may be involved in legal proceedings. Provisions for litigation risks and other provisions are measured using available information on the basis of the realistically expected net cash outflow, if considered necessary. Other provisions primarily cover warranty claims arising from the sale of goods or services. Future reporting periods may therefore be affected by changes in the estimates of expected or actual cash outflows. The carrying amounts for provisions are shown in note 20.

Employee benefits

The EMS Group operates various retirement plans on behalf of its employees. In the case of defined benefit plans, statistical assumptions are made in order to estimate future developments. When parameters alter due to changes in the economic situation or different market conditions, subsequent results may differ significantly from the actuarial opinions and calculations. The carrying amounts of reported employee retirement assets and liabilities are shown in note 19.

Taxes

Measurement of current direct and indirect tax liabilities is subject to interpretation of the tax legislation in the countries concerned. The accuracy of tax declarations and appropriateness of liabilities are judged in the context of final assessments or inspections by the tax authorities. Furthermore, the judgment as to whether tax-loss carry forwards can be capitalised requires critical assessment of their usability in terms of netting with future profits, which are dependent on numerous imponderables. The book values of the current deferred income tax assets and deferred income tax liabilities are shown in note 8. The current deferred income tax assets and deferred income tax liabilities are shown in the balance sheet on a separate line.

Changes to the consolidated accounting principles

As of January 1, 2014, EMS-Group applies several new and revised IFRS standards:

- IFRS 10, IFRS 12 und IAS 27 — Investment Entities
- IFRIC 21 — Levies
- IAS 32 — Offsetting Financial Assets and Financial Liabilities
- IAS 39 — Novation of OTC derivatives and continuing designation for hedge accounting

The individual changes have no material effect on the consolidated financial statements of the EMS Group.

Consistency

The principles of valuation and consolidation remain unchanged from the previous year, with the exception of the changes described above.

In case of changes in the depiction, the comparison figures taken from previous year's consolidated annual statement have been reclassified and supplemented where necessary.

Financial instruments

The difference between the carrying value less allowances of financial assets and liabilities is not material.

Standards that have been approved, but not yet applied

The following new and revised standards and interpretations were approved, as they are relevant for the EMS Group, but do not come into effect until a later date and were not applied early in the present consolidated financial statements.

Standard / Interpretation		Effective as of	Planned application by the EMS Group
Annual Improvements (2010–2012 cycle and 2011–2013 cycle)	**	July 1, 2014	Financial year 2015
IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	*	January 1, 2016	Financial year 2016
IAS 16/IAS 38 – Acceptable methods of depreciation and amortisation	*	January 1, 2016	Financial year 2016
IAS 28/IFRS 10 – Sales or contributions of assets between an investor and its associate/joint venture	*	January 1, 2016	Financial year 2016
IFRS 10/IAS 28 – Investment entity amendments	*	January 1, 2016	Financial year 2016
IFRS Annual improvements 2012–2014 cycle	**	January 1, 2016	Financial year 2016
IAS 1 – Disclosure initiatives	**	January 1, 2016	Financial year 2016
IFRS 15 – Revenue from Contracts with Customers	**	January 1, 2018	Financial year 2018
IFRS 9 – Financial instruments	***	January 1, 2018	Financial year 2018

* There are not expected to be any significant implications for the consolidated financial statements of the EMS Group.
** The main effects are expected to be additional disclosures or amendments in the presentation of the consolidated financial statements of the EMS Group.
*** The effects on the consolidated financial statements of the EMS Group cannot be sufficiently determined yet.

Scope of consolidation

The scope of consolidation includes all companies in and outside Switzerland which are controlled – directly or indirectly – by EMS-CHEMIE HOLDING AG, either by it holding more than 50% of the voting rights or by contracts or other agreements (see note 30 "List of subsidiaries").

The equity method of accounting is applied in the case of associated companies that are not directly or indirectly controlled by EMS-CHEMIE HOLDING AG (shareholding normally between 20% and 50% of voting rights).

Method of consolidation

The financial statements of majority-owned companies are fully consolidated. Assets and liabilities, income and expenses are incorporated in full. Capital consolidation is effected using the acquisition method. Intercompany transactions and relations have been eliminated in the course of consolidation. Unrealised profits from intercompany deliveries are eliminated in the income statement. All assets and liabilities of acquired companies are valued at fair value at the time of acquisition. Any positive difference between the resulting fair value of the net assets and contingent liabilities acquired and the cost of acquisition is capitalised as goodwill. Results for acquired companies are included in consolidation as from the date on which control was transferred.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). No fair value adjustments are recognized.

In the case of disposal of companies the deconsolidation is effected through the income statement as of the date when control is relinquished. The companies' results are then included in the consolidation up to such date.

Balance sheet date

The balance sheet date of subsidiaries is December 31. The balance sheet date of EMS-CHEMIE HOLDING AG is April 30. In accordance with uniform Group accounting principles an interim closing is prepared for the holding company as of December 31.

Valuation principles

The consolidated financial statements are based on historical costs except for securities, other investments and derivative financial instruments, which are measured at fair value.

Intangible assets (excluding goodwill)

This item consists of acquired patents, trademarks, software and other intangible assets. Other intangible assets are measured at cost less amortization and impairments. Amortisation of patents, trademarks and software is calculated using the straight-line method based on their limited useful economic lives, generally over 3 to 12 years.

Goodwill

This item consists of goodwill acquired in a business combination. Goodwill represents the excess of the sum of purchase price, the amount of non-controlling interests in the acquired company and the fair value of the previously held share of equity over the total fair value of the assets, liabilities and contingent liabilities. For the valuation of non-controlling interests, a choice exists per transaction. The non-controlling interest can either be measured at fair value at the acquisition date or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is subject to an annual impairment test.

Property, plant and equipment

Property, plant and equipment are shown at purchase price or manufacturing cost less depreciation and impairments. Assets are depreciated using the straight-line method over their estimated useful lives. Useful lives are estimated in terms of the asset's physical life expectancy, corporate policy on asset renewals and technological and commercial obsolescence. The value of the capitalized property, plant and equipment is periodically reviewed. An impairment loss is recorded when the carrying amount exceeds the recoverable amount.

Repairs and maintenance are expensed as incurred. Investments in improvements or renewals of assets are capitalized if they increase economic benefit.

Depreciation periods are as follows:
- Land: normally not depreciated
- Plant under construction: normally not depreciated
- Buildings: 25–50 years
- Technical plant and machinery: 7–25 years
- Other property, plant and equipment: 5–15 years

Leases

There are no assets held under leasing agreements which may be considered as an asset purchase in economic terms (finance lease) in the EMS Group. Payments on leased assets defined as "operating lease" and having a rental character are expensed over the lease period.

Investments

Shares in associated companies are included using the equity method. Other investments are classified as available-for-sale. The valuation is the same as described under "securities".

Inventories

Inventories used for production are valued at their historical purchase or production cost or at their net realisable value, whichever is lower. Inventories are valued using the "fifo" (first-in, first-out) method. Besides individual costs, the cost of production also includes a proportionate allocation of manufacturing overheads.

Receivables

This item is measured on the basis of the original invoiced amount less allowances for doubtful accounts. Such allowances are formed if there are objective indications that outstanding amounts will not or only partially be collected. The allowance represents the difference between the invoiced amount and the recoverable amount.

Securities

Securities include marketable securities traded on stock exchanges and are classified as available-for-sale. Initial measurement of all security transactions is done at the date of fulfilment of the contract (settlement date accounting) at fair value including transaction costs. Subsequent measurement is done at fair value with changes recorded in equity and only transferred to the income statement at the moment of the sale or in the case of impairment.

Impairment is assumed when there is a significant or prolonged decline in the fair value below its cost. According to the guidelines of the EMS Group a significant or prolonged decline exists if the fair value of securities is below its cost for a period of nine months or by more than 20%. If the decline in fair value is less than 20% or lasts less than nine months, management decides whether the loss has to be considered permanent.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank account balances and short or medium-term deposits within an original maturity of less than three months. Cash and cash equivalents are valued at their nominal value.

This definition is also used for the cash flow statement.

Non-current bank loans

Non-current bank loans are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, non-current bank loans are stated at amortised cost.

Bank loans are classified as current if they are due to be repaid within twelve months after the balance sheet date, even if an agreement has been concluded on the long-term refinancing or rescheduling of payment commitments after the balance sheet date but prior to the approval of the financial results for publication.

Liabilities and deferred income

This item includes current and non-current debts, valued at the amount of repayment, and deferred income.

Provisions

Provisions are set up for legal or constructive obligations if these obligations resulting from a past event and existing at balance sheet date will most probably lead to a cash outflow and if the amounts can be reliably estimated. A provision is recognized when the probability is above 50%. Such a provision is valued in accordance with management's best estimate of the weighted possibility.

If the effect is material, provisions are determined by discounting expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Swiss group entities participate in individual, legally independent pension funds, which are managed autonomously. These funds are fully funded by employee and employer contributions. Present and former employees or their surviving dependents, respectively, receive benefits for retirement, disability or in case of death, depending on the regulations of the individual pension funds.

For the purpose of the consolidated financial statements, the corresponding employee benefit obligations resulting from the Swiss plans are calculated on an annual basis. These plans are considered to be defined benefit plans for which independent actuaries calculate the future employee benefit obligations for each plan by using actuarial assumptions and methods in accordance with IFRS. For pension funds with defined benefit obligations, such obligations are calculated based on past and expected future service periods, the expected development of salaries and the indexation of pensions using the "Projected Unit Credit Method".

The amount recognized in the consolidated financial statements represents the deficit or surplus of the defined benefit plans (net pension liability or asset). However, in case of a surplus the recognized asset is limited to the present value of the economic benefits from future reductions in contributions.

The components of pension costs from defined benefit plans are recognized as follows:
– service costs and net interest income or expense are recognized in profit or loss as part of personnel expenses,
– remeasurements are recognized in other comprehensive income.

