



53rd ANNUAL REPORT 2015/2016

EMS

EMS-CHEMIE HOLDING AG

Domat/Ems Switzerland

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Dear Shareholders

The business year 2015 started with a major challenge. On January 15th the Swiss National Bank surprisingly discontinued the minimum exchange rate Euro/Swiss Franc and, as a result, an overvaluation of the Swiss Franc abruptly occurred. EMS generates 96.6% of net sales outside of Switzerland, but manufactures 45% of total products in Switzerland. Due to currency effects, net sales in Swiss Francs were diminished. The major part of costs, however, remained unchanged in Swiss Francs resulting in earnings under pressure. Therefore, rapid action was required by Senior Management taking measures to compensate the currency-related earnings erosion.

A comprehensive growth offensive was launched worldwide. Costs were handled with care and the running efficiency programs accelerated. In this way, costs could be reduced to a slightly lower level than planned. Favorable raw material prices also supported positive result development. The main markets China and USA showed a positive

trend, but slowed down. Europe recovered to show a slight growth trend.

EMS developed new applications and further strengthened market positions worldwide. It was possible to realize numerous new structural components with high-performance, cost-efficient and weight-saving solutions using high-performance specialty polymers from EMS and to generate new business. Overall, sales volumes were increased by 7.0% compared to the previous year's figures. Despite massive negative currency effects, operating income (EBIT) closed at CHF 469 million and even exceeded the record value of the previous year by 10.7%.

In order to manufacture these pleasing sales volumes in the required time frame, EMS initiated a supplementary investment program in Switzerland at the end of April with an additional CHF 35 million for new production capacity for high-temperature and metal-replacement products. The first

production lines already started production mid-year. In Suzhou (China), EMS opened a new application and development center for high-performance polymers in November. In Shanghai, EMS-EFTEC opened a new engineering location for automated application of process materials for the automotive industry. In Changshu (China) the cornerstone for a major new production site to become operative by the end of 2016 was laid.

EMS customers make a conscious decision for close cooperation in development work together with innovative technology, high quality and rapid reaction time. In 2015 again, EMS received prestigious awards for such successful cooperation work. General Motors, one of the largest automotive manufacturers in the world, honored EMS for the sixth year in succession as "Global Supplier of the Year". In addition, EMS won three "Innovation Awards" as well as the "Grand Innovation Award" given by the International Association for Plastics Technology SPE.

EMS always goes for innovation. To celebrate the 80-year company anniversary, EMS opened the first Science Center in the Canton Grisons (Switzerland). This offers public access to more than 50 experiments free of charge. The intention is to awaken the interest of young and old for natural sciences and technical inventions, support teachers with attractive MINT subjects and provide the tourism industry in the region with a new offer – all under the motto of "Please touch!"

Furthermore, EMS has always been politically active to ensure good business framework conditions in Switzerland. With her election to Swiss parliament as a member of the Swiss National Council in autumn 2015, Magdalena Martullo can

now contribute even better to a successful strategy for the region and Switzerland.

For the business year 2016, EMS is expecting an overall slowing world economy. Major challenges in terms of security, finance and economic policies will influence growth. Uncertainty can be noticed with consumers and investors and affects development and stability of the markets. EMS is quite confident, however, for its own business development. The successful strategy of worldwide growth with specialty products will be continued and focus put on exploiting global market potential with new, innovative products and applications as well as on strengthening market position.

In 2016, EMS will not rest on this success. New chances are to be discovered and made use of in an innovative way in order to further follow customers' needs in international markets and always being ahead. Great commitment by our employees and our management make this possible by showing considerable flexibility, using their skills and their broad experience every day to the benefit of EMS, our customers and you, our shareholders. They have all earned a very special "thank you".

We also thank you, our shareholders, for your faith in EMS. We look forward to successfully shaping the future together!



Dr Ulf Berg
Chairman of the
Board of Directors



Magdalena Martullo-Blocher
CEO and Vice-Chairman
of the Board of Directors

Share Performance

	2015	2014	2013	2012	2011
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	23 389 028	23 352 828	23 389 028	23 389 028
Treasury shares	0	0	36 200	0	0
Information per share (in CHF):					
Dividend per share	13.50 ¹⁾	12.00	11.00	10.00	7.00
Of which ordinary dividend	11.00	10.00	8.50	7.50	7.00
Of which extraordinary dividend	2.50	2.00	2.50	2.50	–
Earnings per share	16.09	14.66	13.58	11.45	10.14
Cash flow per share ²⁾	18.78	17.30	16.21	14.02	12.64
Equity per share ³⁾	55.18	53.47	50.68	48.03	44.53
Stock prices ⁴⁾					
High	472.00	413.25	331.50	233.10	175.91
Low	327.00	305.45	218.00	162.90	137.07
At December 31	441.00	403.75	317.00	215.40	159.10
Market capitalisation on December 31 (CHF millions)	10 314.6	9 443.3	7 414.3	5 038.0	3 721.2

Registered shares are listed on the SIX Swiss Exchange.

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

Business development

As expected, the economy developed in an overall positive way in 2015. While growth in North America was favourable, China showed a significant temporary slowdown. Europe recovered slightly, supported by a weaker Euro and lower oil prices.

EMS successfully realised planned new business worldwide in both areas of High Performance Polymers and Speciality Chemicals. The growth offensive launched at the beginning of the year generated additional business in all sectors and supported further strengthening of market positions in all markets.

Consolidated net sales in Swiss Francs closed in 2015 at CHF 1 905 million (1 972) which, due to currency effects, is 3.4% below previous year. Growth of net sales in local currencies was 3.7% compared to previous year. Net operating income (EBIT) rose to CHF 469 million (423) which is 10.7% above previous year. The operating cash flow (EBITDA) increased by 9.7% compared to the previous year to reach CHF 525 million (478). The EBIT margin was 24.6% (21.5%), the EBITDA margin 27.5% (24.3%).

For the business year 2016, EMS is expecting an overall slow and unstable world economy. Governments in all parts of the world are under pressure to react to major challenges in terms of security, finance and economic growth. Unpredictable political acts and measures may appear. Consumer and investor confidence may further weaken.

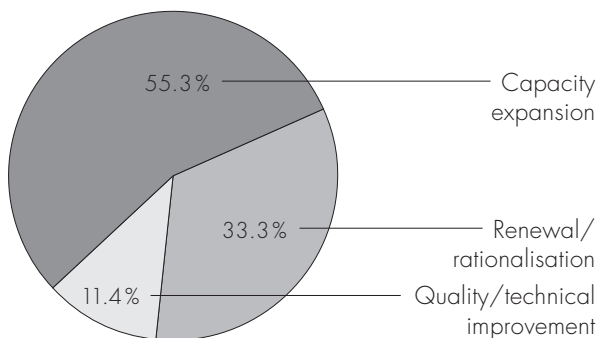
In order to satisfy this growing demand, new production lines were installed – above all for high-temperature and metal-replacement products – at production locations in Domat/Ems (Switzerland), Germany and China.

For 2016, EMS expects net sales and net operating income (EBIT) slightly above the previous year.