Service costs comprise current service costs, any past service costs, and gains and losses on settlements. Gains and losses on plan curtailments are treated equally to past service costs. Employee contributions reduce the service costs and are deducted from these costs depending on the individual pension fund regulations or in cases where a factual obligation to do so.

Net interest income or expense result from the multiplication of the net defined benefit liability (or asset) at the beginning of the financial year with the actuarial discount rate, under consideration of changes resulting from the payments of contribution and annuities throughout the financial year.

Remeasurements comprise:
– actuarial gains and losses from changes of the present value of the defined benefit liability (asset) arising from changes in actuarial assumptions and experience adjustments;
– the actual return on plan assets, excluding amounts included in net interest income or expense; and
– changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in net interest income or expense.

The employees of foreign group entities are covered either by state managed social welfare schemes or independent defined contribution pension plans.

The expenses which are recognized in the statement of profit or loss for these defined contribution pension plans represent the employer contributions made to these plans.

Derivative financial instruments

Initial measurement of all derivative financial instruments is done at the date of transaction (trade date accounting) at fair value excluding transaction costs. Subsequent measurement is done at fair value within the balance sheet position derivative financial instruments. Changes in fair value are shown within the financial income.

Hedge accounting

Hedge accounting as defined by IAS 39 is used for the hedging of currency risks. This includes the use of cash flow hedges, which hedge future purchases and sales in foreign currencies with a high likelihood of occurrence. At initial recognition of cash flow hedges, the effective portion of the gain/loss of the hedging instrument is recognized in other comprehensive income and the ineffective portion immediately in the income statement. Gains and losses from cash flow hedges shown in equity are transferred to the income statement on the date on which the forecasted transaction is recorded in the income statement.

The goal of hedge accounting is to match the impact of the hedged item and the hedging instrument in the income statement.

Net sales revenue

Invoicing for goods and services is recognized as sales when the main risks and benefits incidental to ownership are transferred. In the EMS Group more than 90% of net sales are recognized according to the following five international commercial terms: CIP (Carriage and Insurance Paid), FCA (Free Carrier), CIF (Cost, Insurance and Freight), EXW (EX Works) and DAP (Delivered At Place). Net sales revenue is stated after deduction of value added taxes and any deduction of discounts and credits.

Research and development costs

Research and development costs are charged to the income statement for the year in which they incur under the following headings: wages and salaries, material expenses and amortization on research and development assets. Development costs are capitalized only and insofar as it can be assumed with a high degree of probability that sufficient future income will be generated to cover the costs arising in connection with the development of the product or process.

Impairment

The carrying amounts of property, plant and equipment and of intangible assets are reviewed as of the balance sheet date. If there are any indications of permanent impairment, the recoverable amount is determined. The recoverable amount corresponds to the higher of the fair value less costs to sell or the value in use. In cases where the carrying amount is higher than the recoverable amount, the difference is booked in the income statement.

For the impairment test the corporate assets are collected at the lowest level, for which cash flows can be identified separately (cash-generating units). For estimating the value in use, the future cash flows are discounted to the present value with a discount rate before taxes which includes the current market expectations, the time value of money and the specific risks of the assets.

Fair values

The carrying amounts for securities and financial assets stated at fair value are calculated at stock-exchange prices applicable on the balance sheet date. Values for derivative financial instruments are based on replacement values or recognized valuation models such as option price models (Black-Scholes). If there is no separate disclosure in the notes to the consolidated financial statements of the EMS Group, the fair values are considered to be in line with the carrying amounts at the balance sheet date.

Foreign currencies

The financial statements of the individual Group companies are presented in the currency of the primary economic environment in which the respective company operates (functional currency). The consolidated financial statements are prepared in Swiss francs, the Group's reporting currency.

Financial statements in foreign currencies are translated as follows: current assets, non-current assets and liabilities at year-end exchange rates. All items in the income statement and the net income are translated using the average exchange rate for the year. The exchange rate differences are carried to equity without affecting net income (translation adjustment).

In case of disposal of a subsidiary abroad, the translation difference, accumulated during the period when the subsidiary was a consolidated company, is added to profit (or loss) from sale of this company.

The foreign currency positions in the financial statements of the consolidated companies are translated as follows: Foreign currency transactions are translated at the exchange rate of the transaction day. At year-end the balances of monetary foreign currencies are translated at the exchange rate prevailing at year-end. The differences are recognized in the income statement (transaction gains and losses).

The most important exchange rates are:

			Average exchange rates		Year-end exchange rates	
		Unit	2014	2013	2014	2013
Euro	EUR	1	1.215	1.231	1.203	1.225
US Dollar	USD	1	0.915	0.927	0.988	0.888
Japanese Yen	JPY	100	0.865	0.951	0.826	0.845
Chinese Renminbi	CNY	100	14.853	15.065	15.900	14.650
Taiwan Dollar	TWD	100	3.017	3.115	3.125	2.975

Income taxes

Current income taxes are calculated on the taxable profit.

Deferred income taxes are recognized to reflect the tax impact on differences in the valuation of assets and liabilities for Group consolidation purposes and for local taxation purposes and are recognized in the consolidated income statement, unless they relate to a transaction which is recognized in equity or other comprehensive income. These deferred income taxes are continuously adjusted to take account of any changes to local fiscal law. Deferred income taxes are set up using the balance sheet liability method, under which deferred tax assets or liabilities are set up for all temporary differences between the tax values and the values entered in the consolidated financial statements. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Earnings per share

Earnings per share are based on the consolidated net income attributable to the shareholders of EMS-CHEMIE HOLDING AG, which is divided by the weighted average number of shares issued. The diluted earnings per share figure additionally includes all the shares that could potentially be issued following the exercising of option or conversion rights, for instance.

Segment reporting

Internal reporting to the Board of Directors (= Chief Operating Decision Maker) is based on the two business areas of "High Performance Polymers" and "Specialty Chemicals". The same accounting principles are applied as for the consolidated financial statements. The strategy, and therefore the allocation of resources, is decided by the Board of Directors. The yearly budgets and medium-term plans of the two business areas are approved by the Board of Directors. Operating performance is monitored by the Board of Directors quarterly. The segmentation is prepared to the level of EBIT. A splitting of financial income and expenses and of taxes is not useful because those functions are executed on Group level. All assets and liabilities are contributed to the business area or geographical region either direct or via useful rate assessment.

Financial risk management

General

Risk management constitutes an integral part of planning and reporting activities at the EMS Group. At Senior Management and Business Unit level, risks are identified annually as part of medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the risk level and probability of its occurrence. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them. The policy for the risk management remains unchanged from the previous year.

The EMS Group is exposed to various financial risks arising from its business activities such as credit risks, liquidity risks and market risks. The financial risks are reported monthly to the Board of Directors. The specific financial risks are described below.

Credit risks

Credit risks arise from the possibility that the counterparty to a transaction may be unable or unwilling to meet their obligations.

Fixed-term deposits and derivative financial instruments are only entered into with counterparties that have a high credit standing. Trade receivables are subject to a policy of active risk management focusing on the assessment of country risk, credit availability, ongoing evaluation of credit standing and account monitoring procedures. There are no significant concentrations within counterparty credit risks. Within trade receivables, this is due to the EMS Group's large number of customers and their wide geographical spread, which has been permanently verified. Country risk limits and exposures are continuously monitored. The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high-quality counterparties, ongoing reviews of credit ratings, and limiting individual aggregate credit exposure accordingly. There are no collateral or similar contracts.

Liquidity risks

Liquidity risk is the risk that the EMS Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The cash flows and liquidity requirements of the EMS Group are supervised by central treasury. The goal is to have the liquidity required for day-to-day operations available at all times.

Market risks

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

This risk is not hedged.

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The EMS Group operates internationally and is exposed to exchange rate risk. The EMS Group uses partly derivative financial instruments in the usual course of business to cover the risks. The EMS Group's treasury unit conducts the trade by order of Senior Management or Head of Business Unit, monitors exposure and prepares the relevant reports, which are submitted monthly to Senior Management and the Board of Directors. The liquidity required for day-to-day operations must be available at all times.

Other price risks: securities risks

Among "other price risks" are securities risks. Available-for-sale securities can be influenced by changes in fair values.

Available-for-sale securities are held for fund management purposes. The risk of loss in value is reduced by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile.

Capital management

The capital managed by the EMS Group consists of the consolidated equity including non-controlling interests. The EMS Group has set the following goals for the management of its capital:
- maintaining a healthy and sound balance sheet structure based on continuing values;
- ensuring the necessary financial resources to be able to make investments and acquisitions;
- achieving a return for shareholders that is appropriate to the risk;
- distribution of financial resources not required for operational business to the shareholders.

Capital is monitored on the basis of the equity ratio, which is calculated as being equity (including non-controlling interests) as a percentage of total assets. The EMS Group aims for a balance sheet equity ratio between 40% and 60%. The balance sheet equity ratio is 68.7% as at December 31, 2014 (December 31, 2013: 69.0%). The EMS Group has no external minimum capital requirements.

Treasury shares are bought and sold on the basis of active management. The EMS Group does not have any financial covenants with minimal capital requirements.

There were no changes in the EMS Group's approach to capital management in the reporting period.

Segment Information

Segment information by business area

	High Performance Polymers		Specialty Chemicals		Elimination		Total	
(CHF '000)	2014	2013	2014	2013	2014	2013	2014	2013
Net sales revenue with third parties	1 702 913	1 620 202	268 974	264 985	0	0	1 971 887	1 885 187
Net sales revenue with other segments	0	87	0	0	0	(87)	0	0
Total net sales revenue	1 702 913	1 620 289	268 974	264 985	0	(87)	1 971 887	1 885 187
EBITDA	415 264	366 377	63 018	57 644	0	0	478 282	424 021
Depreciation, amortisation and impairments [1]	46 621	46 572	8 425	8 562	0	0	55 046	55 134
Net operating income (EBIT)	368 643	319 805	54 593	49 082	0	0	423 236	368 887
Net financial income							(8 492)	16 217
Net income before taxes							414 744	385 104
Income taxes							(65 324)	(61 298)
Net income							349 420	323 806

	High Performance Polymers		Specialty Chemicals		Non-segment assets/ liabilities		Total	
(CHF '000)	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets [2]	1 229 320	1 133 507	143 018	160 242	473 288	444 103	1 845 626	1 737 852
Segment liabilities [3]	550 906	423 788	14 871	14 710	11 638	100 042	577 415	538 540
Investments	49 301	52 327	3 012	5 122			52 313	57 449
Income from equity-valuation of associated companies	34	25 680	0	0			34	25 680

Segment information by geographical region

	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets [2]	
(CHF '000)	2014	2013	2014	2013	2014	2013
Europe	1 087 616	1 027 429	1 410 594	1 347 860	988 701	963 047
thereof Switzerland	*76 879*	*73 330*	*892 085*	*870 826*	*634 534*	*676 680*
thereof Germany	*452 195*	*412 334*	*236 230*	*230 485*	*107 323*	*98 106*
Asia	531 444	536 023	320 957	340 949	264 475	221 011
thereof China	*288 000*	*264 486*	*165 056*	*138 373*	*167 560*	*121 401*
NAFTA	295 360	251 290	223 284	173 288	109 861	98 361
thereof USA	*233 629*	*223 541*	*203 157*	*173 288*	*85 131*	*98 361*
Others	57 467	70 445	17 052	23 090	9 301	11 330
Non-segment assets					473 288	444 103
Total	1 971 887	1 885 187	1 971 887	1 885 187	1 854 626	1 737 852

Invoicing and cost attribution between segments are subject to the same conditions as with third parties.

Most important customers

No single customer accounts for more than 10% of total net sales revenue.

[1] See note 9.
[2] Segmented assets: Assets without cash and cash equivalents, securities, fixed deposits in other current and non-current financial assets and investments in associated companies.
[3] Segmented liabilities: Liabilities without current and non-current bank loans.

Consolidated Income Statement

Notes		2014 (CHF '000)	2013 (CHF '000)
1	Capitalised costs and other operating income		
	Capitalised costs	11 138	12 306
	Other operating income	19 526	21 386
	Total capitalised costs and other operating income	30 664	33 692
2	Personnel expenses		
	Wages and salaries	197 656	172 500
	Subcontractor salaries	11 096	10 371
	Expenses for defined benefit plans (see note 19)	5 379	9 804
	Legal/contractual social insurance	32 155	29 738
	Total personnel expenses	246 286	222 413
3	Other operating expenses		
	Rents	9 842	9 657
	Repairs and maintenance	25 782	26 245
	Insurance, duties, fees	7 255	8 007
	Energy	33 027	34 092
	Administration, promotion	25 031	27 642
	Losses on disposal of property, plant and equipment, net	642	(1 078)
	Supplies	7 512	4 910
	Other operating expenses	15 301	15 357
	Total other operating expenses	124 392	124 832
4	Income from associated companies		
	Income from equity-valuation of associated companies	0	6 510
	Revaluation existing investment to fair value (see note 24)	34	23 141
	Currency effects, transferred to income statement	0	(3 971)
	Total income from associated companies	34	25 680
5	Research and development		
	Expenditures for research and development amount to	44 079	39 962
	In percent of net sales revenue	2.2%	2.1%

Notes		2014 (CHF '000)	2013 (CHF '000)
6	Financial income		
	Other interest income	549	660
	Interest income on loans and receivables	39	16
	Total interest income	588	676
	Dividends on available-for-sale securities	22	2 891
	Total financial income	610	3 567
7	Financial expenses		
	Interest expenses	964	2 040
	Foreign exchange losses, net	6 456	9 286
	Bank charges and commissions	1 716	1 704
	Total financial expenses	9 136	13 030
8	Income taxes		
	Current income taxes	74 935	58 314
	Deferred income taxes	(9 611)	2 984
	Total income taxes	65 324	61 298

The ultimate holding company is incorporated in Switzerland. The subsidiaries operate in different countries with different tax laws and tax rates. The expected income tax rate corresponds to the weighted average of the tax rates in the tax jurisdictions in which the EMS Group operates. Due to the mix of the EMS Group's taxable income and changes in some local tax rates, the expected income tax rate changes from year to year. The effective income tax expenses differed from the expected income tax expenses as follows:

Breakdown of the income tax expenses	2014 (CHF '000)	2013 (CHF '000)
Net income before income taxes	414 744	385 104
Expected income tax rate	20.5%	22.8%
Expected income taxes	84 834	87 804
Use of tax losses carried forward from previous years	(1 630)	(2 028)
Change in deferred tax assets not having been set up	365	(3 159)
Tax exemption/Expenses not being deductible for tax purposes	(13 386)	(17 481)
Taxes from previous years	(2 777)	(3 870)
Impact of changed deferred income tax rates	(2 072)	(94)
Other	(10)	126
Effective income taxes	65 324	61 298
Effective income tax rate	15.8%	15.9%

Notes	2014 (CHF '000)		2013 (CHF '000)	

Deferred income taxes:
Change in recognised assets/liabilities

	2014 Deferred income tax assets	2014 Deferred income tax liabilities	2013 Deferred income tax assets	2013 Deferred income tax liabilities
At 1.1.	12 085	97 503	10 445	87 635
Change in scope of consolidation	0	2 604	0	8 562
Increase/Decrease via income statement	5 564	(4 047)	(9 741)	4 482
Increase/Decrease via other comprehensive income/Equity	7 395	302	11 790	(2 392)
Translation differences	606	238	(409)	(784)
At 31.12.	25 650	96 600	12 085	97 503

Note to the deferred income tax liabilities

	2014	2013
Calculation according to the "balance sheet liability method":		
Deferred income taxes on non-current assets	83 626	81 696
Deferred income taxes on current assets	10 702	11 062
Deferred income taxes on liabilities	2 272	4 745
Total deferred income tax liabilities	96 600	97 503

Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories.

Tax loss carryforwards

	2014 Tax loss carryforwards	2014 Tax effect	2013 Tax loss carryforwards	2013 Tax effect
Total tax loss carryforwards for which no deferred income taxes were recognized	12 711	2 608	13 389	3 034
Of which to be carried forward for up to:				
1 year	11	3	0	0
2 years	0	0	0	0
3 years	78	19	71	18
4 years	10	3	9	2
5 years	0	0	0	0
More than 5 years	12 612	2 583	13 309	3 014

Consolidated Balance Sheet as at December 31

Notes

9 Intangible assets, property, plant and equipment, investments

I. Intangible assets

(CHF '000)	Goodwill	Patents, trade-marks	Others	Total
At 1.1.2013	22 545	7 103	2 141	31 789
Cost	22 545	7 822	24 707	55 074
Accumulated amortisation and impairment	0	(790)	(22 495)	(23 285)
Net book value	22 545	7 032	2 212	31 789
2013				
At 1.1.	22 545	7 032	2 212	31 789
Change in scope of consolidation	27 438	41 929	569	69 936
Additions	0	0	339	339
Disposals	0	0	(103)	(103)
Amortisation	0	(5 497)	(761)	(6 258)
Reclassifications	0	0	134	134
Translation differences	(241)	(3 276)	266	(3 251)
At 31.12.	49 742	40 188	2 656	92 586
Cost	49 742	48 961	22 191	120 894
Accumulated amortisation and impairment	0	(8 773)	(19 535)	(28 308)
Net book value	49 742	40 188	2 656	92 586
2014				
At 1.1.	49 742	40 188	2 656	92 586
Change in scope of consolidation	0	7 559	87	7 646
Additions	0	0	269	269
Disposals	0	0	(1)	(1)
Amortisation	0	(5 399)	(2 307)	(7 706)
Reclassifications	0	0	2 528	2 528
Translation differences	879	(681)	155	353
At 31.12.	50 621	41 667	3 387	95 675
Cost	50 621	47 747	33 530	131 898
Accumulated amortisation and impairment	0	(6 080)	(30 143)	(36 223)
Net book value	50 621	41 667	3 387	95 675

The other intangible assets mainly contain patents, trademarks and capitalised software usage rights.

Impairment test for goodwill:

The cash generating unit for the impairment test of the total goodwill of KCHF 50 621 (2013: KCHF 49 742) is the Business Unit EMS-EFTEC (business area "High Performance Polymers"). Its recoverability is tested yearly on the basis of future cash flows. The recoverable amount calculated by impairment testing is based on the value in use.

The following assumptions form the basis:
– The cash flows for the first three years were determined on the basis of medium-term plans.
– The cash flows of the following years were calculated with an annual growth rate of 1 % (2013: 1 %).
– The discount rate before taxes is 11 % (2013: 10 %).

The projections are based on knowledge and experience and also on judgements made by management as to the probable economic development of the relevant markets.

Impairment testing as of the closing date confirmed the recoverability of goodwill. A deterioration of the assumptions by 10 % would not impair Goodwill. Even if cash flow forecasts were based on zero growth, the carrying amount would not exceed the recoverable amount. An increase of 1 percentage point in the assumed discount rate would not alter the results of the impairment test.