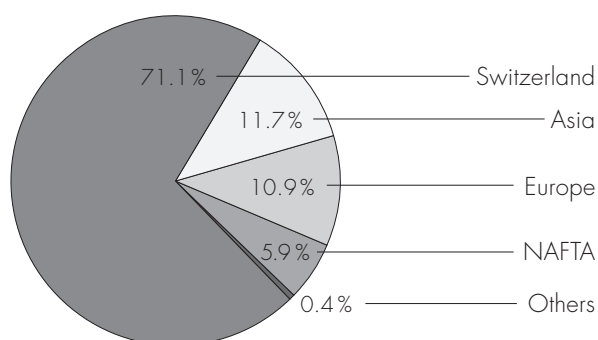
Investments

Overall investments in 2015 amounted to CHF 55 million (52). The majority of this sum was invested in expanding production capacity.

Investment by application



Investment by country and region



EMS Group production by country

Switzerland	45.0%
Germany	11.4%
USA	10.6%
China	8.8%
Belgium	5.3%
Czech Republic	4.4%
Japan	3.8%
Mexico	2.3%
Taiwan	2.0%
Great Britain	1.8%
Spain	1.1%
Russia	0.7%
Brazil	0.7%
India	0.6%
Others	1.5%

EMS Group net sales by country

Germany	21.9%
China	15.8%
USA	13.7%
Japan	6.1%
France	5.5%
Switzerland	3.4%
Italy	3.2%
Mexico	3.1%
Spain	2.3%
Great Britain	2.1%
Czech Republic	2.1%
Poland	1.8%
South Korea	1.7%
Austria	1.4%
Taiwan	1.3%
Brazil	1.2%
Sweden	1.2%
Canada	1.1%
Russia	1.0%
Slovakia	1.0%
India	1.0%
Romania	0.8%
Others	7.3%

Management structure

At the 2015 Annual General Meeting, Dr Ulf Berg, Magdalena Martullo, Bernhard Merki and Dr Joachim Streu were elected to the Board of Directors for a term of office lasting until the next ordinary Annual General Meeting.

Personnel

At the end of December 2015, the EMS Group had a total of 2 855 (2 865) employees (excluding apprentices), of whom 1 006 (1 002) work in Switzerland, 830 (816) in the rest of Europe, 665 (669) in Asia and 354 (378) in America. At the end of the year, the EMS Group employed 141 (139) apprentices in Switzerland covering 14 (14) different vocational fields. A total of 38 (38) apprentices successfully completed their professional training during the year under review.

Business areas

The EMS Group operates globally in the business areas of High Performance Polymers and Specialty Chemicals. These areas are further structured into Business Units.

High Performance Polymers

EMS-GRIVORY produces customized high-performance polymers (as polyamide granules). Thanks to their high-performance properties and ability to cut processing costs, these materials are used in a variety of applications, particularly in the automotive industry, in the electrical and electronics industry, in optics, as well as in numerous other industrial sectors. EMS-GRIVORY Europe specialises in innovative solutions for customers in the field of injection moulding as well as extrusion and extrusion blow-moulding applications in Europe. EMS-GRIVORY Asia operates in the Asian market. EMS-GRIVORY America is responsible for business in North America.

The EMS-EFTEC Business Unit is a specialist supplier to the global automotive industry in the areas of bonding, coating, sealing and sound-damping.

In the 2015 business year, the core business of High Performance Polymers generated net sales of CHF 1 655 million (1 703) and net operating income (EBIT) of CHF 411 million (369). Despite substantial negative currency effects it was possible to realise further new business with innovative structural parts and process materials. Focus will be continued on exploiting global market potential with high-quality, cost-efficient and weight-saving solutions using high-performance polymers.

Specialty Chemicals

EMS-GRILTECH specialises in the development and production of fibres, bonding agents for high-performance tyres, hotmelt adhesives and fusible bonding yarns for technical and textile applications, powder coating crosslinkers and reactive diluents.

The EMS-PATVAG Business Unit produces ignitors for airbag gas generators.

With its production mainly in Switzerland, the secondary business area Specialty Chemicals was also affected by negative currency effects and closed with net sales of CHF 251 million (269). The growth offensive launched at the beginning of the year resulted in an intensive strengthening of market positions and realisation of additional business in all sectors.

Key Figures 2011–2015

EMS-Group
Annual Report 2015/2016

CHF millions	2015	2014	2013	2012	2011
Net sales revenue	1 905.4	1 971.9	1 885.2	1 755.4	1 657.7
Change in % against previous year	-3.4 %	+4.6 %	+7.4 %	+5.9 %	+3.9 %
Change in local currencies	+3.7 %	+7.8 %	+8.7 %	+4.9 %	+15.5 %
Of which in Switzerland	3.4 %	3.9 %	3.9 %	4.5 %	5.3 %
Net operating income (EBIT)	468.6	423.2	368.9	319.7	294.0
Change in % against previous year	+10.7 %	+14.7 %	+15.4 %	+8.7 %	+4.4 %
In % of net sales revenue	24.6 %	21.5 %	19.6 %	18.2 %	17.7 %
Net financial income	-9.5	-8.5	16.2	2.6	0.9
Income taxes	76.4	65.3	61.3	48.6	52.7
Net income	382.7	349.4	323.8	273.7	242.1
Change in % against previous year	+9.5 %	+7.9 %	+18.3 %	+13.0 %	+4.3 %
In % of net sales revenue	20.1 %	17.7 %	17.2 %	15.6 %	14.6 %
Cash flow ¹⁾	439.0	404.5	378.9	328.0	295.5
Change in % against previous year	+8.5 %	+6.7 %	+15.5 %	+11.0 %	+1.6 %
In % of net sales revenue	23.0 %	20.5 %	20.1 %	18.7 %	17.8 %
Investments	54.8	52.3	57.4	44.2	75.9
In % of cash flow	12.5 %	12.9 %	15.2 %	13.5 %	25.7 %
Balance sheet total	1 891.0	1 845.6	1 737.9	1 661.0	1 634.3
Assets					
Current assets	1 257.8	1 194.2	1 096.1	1 093.4	1 042.3
Non-current assets	633.2	651.4	641.8	567.5	592.0
Equity and liabilities					
Current liabilities	373.7	388.2	415.3	304.2	363.0
Non-current liabilities	205.5	189.2	123.3	218.6	214.8
Equity ²⁾	1 290.3	1 250.2	1 184.9	1 123.4	1 041.4
Balance sheet equity ratio	68.2 %	67.7 %	68.2 %	67.6 %	63.7 %
Return on equity	29.2 %	27.4 %	26.8 %	23.8 %	22.8 %
Number of employees on December 31 ³⁾	2 855	2 865	2 670	2 371	2 242

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 (2015: 141; 2014: 139; 2013: 132; 2012: 132; 2011: 134).

Corporate Governance

EMS-CHEMIE HOLDING AG, a holding company by Swiss law, is committed to responsible corporate governance and oversight. The structure and content of this report comply with the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (DCG). Detailed principles and rules are also laid down in the company's Articles of Association at www.ems-group.com/articlesofassociation and in the Organisational Rules of the EMS Group. All data refer to the situation as at December 31, 2015, except where stated otherwise.