Notes

II. Property, plant and equipment

(CHF '000)	Land incl. development cost	Buildings	Technical plant, machinery, R&D plants	Furniture, EDP equipment, vehicles	Plant under construction	Total
At 1.1.2013	19 301	124 521	312 340	16 601	23 288	496 051
Cost	20 964	294 132	929 042	53 886	24 203	1 322 227
Accumulated depreciation and impairment	(1 663)	(169 611)	(616 702)	(37 285)	(915)	(826 176)
Net book value	19 301	124 521	312 340	16 601	23 288	496 051
2013						
At 1.1.	19 301	124 521	312 340	16 601	23 288	496 051
Change in scope of consolidation	1 461	9 973	4 907	1 435	422	18 198
Additions	0	1 168	2 453	2 816	50 672	57 109
Disposals	(139)	(352)	(423)	(190)	(139)	(1 243)
Depreciation	(69)	(7 669)	(35 785)	(5 132)	(221)	(48 876)
Reclassifications	32	1 751	17 445	3 662	(23 022)	(132)
Translation differences	(502)	(2 358)	(2 544)	(312)	(190)	(5 906)
At 31.12.	20 084	127 034	298 393	18 880	50 810	515 201
Cost	21 798	304 274	926 075	60 796	51 910	1 364 853
Accumulated depreciation and impairment	(1 714)	(177 240)	(627 682)	(41 916)	(1 100)	(849 652)
Net book value	20 084	127 034	298 393	18 880	50 810	515 201
2014						
At 1.1.	20 084	127 034	298 393	18 880	50 810	515 201
Change in scope of consolidation	2 179	1 199	1 511	161	435	5 485
Additions	0	1 855	5 543	3 080	41 566	52 044
Disposals	(102)	(107)	(615)	(278)	(227)	(1 329)
Depreciation	0	(7 180)	(33 697)	(4 705)	0	(45 582)
Impairment	0	0	(1 758)	0	0	(1 758)
Reclassifications	0	7 423	32 724	1 670	(44 392)	(2 575)
Translation differences	114	(869)	1 147	(63)	532	861
At 31.12.	22 275	129 355	303 248	18 745	48 724	522 347
Cost	24 463	313 228	951 873	64 138	48 724	1 402 426
Accumulated depreciation and impairment	(2 188)	(183 873)	(648 625)	(45 393)	0	(880 079)
Net book value	22 275	129 355	303 248	18 745	48 724	522 347

Fire insurance value is KCHF 1 808 410 (2013: KCHF 1 846 265). Property, plant and equipment are insured at replacement values.

Due to the yearly systematic review and check of usability of manufacturing line, the following impairments were booked:

Year	**Amount**	**Business area**
2014:	KCHF 1 758	High Performance Polymers
2013:	KCHF 0	–

Notes

III. Investments

(CHF '000)	Investments in associated companies	Other investments	Total
At 1.1.2013	22 595	183	22 778
Cost/Fair value	22 595	183	22 778
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	22 595	183	22 778
2013			
At 1.1.	22 595	183	22 778
Change in scope of consolidation	(24 859)	0	(24 859)
Income from equity-valuation of associated companies	6 510	0	6 510
Additions/Increase	0	0	0
Disposals/Decrease	0	0	0
Translation differences	(162)	0	(162)
At 31.12.	4 084	183	4 267
Cost/Fair value	4 084	183	4 267
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	4 084	183	4 267
2014			
At 1.1.	4 084	183	4 267
Change in scope of consolidation	(4 073)	0	(4 073)
Income from equity-valuation of associated companies	0	0	0
Additions/Increase	0	0	0
Disposals/Decrease	0	0	0
Translation differences	(11)	0	(11)
At 31.12.	0	183	183
Cost/Fair value	0	183	183
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	0	183	183

Notes		2014 (CHF '000)	2013 (CHF '000)
10	Other non-current assets		
	Other non-current assets	996	1 057
	Assets from employee benefits (see note 19)	6 561	16 558
	Total other non-current assets	7 557	17 615
	Other non-current assets mainly comprise loans to third parties.		
11	Inventories		
	Raw materials and supplies	136 494	148 429
	Semi-finished goods, work in progress	7 653	10 384
	Finished products	182 242	184 670
	Value adjustments	(30 391)	(29 300)
	Total inventories	295 998	314 183
12	Trade receivables		
	Trade receivables from associated companies	0	8
	Trade receivables from third parties	270 833	265 748
	Allowances for doubtful receivables	(7 413)	(6 836)
	Total trade receivables	263 420	258 920
	Allowances for doubtful receivables are determined on the basis of historical losses and recognisable individual risks.		
	Due dates of trade receivables		
	Not due	252 405	239 379
	Overdue <30 days	16 192	24 268
	Overdue 30 to 90 days	1 494	1 713
	Overdue >90 days	742	396
	Total	270 833	265 756

For the assessment of the valuation of trade receivables, management relies on payment history and regular credit analysis. It rates the recovery of trade receivables as good, except the allowances below.

The movement of the allowances for doubtful receivables is as follows:

	2014		2013	
	Individual allowance	General allowance	Individual allowance	General allowance
At 1.1.	1 992	4 844	1 935	5 413
Increase in allowances	230	1 904	372	785
Decrease in allowances	(115)	(1 651)	(145)	(1 202)
Losses on trade receivables	(280)	0	(207)	0
Reclassifications	213	(213)	34	(34)
Translation differences	162	327	3	(118)
At 31.12.	2 202	5 211	1 992	4 844

Notes				2014 (CHF '000)	2013 (CHF '000)
13	Other receivables				
	Other receivables			24 616	42 271
	Other short-term financial assets			62 560	689
	Prepayments and accrued income			62 356	31 304
	Total other receivables			149 532	74 264

14 Derivative financial instruments

The following summary shows the most important derivative financial instruments:

Financial instruments at fair value classified through profit or loss

			2014 (CHF '000)	2013 (CHF '000)
Currency SWAPS and forward rate agreements	EUR/CHF	Notional amount CHF	0	187 389
		Positive replacement value CHF	0	349
		Negative replacement value CHF	0	3 214
	USD/CHF	Notional amount CHF	106 369	0
		Positive replacement value CHF	0	0
		Negative replacement value CHF	5 787	0
	JPY/CHF	Notional amount CHF	82 071	79 540
		Positive replacement value CHF	0	0
		Negative replacement value CHF	5 448	7 186
	CZK/EUR	Notional amount CHF	30 623	48 308
		Positive replacement value CHF	0	0
		Negative replacement value CHF	4 008	4 561
	EUR/USD	Notional amount CHF	0	1 712
		Positive replacement value CHF	0	1
		Negative replacement value CHF	0	0
	CNY/CHF	Kontraktvolumen CHF	8 094	0
		Positiver Wiederbeschaffungswert CHF	0	0
		Negativer Wiederbeschaffungswert CHF	334	0
	Others	Notional amount CHF	0	8 195
		Positive replacement value CHF	0	0
		Negative replacement value CHF	0	107
Total		Notional amount CHF	227 157	325 144
		Positive replacement value CHF	0	350
		Negative replacement value CHF	15 577	15 068
Thereof: Current portion		Notional amount CHF (<12 months)	172 642	265 464
		Positive replacement value CHF (<12 months)	0	350
		Negative replacement value CHF (<12 months)	11 768	9 179
Non-current portion		Notional amount CHF (1–5 years)	54 515	59 680
		Positive replacement value CHF (1–5 years)	0	0
		Negative replacement value CHF (1–5 years)	3 809	5 889

Notes			2014 (CHF '000)	2013 (CHF '000)
	Financial instruments effective for hedge accounting purposes			
	Currency SWAPS and forward rate agreements USD/CHF	Notional amount CHF	0	34 564
		Positive replacement value CHF	0	2 638
		Negative replacement value CHF	0	0
	CZK/EUR	Notional amount CHF	0	6 745
		Positive replacement value CHF	0	9
		Negative replacement value CHF	0	0
	Total	Notional amount CHF	0	41 309
		Positive replacement value CHF	0	2 647
		Negative replacement value CHF	0	0
	Thereof: Current portion	Notional amount CHF (<12 months)	0	41 309
		Positive replacement value CHF (<12 months)	0	2 647
		Negative replacement value CHF (<12 months)	0	0
	Non-current portion	Notional amount CHF (1–5 years)	0	0
		Positive replacement value CHF (1–5 years)	0	0
		Negative replacement value CHF (1–5 years)	0	0

Derivative financial instruments were mostly effected for hedging purposes. Currency SWAPS, forward rate agreements and currency option contracts are used for the hedging of future purchases and sales in foreign currencies.

The replacement value is understood as beeing the fair value of derivative financial instruments. Positive replacement values are the values that are lost if the counterparty cannot deliver (maximum default risk). This risk is considered to be minimal, as the counterparties are first-rate financial institutions. Any derivatives are reported at fair value.

Net changes from cash flow hedges in equity, after taxes	2014 (CHF '000)	2013 (CHF '000)
At 1.1.	2 431	10 254
Transfer to consolidated income statement	(2 637)	(9 221)
Fair value adjustments	0	733
Income taxes recognised directly in equity	206	665
Total net changes from cash flow hedges in equity, after taxes	(2 431)	(7 823)
At 31.12.	0	2 431

Notes		2014 (CHF '000)	2013 (CHF '000)
15	Cash and cash equivalents		
	Deposits	473 205	439 417
	Cash and cash equivalents	83	602
	Total cash and cash equivalents	473 288	440 019

16 Share capital

	Par value	Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 31.12. 2012	CHF 0.01	23 389 028	0	23 389 028	234
Purchase of treasury shares		–	44 019	(44 019)	–
Sale of treasury shares		–	(7 819)	7 819	–
At 31.12. 2013	CHF 0.01	23 389 028	36 200	23 352 828	234
Purchase of treasury shares		–	6 546	(6 546)	–
Sale of treasury shares		–	(42 746)	42 746	–
At 31.12. 2014	CHF 0.01	23 389 028	0	223 389 028	234

17 Non-controlling interests

This item reflects the non-controlling interests in capital and profit/loss for the year. In 2014 25% non-controlling interests of EFTEC (Elabuga) OOO and 40% non-controlling interests of Shanghai EFTEC Chemical Products Ltd. were bought back. 25% non-controlling interests of EFTEC China Ltd. were transferred to a third party. The existing non-controlling interests in EMS-UBE and Wuhu EFTEC Chemical Products Ltd. remained unchanged.

The change in non-controlling interests is as follows:

	2014	2013
At 1.1.	14 424	14 732
Change in the scope of consolidation	0	273
Transactions with non-controlling interests (see note 29)	1 266	0
Dividends paid	(5 122)	(5 360)
Net income	6 549	6 188
Translation differences	941	(1 409)
At 31.12.	18 058	14 424

Notes		2014 (CHF '000)	2013 (CHF '000)
18	Bank loans		
	The non-current bank loans are composed as follows: JPY: Average interest rate: 1.26% (2013: 1.48%)	41	42
	Total non-current bank loans	41	42
	The carrying amounts of non-current bank loans in JPY correspond to their fair values, as the interest rates are variable.		
	The current bank loans are composed as follows:		
	JPY: Average interest rate: 0.38% (2013: –)	11 564	0
	MXN: Average interest rate: 2.75% (2013: –)	33	0
	CHF: Average interest rate: – (2013: 1.35%)	0	100 000
	Total current bank loans	11 597	100 000
	The current bank loans in CHF were entirely repayed on January 31, 2014.		

19 Pension Liabilities

Description of Swiss defined benefit plans

All Swiss group entities have their individual, legally independent pension funds. The board of trustees of each pension fund is the body charged with governance and comprises an equal number of employee and employer representatives. The board of the pension fund is required by law and by regulations of the pension fund to act in the best interest of the pension fund and its beneficiaries. Resolutions must be passed on a basis of parity. The board is responsible for the determination of and any adjustments to be made to the pension regulations as well as for determining the funding requirements of the plan.

The funding requirements are subject to the legal minimum requirements of the Swiss Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pension (BVG) and its implementing provisions. The minimum insured salary and the minimum retirement credits are defined in the BVG. The minimum interest rate which has to be applied to these minimum retirement assets is determined by the Swiss Federal Council at least every two years. In 2014, the minimum interest rate was 1.75% (2013: 1.5%).

The pension funds are subject to oversight by the regulating authority (Stiftungsaufsicht).

All pension plans, with the exception of the "Kaderversicherung" (management insurance scheme) which is funded by the employer only, are jointly funded by employees and the employer. However, the group entities contribute a proportionally higher part to the plan than the employees.

The pension benefits are based on the pension balance. Retirement credits and interest are added to this balance annually. At the time of retirement, the insured individual can choose between either a lifelong annuity or a capital payment. The annuity is calculated by multiplication of the pension balance with the currently applicable conversion rate. In addition to the retirement benefits, pension benefits include disability benefits and widow's and/or orphans' pension. These are calculated as a percentage of the insured annual salary.

If an employee decides to leave the company, the pension balance of this employee is transferred to the pension fund of the new employer or to an independent benefits scheme.

Following the design of defined benefit plans and the legal provisions of the BVG, there are actuarial risks such as the market (investment) risk, interest rate risk, disability risk and longevity risk associated with such plans.

In order to limit the risks arising from retirement benefits, long-term disability benefits and widow's and/or orphans' pensions which were incurred after January 1, 2013, a risk reinsurance contract was entered into with an insurance company. This contract replaced a Stop Loss Reinsurance which existed since January 1, 2008 with the same insurance company. The new contract contains a provision that transfers the risks of death and disability and the related regulatory benefit payments to the insurance company on aback to back basis.

Beginning January 1, 2015, the following amendments were made to the Swiss defined benefit plans:

– The conversion rate was reduced from 6.0% to 5.7%.

As a result of these adjustments, the defined benefit liability of the group was reduced by KCHF 3 906. The corresponding income from past service cost was recognized in the consolidated income statement at the end of 2014.

Balance sheet reconciliation

	Pension plans CH	Other post-employment benefit plans	Total 2014	Pension plans CH	Other post-employment benefit plans	Total 2013
Funded plans						
– Fair value of plan assets	356 064	6 561	362 625	366 465	6 730	373 195
– Defined benefit obligation	(400 877)	(6 597)	(407 474)	(359 027)	(6 198)	(365 225)
Over/(under) funding	**(44 813)**	**(36)**	**(44 849)**	**7 438**	**532**	**7 970**
Unfunded plans						
– defined benefit obligation	0	(475)	(475)	0	(423)	(423)
Net recognized asset/(liability)	**(44 813)**	**(511)**	**(45 324)**	**7 438**	**109**	**7 547**
Jubilees	0	(5 596)	(5 596)	0	(4 945)	(4 945)
Provision for termination pay	0	(1 184)	(1 184)	0	(1 553)	(1 553)
(Net liability)/asset	**(44 813)**	**(7 291)**	**(52 104)**	**7 438**	**(6 389)**	**1 049**
Reported in balance sheet						
– Other non-current assets (see note 10)			6 561			16 558
– Pension liabilities			(58 665)			(15 509)
Net recognized asset/(liability)			**(52 104)**			**1 049**

The Swiss pension plans represent more than 95 % of the plan assets and defined benefit obligation and are therefore disclosed in detail below.

Notes

Movement in net defined benefit (asset)/liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2014	2013	2014	2013	2014	2013
1.1.	359 027	374 998	(366 465)	(374 691)	(7 438)	307
Included in profit or loss						
Current service cost	9 433	9 799	0	0	9 433	9 799
Past service cost	(3 906)	0	0	0	(3 906)	0
Interest cost/(income)	7 181	6 562	(7 329)	(6 557)	(148)	5
Total	**12 708**	**16 361**	**(7 329)**	**(6 557)**	**5 379**	**9 804**
Included in OCI						
Remeasurements loss/(gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	0	0			0	0
– financial assumptions	49 483	(9 646)			49 483	(9 646)
– experience adjustment	1 498	212			1 498	212
– Return on plan assets excluding interest income	0	0	(3 087)	(7 150)	(3 087)	(7 150)
Total	**50 981**	**(9 434)**	**(3 087)**	**(7 150)**	**47 894**	**(16 584)**
Other						
Employers' contributions	0	0	(1 023)	(965)	(1 023)	(965)
Employees' contributions	6 355	6 232	(6 354)	(6 232)	1	0
Vested benefits paid in/(paid out), net	(28 194)	(29 130)	28 194	29 130	0	0
Total	**(21 839)**	**(22 898)**	**20 817**	**21 933**	**(1 022)**	**(965)**
Balance at 31.12.	**400 877**	**359 027**	**(356 064)**	**(366 465)**	**44 813**	**(7 438)**

EMS expects to pay MCHF 1 into defined benefit plans in 2015.

	2014 (CHF '000)	2013 (CHF '000)
Plan assets		
Total assets	356 064	366 465
Liquidity*	44%	53%
Bonds CHF*	22%	14%
Bonds EUR*	2%	2%
Swiss shares*	3%	4%
Shares Abroad*	3%	3%
Property	23%	21%
Mortgages, loans	4%	3%
Other investments	0%	0%
Total	100%	100%

* Plan assets with market prices.

Notes	2014 (CHF '000)	2013 (CHF '000)

Actuarial assumptions as of 31.12.

	2014	2013
Discount rate	1.00%	2.00%
Future salary growth	1.00%	1.00%
Future pension growth	0.25%	0.25%
Mortality table	BVG 2010 GT	BVG 2010 GT

Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date would have affected the defined benefit obligation by the amounts shown below, given that other assumptions remained constant:

	2014	2013
Discount rate +0.5%	(27 526)	(16 827)
Discount rate −0.5%	31 151	18 704
Future salary growth +0.5%	1 491	1 061
Future salary growth −0.5%	(1 449)	(1 031)
Life expectance +1 year	12 035	9 135
Life expectance −1 year	(11 529)	(8 782)

At December 31, 2014, the weighted average duration of the defined benefit obligation was 14.8 years (2013: 13.5 years).

20 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12. 2013	0	1 320	7 378	8 698
Change in scope of consolidation	172	0	0	172
Increase via income statement	21 137	3 113	1 455	25 695
Decrease via income statement	0	(1 009)	(361)	(1 370)
Amounts used	0	(183)	(713)	(896)
Reclassifications	2 000	0	142	2 142
Translation differences	(3)	10	(99)	(92)
At 31.12. 2014	23 306	3 251	7 792	34 349
Of which: Current portion of provisions	0	99	4 157	4 256
Non-current portion of provisions	23 306	3 152	3 635	30 093

Provisions for environmental risks cover expected charges for ecological requirements, measures for water protection and for the recultivation and removal of ecological damages at existing production or storage sites. The non-current provision has an expected average maturity of 4–8 years.

Within the provisions for litigation risks, the risk arising from litigation processes is adequately covered as at the time of preparation of the financial statements.

Warranty provisions are mainly included within other provisions.

The non-current provisions for litigation risks and the non-current other provisions are expected with an average maturity of 2.5 years.

The provisions are not discounted as the time value of money is not material. In relation to the total provisions the interest effect would be < 5% as per December 31, 2014.