The companies of the EMS Group are grouped together in the EMS-CHEMIE HOLDING AG, which has its registered office in Domat/Ems, Switzerland. EMS-CHEMIE HOLDING AG is the only listed company within the scope of consolidation. EMS registered shares (EMSN, ISIN: CH0016440353) are listed on the SIX Swiss Exchange. As at December 31, 2015, the market capitalization of EMS amounted to CHF 10 314.6 million.

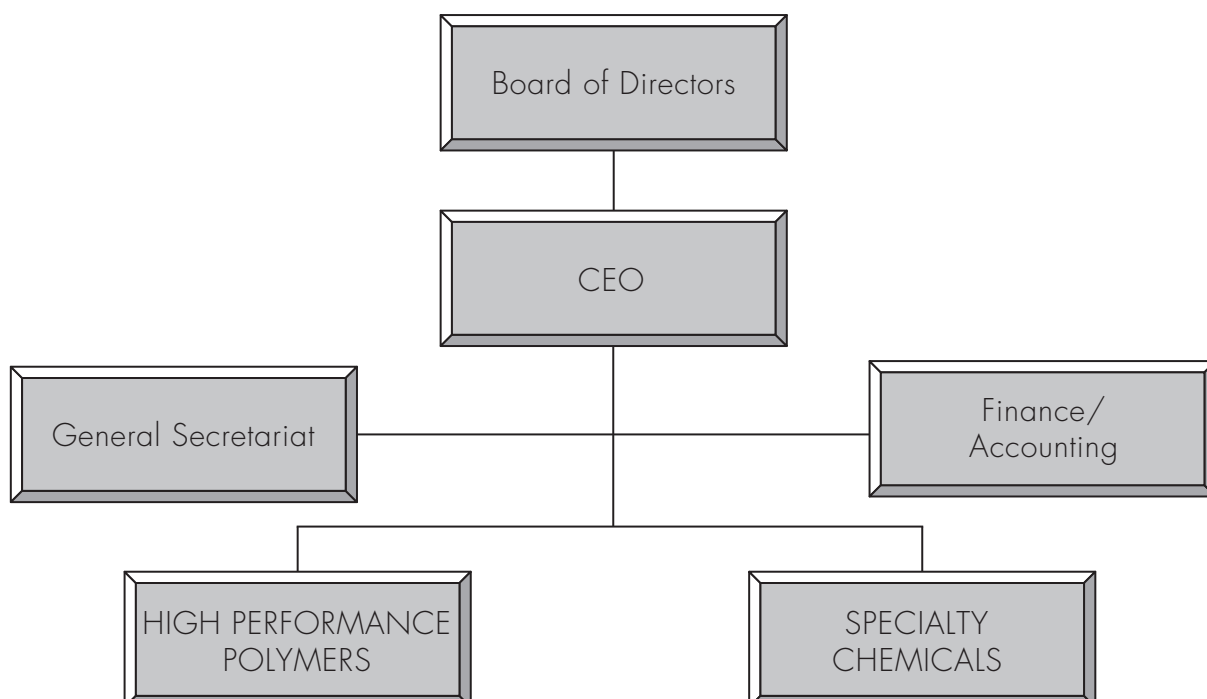
An overview of the unlisted subsidiaries belonging to the consolidated EMS Group can be found in note 32 in the financial section.

Segment reporting by business area and geographical region can be found on page 32.

1. Group structure and shareholders

1.1 Group structure

The EMS Group is active worldwide in the two business areas High Performance Polymers and Specialty Chemicals. The organisational breakdown is based on product types. The Group's operating structure is as follows:



1.2 Significant shareholders

In the 2015 calendar year, two shareholders held more than 3% of the equity of EMS-CHEMIE HOLDING AG:

EMESTA HOLDING AG holds 60.82% of the share capital of EMS-CHEMIE HOLDING AG and Miriam Baumann-Blocher 8.89%.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2. Capital structure

2.1 Capital /

2.2 Authorised and conditional capital in particular

The ordinary share capital of EMS-CHEMIE HOLDING AG amounts to CHF 233 890.28. No authorized or conditional capital exists.

2.3 Changes in capital

Information on capital changes can be found on page 4 (Share Performance), in the financial section on page 21 (Consolidated Statement of Changes in Equity) and in note 16 (Share capital).

2.4 Shares and participation certificates/

2.5 Profit sharing certificates

The fully paid share capital is divided into 23 389 028 registered shares with a par value of CHF 0.01 each. All registered shares are entitled to dividends. Each registered share entitles the holder to one vote at the Annual General Meeting. No participation certificates or profit sharing certificates exist.

2.6 Limitations on transferability and nominee registrations

On request, purchasers of shares of EMS-CHEMIE HOLDING AG are entered in the share register as voting shareholders without restrictions, provided they expressly declare that the registered shares were acquired in their own name and on their own account.

The Board of Directors may decide to register or reject people whose request for registration does not include an express declaration that they hold the shares on their own account ("Nominees"), and with whom the company has entered into an agreement to this effect, in the register of shareholders with voting rights up to a maximum of 2% of the share capital entered in the commercial register.

The Articles of Association do not provide for any privileges or restrictions on transferability.

2.7 Convertible bonds and warrants/options

There are no convertible bonds or warrants/options issued.

3. Board of Directors

3.1 Members of the Board of Directors/

3.2 Other activities and vested interests

Board of Directors

Name	Nationality	Status	Year of birth	First elected in	Term of office expires
Dr Ulf Berg	Swiss	Non-executive	1950	August 2007	2016
Magdalena Martullo	Swiss	Executive	1969	August 2001	2016
Dr Joachim Streu	German	Non-executive	1956	August 2013	2016
Bernhard Merki	Swiss	Non-executive	1962	August 2014	2016

On December 31, 2015, the Board of Directors of EMS-CHEMIE HOLDING AG consisted of the following four members:

Dr Ulf Berg (1950, Swiss citizen, M.Sc. and PhD in mechanical engineering) has been non-executive Chairman of the Board of Directors since August 2007. He worked for ABB (formerly BBC) in various managerial positions in Switzerland and abroad for more than 20 years until 1998. From 1999 to 2001, Dr Ulf Berg was COO/CEO of Carlo Gavazzi Holding AG. From 2003 to 2004, he was CEO of SIG Beverages Int. AG before moving to Sulzer AG as CEO in 2004. From 2007 to 2009, he was non-executive Chairman of the Board of Directors of Sulzer AG Switzerland. Dr Ulf Berg was a member of the Management Board Committee of Swissmem from 2004 to 2015 and since 2006 he was a member of the Board of Directors of Bobst SA Switzerland. Since 2012, Dr Ulf Berg is member of the Board of Greater Zurich Area AG, Switzerland, of Synagro Ltd., Baltimore, USA, and Am-Tec AG, Zurich. Dr Ulf Berg was elected Chairman of the Board of Directors of Kuoni Reisen Holding AG, Zurich, in 2016. He is partner of BLR Partners Ltd. in Thalwil, Zurich and member of the Board of Directors of various BLR-portfolio-firms.

Magdalena Martullo (born in 1969, Swiss citizen, Master of Business Administration) is major shareholder, Executive Vice-Chairman of the Board of Directors and Chief Executive Officer of the EMS Group. She joined EMS in 2001 and took command of the Group in 2004 when her father was elected to the Bundesrat (federal council) of

the Swiss Government and sold his shares to his four children. Due to her shareholding in the ERESTA HOLDING AG, she is today majority shareholder in the EMS-CHEMIE HOLDING AG together with her sister Rahel Blocher. Magdalena Martullo graduated at the Hochschule St. Gallen (HSG) in Business Administration. Before joining the EMS Group she held different positions with Rivella AG and Johnson & Johnson AG as well as various other positions in Switzerland and abroad. She also leads the Board Committee on Economic Policy for scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she has been a member of the Executive Board since 2004. Since 2015 she has been member of the National Council of Swiss Parliament as representative of the Swiss People's Party of Grisons.

Dr Joachim Streu (1956, German citizen, Diploma and Ph.D. in organic chemistry) has been non-executive member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2013. He worked for BASF from 1984 to 2011 where he held many international responsibilities. From 1987 to 1995 he was active in different positions for the BASF subsidiary Elastogran GmbH (thermoplastic polyurethanes and polyurethane systems). From 1995 until 2001 Dr Joachim Streu was Director of BASF Polyurethanes in Brussels. From 1995 until 1998 he was Head of Marketing for the business of polyurethane chemicals worldwide, from 1998 to 2001 Vice President of the Global Business Unit Polyurethane Specialties. From 2001 to 2004 he was Group Vice President of the Global Business Unit Styrene. From 2004 to 2008 he

was Head of BASF Management Consulting and from 2008 to 2010 President of the BASF Division Styrenics. Since 2012 Dr Joachim Streu has worked as an independent corporate consultant.

Bernhard Merki (1962, Swiss citizen, Dipl. Masch. Ing. HTL) has been non-executive member of the Board of Directors of EMS-CHEMIE HOLDING AG since August 2014. From 1988 to 2013 he held different management positions within the Netstal Group, Näfels, Switzerland; the last ten years as CEO. From 2003 to 2012, Bernhard Merki served as member of the Executive Committee of the Krauss Maffei AG, Germany, and from 2006 until 2012 as Vice President of the Board of Directors of Netstal-Maschinen AG. From 2005 to 2012 he was President of EUROMAP, the European association for plastics and rubber machinery manufacturers. Since 2010, Bernhard Merki is a member of the Board of Directors of

RONDO Burgdorf AG and of the Seewer Holding AG, Switzerland, and since 2013 a member of the Board of Directors of Hermann Bühler AG, Switzerland. Since 2008, Bernhard Merki is also a member of the Board of Governors of the University of Applied Sciences and Technology in Rapperswil, Switzerland. He is CEO of the 4B Fenster AG in Hochdorf, Switzerland, since 2014.

None of the non-executive members of the Board of Directors have ever been a member of any Executive Management within the EMS Group, nor do any of them currently have a direct or indirect business relationship with companies in the EMS Group.

3.3 Number of permitted activities outside the EMS Group

As per Article 19 of the Articles of Association, members of the Board of Directors must not hold more than 15 additional mandates.

Attendance at meetings of the Board of Directors and committees 2015

Name	Function	Attendance at meetings		
		Board of Directors	Audit Committee	Remuneration Committee
Dr Ulf Berg	Chairman	8 ¹⁾	8	4
Magdalena Martullo	Vice-Chairman and CEO	8		
Dr Joachim Streu	Member	8	8 ¹⁾	4
Bernhard Merki	Member	8		4 ¹⁾
Total meetings		8	8	4
Total duration (hours)		1–5	1–3	1–2

¹⁾ Chairman

3.4 Elections and terms of office

The President and the members of the Board of Directors as well as the members of the Remuneration Committee are elected individually by the Annual General Meeting for a term of office lasting until the next ordinary Annual General Meeting; re-election is possible.

3.5 Internal organisational structure

Duties of the Board of Directors

The Board of Directors is the highest executive body of the EMS Group. It is responsible for super-

vising and monitoring the company's management and that of its affiliated companies which together form the EMS Group. With the exception of the President and the Members of the Remuneration Committee, who are elected by the Annual General Meeting, the Board of Directors constitutes itself. The Board of Directors has delegated most of the operational management of the EMS Group to the CEO. Special tasks can be delegated to individual members of the Board of Directors or to separate special committees.

Board committees: Members, tasks, areas of responsibility

There are two committees: the Audit Committee and the Remuneration Committee. Their tasks and responsibilities are set out in guidelines. Both committees have assessment, advisory and monitoring functions but no decision-making powers.

As of December 31, 2015, the Audit Committee consisted of two non-executive, independent members of the Board of Directors (Dr Joachim Streu, Chairman, Dr Ulf Berg, member). It assesses the effectiveness of external reporting, internal finance and accounting, internal control systems and compliance with accounting principles. The Audit Committee makes recommendations to the entire Board of Directors regarding presentation of individual and consolidated financial statements to the Annual General Meeting. It also assesses the performance and remuneration of the external auditors.

As per December 31, 2015, the Remuneration Committee consisted of three non-executive members of the Board of Directors (Bernhard Merki, Chairman, Dr Joachim Streu, member, Dr Ulf Berg, member). The Remuneration Committee is concerned with the remuneration policy of the EMS Group (Board of Directors, Executive Management, senior executives). It supports the Board of Directors, in particular in the writing of the Remuneration Report.

Working methods of the Board of Directors and its committees

The Board of Directors and its committees meet as frequently as business demands. The Board of Directors held eight meetings in 2015, each lasting between one and five hours. The Audit Committee held eight meetings, each lasting between one and three hours, while the Remuneration Committee held four meetings, each lasting between one and two hours.

The Head of Finance (CFO) also attends the meetings of the Board of Directors and the Audit Committee. Other members of Executive Management and Heads of Business Units are invited to attend meetings of the Board of Directors when it discusses matters relevant to their areas of responsibility. To constitute a quorum, a majority of the members of the Board of Directors must be present. The

Board of Directors makes decisions and carries out elections with a majority of the members present at the meeting. The Chairman does not have a casting vote. Resolutions can also be passed by telephone, electronic media or circular, provided that no member requests discussion in person. Individual members are obliged to abstain from voting on personal matters or on matters involving persons with whom they are closely associated.

Members of Executive Management are invited to attend committee meetings where matters relevant to their areas of responsibility are to be discussed. The provisions relating to meetings and resolutions of the Board of Directors and to the requirement for its members to abstain, also apply to the committees. At the next plenary meeting of the Board of Directors after their committees have met, the committee Chairman reports on the proceedings and submits proposals to the Board for its decision.