Notes		2014 (CHF '000)	2013 (CHF '000)
21	Other current liabilities		
	Advances from customers	3085	2238
	Prepaid expenses and deferred income	112945	76377
	Other current liabilities to related parties (Pension fund)	5700	5716
	Liabilities to social security institutions	1793	2255
	Other current liabilities	34683	44445
	Total other current liabilities	158206	131031
22	Liabilities, net/(net cash position)		
	Bank loans (see note 18)	11638	100042
	Loans	6167	6434
	Hedges with a negative replacement value (see note 14)	15577	15068
	Liabilities	33382	121544
	less		
	Other short-term financial assets (see note 13)	(62560)	(689)
	Loans from third party	(41)	(55)
	Hedges with a positive replacement value (see note 14)	0	(2997)
	Treasury shares (see note 16)	0	(11383)
	Interest-bearing financial assets	(996)	(1057)
	Cash and cash equivalents (see note 15)	(473288)	(440019)
	Liabilities, net/(net cash position)	(503503)	(334656)

Consolidated Statement of Cash Flows

Notes		2014 (CHF '000)	2013 (CHF '000)
23	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
	Amortisation intangible assets	7706	6258
	Depreciation property, plant and equipment	45582	48876
	Impairment property, plant and equipment	1758	0
	Total depreciation, amortisation and impairment of intangible assets and property, plant and equipment	55046	55134
	For the breakdown of the depreciation, amortisation and impairment of intangible assets and property, plant and equipment please refer to note 9 and to the segment reporting.		
24	Purchase of fully consolidated companies		
	2014 Cash outflow from purchase of fully consolidated companies		
	Acquisition of Grupo Placosa EFTEC S.A. de C.V.		
	On July 8, 2014, EMS Group acquired the remaining ⅔ shareholding of its Mexican partner in the joint venture Grupo Placosa EFTEC S.A. de C.V. Mexico and gains complete control of the EFTEC business in Mexico. The investment was treated as an associated company in prior years.		
	From July 8, 2014 to December 31, 2014, the acquired business contributed net sales revenue of CHF 20.4 million and a net gain of CHF 0.7 million to the EMS Group. If the acquisition had occurred on January 1, 2014, Group net sales revenue would have been CHF 18.3 million higher, while net income would have been CHF 0.5 million higher. These amounts have been calculated using the Group's accounting policies.		
	Net assets acquired and goodwill are shown as follows:		
	Purchase price	8214	
	Existing investment in Grupo Placosa EFTEC S.A. de C.V. (Fair value)	4107	
	Fair value of assets acquired	(12321)	
	Goodwill	0	
	Revaluation Grupo Placosa EFTEC S.A. de C.V.		
	Book value	4073	
	Fair value	4107	
	Revaluation gain (see note 4)	34	

Notes	2014 (CHF '000)	2013 (CHF '000)
The acquisition of Grupo Placosa EFTEC S.A. de C.V. has been accounted for using the acquisition method. The following amounts of assets and liabilities acquired have been included in the consolidated financial statements:		
Intangible assets	7646	
Property, plant and equipment	5485	
Inventories	4876	
Trade receivables	7187	
Other receivables	674	
Cash and cash equivalents	1482	
Deferred income tax liabilities	(2604)	
Bank loans	(4103)	
Trade payables	(4817)	
Provisions	(172)	
Other current liabilities	(3333)	
Fair value of assets acquired	12321	
Purchase price	8214	
Cash and cash equivalents of subsidiary acquired	(1482)	
Cash outflow from purchase of fully consolidated companies	6732	
2013 Cash outflow from purchase of fully consolidated companies		
Acquisition of D PLAST-EFTEC		
On April 15, 2013, EMS Group acquired the 50% shareholding of its Czech partner D PLAST in the joint venture D PLAST-EFTEC a.s. In this way EMS gains complete control of the EFTEC business in Central and Eastern Europe. The investment was treated as a associated company in prior years. From April 15, 2013 to December 31, 2013, the acquired business contributed net sales revenue of CHF 67.9 million and a net gain of CHF 5.9 million to the EMS Group. If the acquisition had occurred on January 1, 2013, Group net sales revenue would have been CHF 21.6 million higher, while net income would have been CHF 3.3 million higher. These amounts have been calculated using the Group's accounting policies. Net assets acquired and goodwill are shown as follows:		
Purchase price		60000
Existing investment in D PLAST-EFTEC a.s. (Fair value)		48000
Fair value of assets acquired		(80562)
Goodwill		27438
The goodwill includes expected operating synergies from the acquisition and the positive effects of easier market development.		

Notes		2014 (CHF '000)	2013 (CHF '000)
	Revaluation D PLAST-EFTEC a.s.		
	Book value		24 859
	Fair value		48 000
	Revaluation gain (see note 4)		23 141
	The acquisition of D PLAST-EFTEC a.s. has been accounted for using the acquisition method. The following amounts of assets and liabilities acquired have been included in the consolidated financial statements:		
	Intangible assets		42 498
	Property, plant and equipment		18 198
	Inventories		9 249
	Trade receivables		16 770
	Other receivables		1 965
	Cash and cash equivalents		13 279
	Deferred income tax liabilities		(8 562)
	Trade payables		(7 967)
	Provisions		(1 132)
	Other current liabilities		(3 736)
	Fair value of assets acquired		80 562
	Purchase price paid		60 000
	Cash and cash equivalents of subsidiary acquired		(13 279)
	Cash outflow from purchase of fully consolidated companies		46 721

Notes		2014 (CHF '000)	2013 (CHF '000)
25	Contingent liabilities		
	Contingent liabilities at the end of the year amount to	22 277	22 675
	This mainly relates to issued guarantees. No legal proceedings are known to be in progress within the EMS Group which could have a significant impact on the Group's financial position in excess of the provisions booked in the balance sheet (see note 20).		
26	Earnings per share – EPS		
	Earnings per share are calculated by dividing the net income attributable to the shareholders of EMS-CHEMIE HOLDING AG by the weighted average number of shares outstanding (excluding treasury shares). Diluted earnings per share factor in any potential dilution which may be caused by the exercising of warrant and conversion rights on outstanding bond issues.		
	Details of earnings per share:		
	Basic earnings per share		
	Weighted average of registered shares outstanding	23 382 560	23 381 559
	Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	342 871	317 618
	Basic earnings per share (CHF)	14.66	13.58
	There is no earnings dilution; diluted earnings per share correspond to basic earnings per share.		
27	Significant shareholders		
	EMESTA HOLDING AG, Zug, 14 224 143 registered shares (2013: 14 224 143 registered shares) Amount of holding	60.82 %	60.82 %
	Miriam Blocher, 2 079 000 registered shares (2013: 2 079 000 registered shares) Amount of holding	8.89 %	8.89 %

Notes		2014 (CHF '000)	2013 (CHF '000)

28 Transactions with related parties

EMESTA HOLDING AG, Zug (majority shareholder), the pension funds, members of the Board of Directors and members of the Senior Management as well as the close members of their families and associated companies are regarded as related parties.

The members of the Board of Directors or Senior Management as well as the close members of their families did not receive any credits, advances or other types of loans. No related party transactions took place with them.

The bonuses included in the reporting year consist of the bonuses estimated in the reporting year. The definitive bonuses for the reporting year are announced after the publication of this financial report and are presented in the Remuneration Report on page 17 and 18.

Breakdown of the total remuneration	2014	2013
Short-term employee benefits to the members of the Board of Directors and Senior Management	3 400	3 400
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total remuneration	3 400	3 400

The detailed disclosures of remuneration as per Swiss law can be found in the Remuneration Report.

Existing shareholdings, conversion rights and options in EMS-CHEMIE HOLDING AG of the members of the Board of Directors and members of the Senior Management as well as their related parties are as follows:

Board of Directors	Number of shares 2014	Number of shares 2013
Dr U. Berg, Chairman	3 600	3 600
M. Martullo, Vice-Chairman and CEO*	0	0
Dr J. Streu, Member (since 10. 8. 2013)	0	0
U. Fankhauser, Member (since 10. 8. 2013 to 27. 2. 2014)**	–	103
B. Merki, Member (since 9. 8. 2014)	0	–
Total Board of Directors	3 600	3 703

* Excluding EMESTA HOLDING AG, in which Ms M. Martullo holds a 49.9 % stake (see note 27).
** Passed away 27. 2. 2014.

Notes		2014	2013
	Senior Management	Number of shares	
	M. Martullo, Vice-Chairman and CEO*	0	0
	P. Germann, CFO	0	0
	Dr R. Holderegger, Member	0	0
	Total Senior Management	0	0

*Excluding EMESTA HOLDING AG, in which Ms M. Martullo holds a 49.9% stake (see note 27).

Neither the members of the Board of Directors and the Senior Management nor their related parties have any conversion rights or options in EMS-CHEMIE HOLDING AG.

29 Change in scope of consolidation

Addition:

Grupo Placosa EFTEC: On July 8, 2014, EMS has taken over the remaining ⅔ shareholding of its Mexican partner in the joint venture Grupo Placosa EFTEC S.A. de C.V. Mexico. The investment was treated as an associated company in prior years.

EFTEC (Mexico S.S. de C.V.: This company was founded on October 21, 2014.

EFTEC (Elabuga) OOO: On January 15, 2014, EMS bought back 25% of the minority interests.

Disposals:

EFTEC (Guangzhou) Automotive Materials Co., Ltd.: On 28 July 2014, the company was dissolved.

Barter transaction:

At September 5, 2014, EMS Group changed 25% of EFTEC China Ltd. against the 40% existing non-controlling interests in Shanghai EFTEC Chemical Products Ltd. with a third party without any cash settlement.