3.6 Definition of areas of responsibility

The Board of Directors makes decisions regarding all matters not reserved for the Annual General Meeting or another body by law, the Articles of Association or the Organisational Rules. Subject to article 716a of the Swiss Code of Obligations (non-transferable and inalienable duties of the Board of Directors), the Board of Directors has delegated most of the operational management of the EMS Group to Executive Management. These duties and responsibilities particularly include proposing the strategy for the EMS Group to the Board of Directors, achieving the operative and financial results of the EMS Group, reviewing the budgets and medium-term plans of Business Units, deciding on scheduled capital investments up to CHF 5 million and on unscheduled capital investments up to CHF 0.5 million, reaching decisions on the procurement of external capital (e.g. bonds, bank loans) up to CHF 30 million, issuing guarantees in accordance with the guarantee concept proposed to the Board of Directors, receiving periodic reports on business performance and all other significant events, deciding on the initiation and conduct of legal proceedings and submitting proposals to the Board of Directors for legal proceedings of fundamental significance, approving the organization up to the level of employees directly subordinate to Heads of Business Units, submitting proposals to the Board of Directors on the acquisition and disposal of equity holdings, assigning powers to the members of the board of

trustees who protect the interests of the employer in EMS Group pension schemes, proposing authorised signatories to the Board of Directors, permitting heads of Business Units and their direct subordinates to accept seats on Boards of Directors, political offices or honorary offices, enacting the rules of the EMS Group and maintaining personal contact with executive managers of other companies and with important customers.

3.7 Information and control instruments vis-à-vis the Executive Management

The Board of Directors receives consolidated quarterly financial statements prepared in accordance with IFRS. Along with the income statement, these mainly provide information on the balance sheet, the cash flow account and changes in equity. Additionally, at the end of each month, the Board of Directors receives a written report from the CEO regarding business performance during that month and the expected monthly result. On the 4th working day of the following month, it receives the monthly income statement with the most important key figures, which are compared with the budgeted figures and those of the previous year. It is also provided, in the same detail, with monthly updated forecast calculations for the end of the year. This serves to monitor the achievability of the budget. Furthermore, at each meeting of the Board of Directors, the CEO and CFO report on the course of business and on all matters relevant to the Group, while the two committee Chairmen report on the matters they have dealt with, detailing their significant findings and assessment and submitting proposals accordingly. Every year, the Board of Directors discusses and approves the budget for the following year, as well as rolling medium-term planning for the next three years. The CEO informs the members of the Board of Directors of any extraordinary events without delay by circular or other appropriate means. At Board meetings, any member of the Board may request information from other members or from Executive Management on any of the company's affairs. Between meetings of the Board of Directors, any member may request information from the CEO on the course of business, and – with the approval of the Chairman – on specific business events, and/or may inspect business documents. At their own discretion, members of the Board of Directors visit Group companies and participate in the two-monthly Management Meetings held by Executive Management with the Heads of the Business Units in order to

form an independent view of the Group's operating activities and the implementation of its strategy. During the year under review, ten audits were conducted by Group Financial Controlling at Group companies as part of an overall audit plan approved by the Board of Directors and commissioned by Group Financial Controlling. These focused mainly on bookkeeping and compliance. Group Financial Controlling discusses all audit findings in detail with the companies and Business Units concerned, and the most important measures are agreed on. In the event of disagreement between the auditors and the company audited, the different positions are stated transparently. An audit report is prepared containing the overall audit findings. Members of the Audit Committee, the CEO and the CFO each receive a copy of every audit report. Following each audit report, the CEO and CFO present the Audit Committee with the measures to be implemented by Group management. All significant measures are continuously monitored by the Audit Committee. In the event of discrepancies, the CEO and CFO must comment on them and present proposals for corrective measures. Although Group Financial Controlling is subordinate to the CFO, it reports directly to the Chairman of the Audit Committee with regard to these activities. Group Financial Controlling also regularly keeps the Audit Committee informed of such changes in the field of accounting. The legal service of the EMS Group reports regularly to the Board of Directors on any legal changes important to EMS. Twice a year, the Audit Committee is notified of all litigation cases that are underway or impending. Besides the status of the individual cases, the report focuses on risks and opportunities they represent, costs and other possible effects.

Risk management constitutes an integral component of planning and reporting activities at EMS. At Executive 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.

4. Executive Management

4.1 Members of Executive Management/

4.2 Other activities and vested interests

The Executive Management of EMS-CHEMIE HOLDING AG is consisted of the following four persons:

Magdalena Martullo (born in 1969, Swiss citizen, Master of Business Administration) is major shareholder, Executive Vice-Chairman of the Board of Directors and Chief Executive Officer of the EMS Group. She joined EMS in 2001 and took command of the Group in 2004 when her father was elected to the Bundesrat (federal council) of the Swiss Government and sold his shares to his four children. Due to her shareholding in the ERESTA HOLDING AG, she is today majority shareholder in the EMS-CHEMIE HOLDING AG together with her sister Rahel Blocher. Magdalena Martullo graduated at the Hochschule St. Gallen (HSG) in Business Administration. Before joining the EMS Group she held different positions with Rivella AG and Johnson & Johnson AG as well as various other positions in Switzerland and abroad. She also leads the Board Committee on Economic Policy for scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she has been a member of the Executive Board since 2004. Since 2015 she has been member of the National Council of Swiss Parliament as representative of the Swiss People's Party of Grisons.

Peter Germann (born in 1959, Swiss citizen, Master of Business Administration) has been the EMS Group's Head of Finance (CFO) since 1994 – interrupted by one year as Head of Finance with the Ascom Group – and a member of Executive Management since January 2004. Peter Germann previously held a variety of management positions, his last position being Head of Finance with the Arbonia-Forster Group.

Dr Rolf Holderegger (born in 1952, Swiss citizen, Dr sc. techn., Dipl. Chem. ETH) has been a member of Executive Management since October 2009. He joined the EMS Group in 1987 as Manager of Development & Technical Service. Since then he has held various senior positions, his last position being General Manager of the Profit Center "Polyurethanes and Reactive Systems" as well as Site Manager in Romanshorn, Switzerland, within the Business Unit EMS-EFTEC. Before 1987,

Dr Holderegger held various leading positions with the Dow Chemical Company.

Markus Kremmel (1960, Qualified financial expert) has been active for the EMS Group since 1984. From 1991 to 2001 he was responsible for the financial and accounting department as well as mergers and acquisitions for the business unit EMS-EFTEC. In 2002 he became global Head of Business Development for EMS-EFTEC. In October 2015 he was appointed Member of Executive Management of the EMS Group as per January 1, 2016. Before joining EMS he worked for seven years in his parents' company.

Members of Executive Management are nominated by the CEO and appointed by the Board of Directors. They are subordinate to the CEO, whom they assist in the task of managing and supervising the EMS Group. Executive Management usually meets every two weeks. In addition, the Secretary General attends these meetings in an advisory function. The duties and responsibilities of Executive Management are listed in section 3.6 (Definition of areas of responsibility).

4.3 Number of permitted activities outside the EMS Group

As per Article 19 of the Articles of Association, members of Executive Management must not hold more than 15 additional mandates.

4.4 Management contracts

No management contracts with third parties exist.

5. Remuneration, shareholdings and loans

Details about remuneration, participation and loans are given in the Remuneration Report on page 17 and 18, resp. in the appendix to the annual financial statement of the EMS-CHEMIE HOLDING AG in note 3.2.

6. Shareholders' participation

Shareholders' participation rights are laid down in the Articles of Association of EMS-CHEMIE HOLDING AG (www.ems-group.com/articlesof-association).

6.1 Voting-rights and representation restrictions

Voting-right restrictions apply solely to nominees. No rules exist governing the granting of exceptions.

A registered shareholder may only be represented at the Annual General Meeting by his/her legal representative, by another shareholder who has voting rights or by the Independent Proxy. Shareholders may also issue powers of attorney or directives to the Independent Proxy electronically. The Independent Proxy is elected by the Annual General Meeting for a term of office lasting until the next ordinary Annual General Meeting; re-election is permissible. Shares held by the company do not confer voting rights at the Annual General Meeting and do not bear a dividend.

6.2 Statutory quorums

Unless not otherwise provided by law, the General Meeting of Shareholders shall pass resolutions and hold elections on the basis of an absolute majority of the votes casted.

6.3 Convocation of the General Meeting of Shareholders

The Ordinary Annual General Meeting of Shareholders is convened in accordance with legal requirements and the company's Articles of Association. It is convened by publication of a single notice in the Swiss Official Gazette of Commerce (SHAB) and selected Swiss newspapers, and by written invitations sent to the addresses of the shareholders and beneficiaries entered in the share register. The period of notice is 20 days. Extraordinary General Meetings of Shareholders are held in the cases prescribed by law and as required.

6.4 Agenda

One or more shareholders representing together 10% or more of the company's shares may request that a particular item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 40 days in advance of the Annual General Meeting, specifying the subject to be discussed and containing the proposed motions.

6.5 Inscriptions into the share register

The cut-off date for entering registered shareholders in the share register with regard to participation at the General Meeting of Shareholders is around 10 calendar days before the General Meeting. The cut-off date will in each case be determined by the Board of Directors and is stated in the invitation. Registered shares sold between the cut-off date and the General Meeting of Shareholders do not carry any voting rights. There are no rules governing the granting of exceptions.

7. Changes in control and defence measures

7.1 Duty to make an offer

According to Article 3 paragraph 2 of the Articles of Association, a party acquiring shares above the legal threshold potentially triggering a public offer in EMS-CHEMIE HOLDING AG is not obliged to submit a public purchase offer (opting-out clause).

7.2 Clauses on changes of control

There are no clauses relating to changes in control.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

KPMG AG, Badenerstrasse 172, 8026 Zurich, Switzerland, has acted as the statutory auditor of EMS-CHEMIE HOLDING AG since 2004. The statutory auditor is appointed by the Annual General Meeting for a one-year term of office. François Rouiller has been the lead auditor since 2011. The person, leading the revision, is allowed to execute the mandate for seven years at the longest (art. 730a par. 2 CO).

8.2 Audit fees

The EMS Group paid KPMG a global total of approximately CHF 373 912 for services relating to the audit of the Group's annual financial statements. The net sales revenue audited by KPMG accounts for approximately 44% of the EMS Group's total net sales.

8.3 Additional fees

KPMG charged a global total of approximately CHF 203 776, comprising CHF 196 614 for tax consultancy services, CHF 7 162 for legal advices and CHF 0 for transaction-related advice (including due diligence).

8.4 Information tools pertaining to the external audit

The Audit Committee monitors the independence and performance of the independent statutory auditor on behalf of the Board of Directors and verifies the financial reporting of EMS (regarding the meetings held see section 3.5, page 11). The independent statutory auditor was invited to attend one meeting of the Audit Committee. Executive Management is responsible for financial accounting and continuous financial reporting, including the internal control system. The independent statutory auditor, KPMG AG, is responsible for giving an opinion on whether the accounting records and the annual financial statements comply with Swiss law and the company's Articles of Association. KPMG AG is responsible for providing an assessment of the consolidated financial statements (income statement, statement of comprehensive income, balance sheet, changes in equity, statement of cash flows and notes), in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and with Swiss law. The Audit Committee is also responsible for monitoring the relevant activities of Executive Management and the independent statutory auditor.

9. Information policy

EMS publishes quarterly net sales figures, together with a commentary on the course of business and outlook for the future. The half-year and annual financial statements are prepared in accordance with IFRS. EMS also issues ad-hoc reports on important events as and when they occur.

Calendar of events of the EMS Group

July 15, 2016:

Half-year report 2016 (Media conference)

August 13, 2016:

Annual General Meeting 2016
of EMS-CHEMIE HOLDING AG

End of August 2016:

Definitive Half-year report 2016

October 2016:

Third-quarter report 2016

February 2017:

Annual results 2016 (Media conference)

April 2017:

First-quarter report 2017

Further details regarding dates can be found at www.ems-group.com/calendar.

Subscription to ad-hoc reports received by e-mail can be made at www.ems-group.com/newsletter.

Further information is available on the company website: www.ems-group.com.

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Remuneration system, competence and method of determining

The remuneration system for members of the Board of Directors and Executive Management consists, as per the Articles of Association, of a fixed remuneration and a possible variable remuneration component, which are paid out in cash only. EMS has no participation plan. The fixed and any possible variable remuneration component are independent of each other. The variable remuneration component may form a central part of the overall remuneration package. The principle criteria for the variable remuneration component are the achievement of earnings targets and

project objectives. The Board of Directors determines the variable remuneration component at its discretion taking target achievement into account.

The remuneration sum is defined by the Board of Directors at the proposal of the Remuneration Committee and after consultation with the CEO. Variable remuneration components are paid in May of the following year. According to the current contracts, members of the Board of Directors only receive a fixed remuneration. In the reporting year, the variable remuneration component of members of Executive Management amounts on average to 53% of the total remuneration sum (2014/2015: 69%).

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

The following remuneration was paid in the reporting year (1.5.2015–30.4.2016):

		2015/2016 (CHF '000)	2014/2015 (CHF '000)
Board of Directors	Function	Remuneration	
Dr U. Berg	Chairman	243	244
M. Martullo	Vice-Chairman and CEO	230	232
Dr J. Streu	Member	130	130
B. Merki	Member (since 9.8.2014)	137	38
Total Board of Directors		740	644
Executive Management			
Total remuneration paid to the Executive Management was Of this, KCHF 1 390 (2014/2015: KCHF 1 825) was variable remuneration components. The highest remuneration for a member of Executive Management in the reporting year was KCHF 1 052 (2014/2015: KCHF 1 073) and of this, KCHF 522 (2014/2015: KCHF 836) as variable remuneration component, paid to M. Martullo, independent of her remuneration as Member of the Board of Directors.		2 610	2 662
Total remuneration paid to the Board of Directors and Executive Management was The remuneration is paid exclusively in cash. EMS has no stock option program.		3 350	3 306
Advisory board	There is no advisory board.		
No remuneration was paid to former members of the Board of Directors or Executive Management. Furthermore, all remuneration for current or former members of the Board of Directors, Executive Management and related parties was paid based on standard market terms. The current as well as former members of the Board of Directors, Executive Management and related parties did not receive any loans or credits.			

Voting of the Annual General Meeting on remuneration

According to Article 23 of the Articles of Association, the Board of Directors annually requests the Annual General Meeting for approval, for the Board of Directors and Executive Management separately, of the remuneration for the previous business year. Any remuneration already paid is subject to subsequent approval by the Annual General Meeting.

Credit Facilities

As per Article 20 of the Articles of Association, members of the Board of Directors and Executive Management may be granted loans and credit facilities. Such loans and credit facilities must not

in aggregate exceed the amount of 50 MCHF, may only be granted on standard market terms and in compliance with the applicable withdrawal rules.