Notes

30 List of subsidiaries (at 31.12.2014)

Name	Domicile	Country
EMS-CHEMIE HOLDING AG	Domat/Ems	Switzerland
EMS-INTERNATIONAL FINANCE (Guernsey) Ltd.	Guernsey	Guernsey
EMS-PATENT AG	Domat/Ems	Switzerland
GESCHÄFTSBEREICH HOCHLEISTUNGSPOLYMERE		
EMS-CHEMIE AG	Domat/Ems	Switzerland
EMS-CHEMIE (France) S.A.	Boulogne-Billancourt Cedex	France
EMS-CHEMIE (UK) Ltd.	Stafford	UK
EMS-CHEMIE (Japan) Ltd.	Tokyo	Japan
EMS-UBE Ltd.	Ube	Japan
EMS-CHEMIE (Korea) Ltd.	Gyeonggi-do	South Korea
EMS-CHEMIE (Italia) S.r.l.	Milano	Italy
EMS-CHEMIE (Deutschland) GmbH	Gross-Umstadt	Germany
EMS-CHEMIE (Taiwan) Ltd.	Hsin Chu Hsien	Taiwan (R.O.C.)
EMS-CHEMIE (China) Ltd.	Shanghai	China (People's Rep.)
EMS-CHEMIE (Suzhou) Ltd.	Suzhou	China (People's Rep.)
EMS-GRILON HOLDING Inc.	Wilmington, DE	USA
EMS-CHEMIE (North America) Inc.	Sumter, SC	USA
EFTEC Europe Holding AG	Zug	Switzerland
EMS-CHEMIE (Luxembourg) Sàrl	Senningerberg	Luxembourg
EFTEC (Shanghai) Engineering Co. Ltd.	Shanghai	China (People's Rep.)
EFTEC AG	Romanshorn	Switzerland
EFTEC Sàrl	Boulogne-Billancourt Cedex	France
EFTEC Brasil Ltda.	Santana de Parnaiba	Brazil
EFTEC Engineering GmbH	Markdorf	Germany
EFTEC (Czech Republic) a.s.	Zlin	Czech Republic
EFTEC SL d.o.o.	Novo mesto	Slovenia
EFTEC (Slovakia) s.r.o.	Bratislava	Slovakia
EFTEC (Romania) S.R.L.	Budeasa	Romania
EFTEC (Ukraine) LLC	Zaporozhie	Ukraine
EFTEC (Elabuga) OOO	Elabuga	Russia
EFTEC (Nizhniy Novgorod) OOO	Nizhniy Novgorod	Russia
EFTEC Ltd.	Rhigos	UK
EFTEC NV	Genk	Belgium
EFTEC Systems S.A.	Zaragossa	Spain
EFTEC Asia Pte. Ltd.	Singapore	Singapore
EFTEC (Thailand) Co. Ltd.	Rayong	Thailand
EFTEC (India) Pvt. Ltd.	Maharashtra	India
EFTEC China Ltd.	Hong Kong	China (People's Rep.)
Foshan EFTEC Automotive Materials Co., Ltd	Foshan	China (People's Rep.)
Shanghai EFTEC Chemical Products Ltd.	Shanghai	China (People's Rep.)
Changchun EFTEC Chemical Products Ltd.	Changchun	China (People's Rep.)
Wuhu EFTEC Chemical Products Ltd.	Wuhu	China (People's Rep.)
EFTEC (Shanghai) Services Ltd.	Shanghai	China (People's Rep.)
EMS-TOGO Corp.	Taylor, MI	USA
EFTEC North America, L.L.C.	Taylor, MI	USA
Grupo Placosa EFTEC, S.A. de C.V.	Cuernavaca	Mexico
Recubrimientos Modernos S.A. de C.V.	Cuernavaca	Mexico
Placosa S.A. de C.V.	Cuernavaca	Mexico
EFTEC Mexico S.A. de C.V.	Cuernavaca	Mexico
GESCHÄFTSBEREICH SPEZIALCHEMIKALIEN		
EMS-GRILTECH *		
EMS-PATVAG s.r.o.	Brankovice	Czech Republic
EMS-METERING AG	Domat/Ems	Switzerland
EMS-CHEMIE (Neumünster) Holding GmbH	Neumünster	Germany
EMS-CHEMIE (Neumünster) GmbH & Co. KG	Neumünster	Germany
EMS-CHEMIE (Neumünster) Verwaltungs GmbH	Neumünster	Germany

Category: P = Production V = Trade, sale D = Financing, various Consolidation: K = Fully consolidated

Currency	Share capital (in '000)	Amount of holding	Category	Consolidation
CHF	234		D	K
CHF	60	100.00%	D	K
CHF	100	100.00%	D	K
CHF	100	100.00%	P, V	K
EUR	1951	100.00%	V	K
GBP	1530	100.00%	V	K
JPY	210000	100.00%	V	K
JPY	1500000	66.67%	P, V	K
KRW	113000	100.00%	V	K
EUR	1300	100.00%	V	K
EUR	2556	100.00%	P, V	K
TWD	281000	100.00%	P, V	K
CNY	5000	100.00%	V	K
CNY	98693	100.00%	P	K
USD	2420	100.00%	D	K
USD	3385	100.00%	P, V	K
CHF	8000	100.00%	D	K
EUR	200	100.00%	V	K
CNY	886	100.00%	P, V	K
CHF	2500	100.00%	P, V	K
EUR	8	100.00%	V	K
BRL	541	100.00%	P	K
EUR	25	100.00%	P, V	K
CZK	47569	100.00%	P, V	K
EUR	10	100.00%	V	K
EUR	7	100.00%	V	K
RON	8083	100.00%	P, V	K
UAH	23	100.00%	V	K
RUB	37514	100.00%	P, V	K
RUB	37200	100.00%	P, V	K
GBP	352	100.00%	P, V	K
EUR	1240	100.00%	P, V	K
EUR	944	100.00%	P, V	K
USD	3518	100.00%	D, V	K
THB	49500	100.00%	P, V	K
INR	15000	100.00%	P, V	K
USD	33206	75.00%	D	K
CNY	6849	100.00%	P, V	K
CNY	20750	100.00%	P, V	K
CNY	27500	100.00%	P, V	K
CNY	6650	60.00%	P, V	K
CNY	952	100.00%	D	K
USD	750	100.00%	D	K
USD	38222	100.00%	P, V	K
MXN	19451	100.00%	D	K
MXN	550	100.00%	D	K
MXN	47409	100.00%	P	K
MXN	50	100.00%	V	K
CZK	30000	100.00%	P, V	K
CHF	100	100.00%	D	K
EUR	25	100.00%	D	K
EUR	3000	100.00%	P, V	K
EUR	25	100.00%	D	K

*EMS-GRILTECH is a reporting unit within EMS-CHEMIE AG

Notes		2014 (CHF '000)	2013 (CHF '000)
31	Risk management		
	Credit risks		
	Overview of financial assets		
	Other non-current financial assets (see note 10)	996	1 057
	Trade receivables (see note 12)	263 420	258 920
	Derivative financial instruments (see note 14)	0	2 997
	Other short-term financial assets (see note 13)	62 560	689
	Cash and cash equivalents (see note 15)	473 288	440 019
	Total financial assets	800 264	703 682

The maximum credit risk is equal to the carrying amount of the respective assets.
There are no collateralized financial assets. For the analysis of due dates and allowances for doubtful trade receivables, see note 12.

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2014 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 18)	11 597	11 642	11 642	0	0
Non-current bank loans (see note 18)	41	44	1	43	0
Trade payables	118 626	118 626	118 626	0	0
Prepaid expenses and deferred income (see note 21)	49 065	49 065	49 065	0	0
Other current liabilities to related parties (see note 21)	5 700	5 700	5 700	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	15 577	227 157	172 642	54 515	0
Total financial liabilities	200 606	412 234	357 676	54 558	0

At 31.12.2013 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 18)	100 000	101 350	101 350	0	0
Non-current bank loans (see note 18)	42	45	1	44	0
Trade payables	108 085	108 085	108 085	0	0
Prepaid expenses and deferred income (see note 21)	35 817	35 817	35 817	0	0
Other current liabilities to related parties (see note 21)	5 716	5 716	5 716	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	15 068	301 103	241 423	59 680	0
Total financial liabilities	264 728	552 116	492 392	59 724	0

Notes

Market risks

Interest rate risks

Sensitivity analysis of interest rate risks

CHF 0 million (2013: CHF 100.0 million) of the bank loans have a fixed interest rate.
No derivative financial instruments on interest rates are used. A 100 basis point rise in the interest rate for deposits and bank loans would increase net income after taxes by CHF 3.7 million (2013: CHF 2.6 million). A 100 basis point fall in the interest rate for deposits and bank loans would decrease net income after taxes by CHF 0.4 million (2013: CHF 0.3 million).

This sensitivity analysis assumes that all other assumptions, e.g. currency rates, remain unchanged. The sensitivity analysis was performed on the same basis as for the previous year.

Currency risks

Overview currency exposure, net

At 31.12.2014 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	3 004	137 032	51 853	15 545	32 600	19 408
Loans to group companies	19 893	304 146	65 366	5 204	0	8 369
Derivative financial instruments (see note 14)	0	0	0	0	0	0
Trade payables	(537)	(52 399)	(31 019)	(10 177)	(9 587)	(6 769)
Loans from group companies	(4 659)	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	(11 564)	0	(33)
Non-current bank loans (see note 18)	0	0	0	(41)	0	0
Derivative financial instruments (see note 14)	0	0	(106 369)	(82 071)	(8 094)	(30 623)
Currency exposure, net	17 701	388 779	(20 169)	(83 104)	14 919	(9 648)

At 31.12.2013 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	72	132 495	60 577	15 249	28 106	17 107
Loans to group companies	6 033	160 716	80 896	5 324	0	6 239
Derivative financial instruments (see note 14)	0	0	0	0	0	0
Trade payables	(375)	(56 248)	(16 488)	(11 225)	(5 757)	(29 637)
Loans from group companies	(23 000)	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	0	0	0
Non-current bank loans (see note 18)	0	0	0	(42)	0	0
Derivative financial instruments (see note 14)	0	(187 389)	(34 564)	(79 540)	0	(64 960)
Currency exposure, net	(17 270)	49 574	90 421	(70 234)	22 349	(71 251)

Sensitivity analysis of currency risks

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) net income after taxes by CHF −26.8 million (2013: CHF −12.1 million). Per currency: EUR: CHF −24.2 million (2013: CHF −1.0 million), USD: CHF +8.4 million (2013: CHF −2.4 million), JPY: CHF −6.5 million (2013: CHF −6.0 million), other currencies: CHF −4.5 million (2013: CHF −2.7 million).
A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) equity after taxes by CHF −29.7 million (2013: CHF −13.8 million decrease/(increase)). Per currency: EUR: CHF −24.2 million (2013: CHF −1.0 million), USD: CHF +5.5 million (2013: CHF −4.0 million), JPY: CHF −6.5 million (2013: CHF −6.0 million), other currencies: CHF −4.5 million (2013: CHF −2.7 million).
This sensitivity analysis was performed at the balance sheet date and assumes that all other assumptions, e.g. interest rates, remain unchanged. The sensitivity analysis was performed on the same basis as for the previous year.

Financial assets / liabilities: fair value hierarchy

At 31.12.2014 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 14)		0		0
Financial liabilities:				
Derivative financial instruments (see note 14)		(15 577)		(15 577)

At 31.12.2013 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 14)		2 997		2 997
Financial liabilities:				
Derivative financial instruments (see note 14)		(15 068)		(15 068)

There were no transfers between the levels of the fair value hierarchy.
Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data.