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

Proposals to the Annual General Meeting 2016: Approval of the remuneration 2015/2016

Total sum of remuneration to the Board of Directors to be approved: KCHF 740.

Total sum of remuneration to Executive Management to be approved: KCHF 2610.

Report of the Statutory Auditor on the Remuneration Report



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 13, 2016 of EMS-CHEMIE HOLDING AG for the year ended April 30, 2016. 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 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, 2016 of EMS-CHEMIE HOLDING AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, June 13, 2016
KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

Consolidated Income Statement

EMS Group
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	Notes	2015 (CHF '000)	2014 (CHF '000)
Net sales revenue from goods and services		1 905 430	1 971 887
Inventory changes, semi-finished and finished goods		7 617	(12 299)
Capitalized costs and other operating income	1	26 471	30 664
Material expenses		1 078 147	1 141 292
Personnel expenses	2	222 478	246 286
Other operating expenses	3	113 981	124 392
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)		524 912	478 282
Depreciation and amortization	9, 23	56 321	55 046
NET OPERATING INCOME (EBIT)		468 591	423 236
Income from associated companies	4	0	34
Financial income	6	1 862	610
Financial expenses	7	11 382	9 136
NET FINANCIAL INCOME		(9 520)	(8 492)
NET INCOME BEFORE TAXES		459 071	414 744
Income taxes	8	76 356	65 324
NET INCOME		382 715	349 420
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		376 248	342 871
Non-controlling interests	17	6 467	6 549
Earnings per share in CHF:			
Basic	26	16.09	14.66
Diluted	26	16.09	14.66

Consolidated Statement of Comprehensive Income

Net income recognized in income statement		382 715	349 420
Remeasurements of defined benefit liability/(asset), after taxes		2 024	(39 521)
Total items that will never be reclassified to profit or loss		2 024	(39 521)
Net changes from cash flow hedges, after taxes	14	(15 097)	(2 431)
Currency translation differences		(44 802)	12 732
Total items that are or may be reclassified to profit or loss		(59 899)	10 301
Other comprehensive income, after taxes		(57 875)	(29 220)
TOTAL COMPREHENSIVE INCOME		324 840	320 200
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		319 153	312 710
Non-controlling interests	17	5 687	7 490

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

	Notes	31.12.2015 (CHF '000)	31.12.2014 (CHF '000)
NON-CURRENT ASSETS		633 203	651 412
Intangible assets	9	84 984	95 675
Property, plant and equipment	9	514 158	522 347
Investments	9	183	183
Other non-current assets	10	6 638	7 557
Derivative financial instruments	14	1 255	0
Deferred income tax assets	8	25 985	25 650
CURRENT ASSETS		1 257 770	1 194 214
Inventories	11	305 921	295 998
Trade receivables	12	250 370	263 420
Income tax assets		14 537	11 976
Other receivables	13	251 343	149 532
Derivative financial instruments	14	2 114	0
Cash and cash equivalents	15	433 485	473 288
TOTAL ASSETS		1 890 973	1 845 626
EQUITY		1 311 806	1 268 211
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 290 286	1 250 153
Share capital	16	234	234
Retained earnings and reserves		913 804	907 048
Net income		376 248	342 871
Equity, attributable to non-controlling interests	17	21 520	18 058
LIABILITIES		579 167	577 415
Non-current liabilities		205 510	189 225
Derivative financial instruments	14	8 491	3 809
Bank loans	18	2 504	41
Other non-current liabilities		71	17
Deferred income tax liabilities	8	98 141	96 600
Pension liabilities	19	66 359	58 665
Provisions	20	29 944	30 093
Current liabilities		373 657	388 190
Derivative financial instruments	14	12 727	11 768
Bank loans	18	1 642	11 597
Trade payables		107 348	118 626
Income tax liabilities		88 418	83 737
Provisions	20	2 671	4 256
Other current liabilities	21	160 851	158 206
TOTAL EQUITY AND LIABILITIES		1 890 973	1 845 626

Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

EMS Group
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(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 31.12.2013	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
Net changes from cash flow hedges, after taxes					(15 097)		(15 097)		(15 097)
Remeasurements of defined benefit liability/(asset), after taxes				2 024			2 024		2 024
Currency translation differences						(44 022)	(44 022)	(780)	(44 802)
Other comprehensive income, after taxes				2 024	(15 097)	(44 022)	(57 095)	(780)	(57 875)
Net income recognized in income statement				376 248			376 248	6 467	382 715
Total comprehensive income	0	0	0	387 272	(15 097)	(44 022)	319 153	5 687	324 840
Transactions with treasury shares		1 648					1 648		1 648
Dividends paid				(280 668)			(280 668)	(2 225)	(282 893)
At 31.12.2015	234	24 279	0	1 389 016	(15 097)	(108 146)	1 290 286	2 1520	1 311 806
								2015	2014
Balance sheet equity ratio								69.4 %	68.7 %

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2014: KCHF 47) not eligible for distribution. The change in other comprehensive income and income taxes recognized directly in equity amounts to KCHF +1 283 (2014: KCHF +206) on hedge accounting, KCHF -435 (2014: +7 395) on remeasurements of defined benefit liability/(asset) and KCHF -141 (2014: KCHF -80) on transactions with treasury shares. The translation differences contains KCHF -43 252 (2014: KCHF -3 460) from IAS 21 "Net investment in a foreign operation".

On February 5, 2016, the company announced that the Board of Directors will propose a dividend payment of CHF 13.50 per each share to the ordinary annual shareholder meeting on August 13, 2016 (CHF 11.00 ordinary dividend, CHF 2.50 extraordinary dividend).

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

Consolidated Statement of Cash Flows

	Notes	2015 (CHF '000)	2014 (CHF '000)
Net income		382 715	349 420
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	9, 23	56 321	55 046
(Profit)/loss from disposal of property, plant and equipment, net	3	505	642
Increase/(decrease) of provisions	20	(72)	26 467
Increase/(decrease) of other non-current liabilities		56	(226)
(Income)/expenses from the equity-valuation of associated companies	4	0	(34)
Unrealized currency translation (gains)/losses on foreign exchange positions		(2 638)	3 727
Change assets and liabilities of post-employment benefits, net	19	10 448	4 399
Net interest expense	6, 7	(287)	376
Dividends on available-for-sale securities	6	(1 085)	(22)
Expenses for income taxes	8	76 356	65 324
Changes in net working capital		(42 771)	60 400
Taxes paid		(69 230)	(74 144)
Interest paid		(494)	(978)
Provisions used	20	(183)	(896)
CASH FLOW FROM OPERATING ACTIVITIES A		409 641	489 501
(Purchase) of intangible assets and property, plant and equipment	9	(54 795)	(52 313)
Disposal of intangible assets and property, plant and equipment	3, 9	792	688
(Increase) in other non-current assets	10	0	(91)
Decrease in other non-current assets	10	205	0
Interest received		777	586
Dividends received		1 085	42
Withholding tax credits	13	(127 440)	0
Cash inflow from sale of fully consolidated companies	24	0	(6 732)
(Increase)/decrease of interest-bearing assets	13	26 154	(61 871)
CASH FLOW FROM INVESTING ACTIVITIES B		(153 222)	(119 691)
Dividends paid to shareholders of EMS-CHEMIE HOLDING AG		(280 668)	(257 279)
Dividends paid to non-controlling interests	17	(2 225)	(5 122)
Cash outflow from purchase of minority shares		0	(731)
(Purchase) of treasury shares	16	(10 639)	(2 033)
Sale of treasury shares	16	12 287	14 353
Increase in interest-bearing liabilities	18	2 463	11 596
(Decrease) in interest-bearing liabilities	18	(9 955)	(100 000)
CASH FLOW FROM FINANCING ACTIVITIES C		(288 737)	(339 216)
Increase/(decrease) in cash and cash equivalents (A + B + C)		(32 318)	30 594
Cash and cash equivalents at 1.1.		473 288	440 019
Translation difference on cash and cash equivalents		(7 485)	2 675
Cash and cash equivalents at 31.12.	15	433 485	473 288