Notes		2014 (CHF '000)	2013 (CHF '000)
	Categories of financial assets and liabilities		
	The carrying amounts of financial assets and liabilities correspond approximately to the fair values in accordance with IFRS. Regarding the fair values of bank loans see note 18.		
	Cash and cash equivalents (see note 15)	473288	440019
	Other short-term financial assets (see note 13)	62560	689
	Other non-current assets (see note 10)	996	1057
	Trade receivables (see note 12)	263420	258920
	Loans and receivables	326976	260666
	Derivative financial instruments (assets; see note 14)	0	2997
	Non-current bank loans (see note 18)	41	42
	Current bank loans (see note 18)	11597	100000
	Trade payables	118626	108085
	Prepaid expenses and deferred income (see note 21)	112945	76377
	Other current liabilities to related parties (see note 21)	5700	5716
	Financial liabilities measured at amortised cost	248909	290220
	Derivative financial instruments (liabilities; see note 14)	15577	15068

32 Information about the risk assessment process

Risk management constitutes an integral component of planning and reporting activities at EMS. At Senior Management and Business Unit level, risks are identified annually as part of the medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the gravity of the risk and probability of its occurrence. The identification and assessment of changes in risk play an important part in this process. Measures are defined to reduce significant risks. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them.

33 Subsequent events

On January 15, 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate for the Swiss franc against the euro. This led to a strong appreciation of the Swiss franc, which is the presentation currency of the Group. In the case of Group companies and associates with a different functional currency, the translation of those currencies into the Swiss franc is expected to have a negative translation impact on the consolidated financial statements and to increase the cumulative exchange rate differences recognized in equity. The discontinuation of the minimum exchange rate for the Swiss franc against the euro had no impact on the financial statements for the reporting year.

Between December 31, 2014 and March 17, 2015 there were no further subsequent events requiring an adjustment of the book values of Group assets and liabilities or needing to be published here.

The consolidated financial statements were approved by the Board of Directors on March 17, 2015 and need to be approved by the Annual General Meeting on August 8, 2015.

Report of the Statutory Auditor on the Consolidated Financial Statements

Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual General Meeting of Shareholders of EMS-CHEMIE HOLDING AG, Domat/Ems.

As Statutory Auditor, we have audited the consolidated financial statements of EMS-CHEMIE HOLDING AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 19 to 59) for the year ended December 31, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

Zurich, March 17, 2015

KPMG AG

François Rouiller Licensed Audit Expert Auditor in Charge	Roman Künzle Licensed Audit Expert

Financial Statements
EMS-CHEMIE HOLDING AG

for the Financial Year May 1, 2014 – April 30, 2015

EMS-CHEMIE HOLDING AG
Domat/Ems Switzerland

Income Statement May 1, 2014 to April 30, 2015

	Notes	2014/2015 (CHF '000)	2013/2014 (CHF '000)
INCOME			
License fees from group companies		50 883	49 120
Financial income			
Interest income		3 293	3 947
Dividends from group companies		323 009	157 543
Income from financial assets		8 103	6 126
Total income		385 288	216 736

	Notes	2014/2015 (CHF '000)	2013/2014 (CHF '000)
EXPENSES			
Operating expenses to group companies		15 024	16 959
Financial expenses			
Interest expenses		1 720	1 678
Foreign exchange differences, net	1	14 604	2 104
Bank charges, duties, fees		110	122
Administration expenses		1 078	1 067
Total expenses		32 536	21 930
Net income before taxes		352 752	194 806
Taxes		2 417	2 330
Net income		350 335	192 476

Balance Sheet as at April 30, 2015

	Notes	30.4.2015 (CHF '000)	30.4.2014 (CHF '000)
Non-current assets		305 185	355 482
Investments in group companies	2	280 352	280 352
Loans to group companies		24 833	75 130
Current assets		443 601	202 529
Prepayments and accrued income		16 829	16 839
Receivables from third parties		106 900	184
Receivables from group companies		2 703	5 763
Loans to group companies		14 113	11 720
Treasury shares	3	0	754
Other current financial assets		135 002	0
Cash and cash equivalents		168 054	167 269
TOTAL ASSETS		748 786	558 011

Shareholders' equity	4	580 812	487 756
Share capital	3/5	234	234
Legal reserves		47	47
Reserves for treasury shares	3	0	754
Other reserves		10 000	10 000
Available earnings		570 531	476 721
Liabilities		167 974	70 255
Non-current liabilities		14 169	14 169
Provisions		14 169	14 169
Current liabilities		153 805	56 086
Accruals and deferred income		16 943	11 005
Payables to third parties		6 116	4 623
Payables to group companies		130 746	40 458
TOTAL EQUITY AND LIABILITIES		748 786	558 011
Balance sheet equity ratio		77.6 %	87.4 %

Notes to the Financial Statements 2014/2015

Income Statement 2014/2015

Notes		2014/2015 (CHF '000)	2013/2014 (CHF '000)
1	Foreign exchange differences		
	Foreign exchange gains	14 881	5 133
	Foreign exchange losses	29 485	7 237
	Foreign exchange differences	(14 604)	(2 104)

Balance Sheet as at April 30, 2015

2 Investments in group companies
Details of the investments as at 31.12.2014 can be seen in note 30, "List of subsidiaries" in the consolidated financial statements of the EMS Group.
In the period to 30.4.2015, investments changed as follows:
EMS-Metering AG changed its name to EMS-CHEMIE (Produktion) AG.
EMS-CHEMIE (Deutschland) Vertriebs GmbH was established.
In the previous period, investments changed as follows:
25% of EFTEC (Elabuga) OOO was bought by EFTEC Europe Holding AG on January 15, 2014.

3 Treasury shares

	Par value	Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 30.4.2013	CHF 0.01	23 389 028	0	23 389 028	234
Change in treasury shares		–	2 402	(2 402)	0
At 30.4.2014	CHF 0.01	23 389 028	2 402	23 386 626	234
Change in treasury shares		–	(2 402)	2 402	0
At 30.4.2015	CHF 0.01	23 389 028	0	23 389 028	234

	Number of registered shares	
Details to treasury shares:		
At 1.5.	2 402	0
Purchases	30 141	50 565
Sales	(32 543)	(48 163)
At 30.4.	0	2 402

Purchase of 30 141 treasury shares at an average market price of CHF 352.96, sale of 32 543 treasury shares at an average market price of CHF 407.18.

Notes		2014/2015 (CHF '000)	2013/2014 (CHF '000)
4	Shareholders' equity		
	At 1.5.	487 756	529 170
	Dividends paid	(257 279)	(233 890)
	Net income	350 335	192 476
	At 30.4.	580 812	487 756
5	Significant shareholders		
	EMESTA HOLDING AG, Zug, 14 224 143 registered shares (2013/2014: 14 224 143 registered shares)		
	Amount of holding	60.82%	60.82%
	Miriam Blocher, 2 079 000 registered shares (2013/2014: 2 079 000 registered shares)		
	Amount of holding	8.89%	8.89%
	No other representation of significant shareholders is known to the Board of Directors.		

Notes		2014/2015	2013/2014

Further Details

6 Contingent liabilities

	2014/2015	2013/2014
Guarantees (maximum liability)	77 872	71 842

7 Shareholdings

Existing shareholdings, conversion rights and options in EMS-CHEMIE HOLDING AG held by members of the Board of Directors, members of the Senior Management and related parties were as follows:

Board of Directors	Function	Number of registered shares 2014/2015	2013/2014
Dr U. Berg	Chairman	3 600	3 600
M. Martullo	Vice-Chairman and CEO*	0	0
Dr J. Streu	Member (since 10.8.2013)	0	0
U. Fankhauser	Member (from 10.8.2013 to 27.2.2014)**	–	–
B. Merki	Member (since 9.8.2014)	0	–
Total Board of Directors		3 600	3 600

Senior Management	Function	2014/2015	2013/2014
M. Martullo	CEO*	0	0
P. Germann	CFO	0	0
Dr R. Holderegger	Member	0	0
Total Senior Management		0	0

* Excluding EMESTA HOLDING AG, in which Ms M. Martullo holds a 49.9% stake (see note 5).
** Passed away on 27.2.2014.

The members of the Board of Directors, Senior Management and related parties did not hold any conversion rights or options in EMS-CHEMIE HOLDING AG.

8 Information about the risk assessment process

Risk management constitutes an integral component of planning and reporting activities at EMS. At Senior Management and Business Unit level, risks are identified annually as part of the medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the gravity of the risk and probability of its occurrence. The identification and assessment of changes in risk play an important part in this process. Measures are defined to reduce significant risks. In the course of planning discussions, the CEO and CFO report to to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them.

Notes

Proposal of the Board of Directors for the appropriation of available earnings

	2014/2015 (CHF)	2013/2014 (CHF)
Available earnings		
Balance brought forward	219441659	284998626
Reserves for treasury shares	753938	(753938)
Net income	350335351	192476279
Total available earnings	570530948	476720967
Appropriation		
Payment of an ordinary dividend of CHF 10.00 (previous year CHF 8.50) gross and	(233890280)	(198806738) 1)
an extraordinary dividend of CHF 2.00 (previous year CHF 2.50) gross per registered share entitled to dividend	(46778056)	(58472570) 1)
Balance to be carried forward	289862612	219441659

1) 23386626 registered shares eligible for distribution – net of own shares held by the company – at April 30, 2014. At the time the General Meeting of Shareholders, there were no treasury shares.

Report of the Statutory Auditor on the Financial Statements

KPMG

Report of the Statutory Auditor on the Financial Statements to the Annual General Meeting of EMS-CHEMIE HOLDING AG, Domat/Ems.

As statutory auditor, we have audited the financial statements of EMS-CHEMIE HOLDING AG, which comprise the income statement, balance sheet and notes (pages 62 to 67) for the year ended April 30, 2015.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended April 30, 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

Zurich, June 22, 2015

KPMG AG

François Rouiller	Roman Künzle
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