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 may 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, environmental risks and other provisions

In the course of their ordinary business operations, Group companies may be involved in legal proceedings. If considered necessary, provisions for litigation risks, environmental risks and other provisions are measured using available information on the basis of the realistically expected net cash outflow. 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 capitalized 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

In 2015, the EMS Group implemented various minor amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

Standards that have been approved but not yet applied

The EMS Group is currently assessing the potential impact of the various new and revised standards and interpretations that will be mandatory from January 1, 2016 which the Group has not yet applied. Based on the analysis to date, the Group does not anticipate that these will have a material impact on the Group's overall results and financial position. The Group is also assessing other new and revised standards which are not mandatory until after 2016, notably IFRS 9 "Financial Instruments", IFRS 15 "Revenues from Contracts with Customers" and IFRS 16 "Leases".

Consistency

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

Financial instruments

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

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 32 "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 capitalized 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. Amortization 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 amortized 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 there is 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:

	Unit	Average exchange rates		Year-end exchange rates		
		2015	2014	2015	2014	
Euro	EUR	1	1.068	1.215	1.082	1.203
US Dollar	USD	1	0.962	0.915	0.990	0.988
Japanese Yen	JPY	100	0.795	0.865	0.821	0.826
Chinese Renminbi	CNY	100	15.309	14.853	15.000	15.900
Taiwan Dollar	TWD	100	3.030	3.017	3.005	3.125

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 Executive 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 Executive Management or Head of Business Unit, monitors exposure and prepares the relevant reports, which are submitted monthly to Executive 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 balance sheet equity ratio is 69.4% as at December 31, 2015 (December 31, 2014: 68.7%). 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

(CHF '000)	High Performance Polymers		Specialty Chemicals		Elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Net sales revenue with third parties	1 654 878	1 702 913	250 552	268 974	0	0	1 905 430	1 971 887
Net sales revenue with other segments	0	0	0	0	0	0	0	0
Total net sales revenue	1 654 878	1 702 913	250 552	268 974	0	0	1 905 430	1 971 887
EBITDA	459 934	415 264	64 978	63 018	0	0	524 912	478 282
Depreciation, amortization and impairments ¹⁾	48 664	46 621	7 657	8 425	0	0	56 321	55 046
Net operating income (EBIT)	411 270	368 643	57 321	54 593	0	0	468 591	423 236
Net financial income							(9 520)	(8 492)
Net income before taxes							459 071	414 744
Income taxes							(76 356)	(65 324)
Net income							382 715	349 420

(CHF '000)	High Performance Polymers		Specialty Chemicals		Non-segment assets/liabilities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Segment assets ²⁾	1 277 473	1 229 320	143 609	143 018	469 891	473 288	1 890 973	1 845 626
Segment liabilities ³⁾	560 216	550 906	13 906	14 871	5 045	11 638	579 167	577 415
Investments	43 520	49 301	11 275	3 012			54 795	52 313
Income from equity-valuation of associated companies	0	34	0	0			0	34

Segment information by geographical region

(CHF '000)	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets ²⁾	
	2015	2014	2015	2014	2015	2014
Europe	995 832	1 087 616	1 339 151	1 410 594	1 081 285	988 701
<i>thereof Switzerland</i>	64 769	76 879	857 880	892 085	746 461	634 534
<i>thereof Germany</i>	414 586	452 195	217 403	236 230	92 002	107 323
Asia	525 740	531 444	307 755	320 957	229 477	264 475
<i>thereof China</i>	301 069	288 000	167 319	165 056	124 518	152 864
NAFTA	341 068	295 360	245 089	223 284	104 651	109 861
<i>thereof USA</i>	258 217	233 629	202 156	203 157	84 377	85 131
Others	42 790	57 467	13 435	17 052	5 669	9 301
Non-segment assets					469 891	473 288
Total	1 905 430	1 971 887	1 905 430	1 971 887	1 890 973	1 845 626

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

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Notes	2015 (CHF '000)	2014 (CHF '000)
1	Capitalized costs and other operating income	
	Capitalized costs	11 092
	Other operating income	15 379
	Total capitalized costs and other operating income	26 471
2	Personnel expenses	
	Wages and salaries	170 500
	Subcontractor salaries	9 957
	Expenses for defined benefit plans (see note 19)	11 444
	Legal/contractual social insurance	30 577
	Total personnel expenses	222 478
3	Other operating expenses	
	Rents	9 586
	Repairs and maintenance	23 014
	Insurance, duties, fees	7 262
	Energy	33 090
	Administration, promotion	22 146
	Losses on disposal of property, plant and equipment, net	505
	Supplies	6 349
	Other operating expenses	12 029
	Total other operating expenses	113 981
4	Income from associated companies	
	Revaluation existing investment to fair value (see note 24)	0
	Total income associated companies	0
5	Research and development	
	Expenditures for research and development amount to	42 871
	In percent of net sales revenue	2.2%

Notes	2015 (CHF '000)	2014 (CHF '000)
6	Financial income	
	771	549
	6	39
	777	588
	1 085	22
	1 862	610
7	Financial expenses	
	490	964
	8 962	6 456
	1 930	1 716
	11 382	9 136
8	Income taxes	
	73 900	74 935
	2 456	(9 611)
	76 356	65 324
	<p>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:</p>	
	Breakdown of the income tax expenses	
	459 071	414 744
	19.6%	20.5%
	89 885	84 834
	(573)	(1 630)
	1 119	365
	(7 981)	(13 776)
	2 515	390
	(8 491)	(2 777)
	(1 116)	(2 072)
	(2)	(10)
	76 356	65 324
	16.6%	15.8%

Notes	2015 (CHF '000)		2014 (CHF '000)	
	Deferred income tax assets	Deferred income tax liabilities	Deferred income tax assets	Deferred income tax liabilities
Deferred income taxes: Change in recognized assets/liabilities				
At 1. 1.	25 650	96 600	12 085	97 503
Change in scope of consolidation	0	0	0	2 604
Increase/Decrease via income statement	1 053	3 509	5 564	(4 047)
Increase/Decrease via other comprehensive income/Equity	(576)	(1 283)	7 395	302
Translation differences	(142)	(685)	606	238
At 31. 12.	25 985	98 141	25 650	96 600
Note to the deferred income tax				
Calculation according to the "balance sheet liability method":				
Deferred income taxes on non-current assets	0	80 943	0	83 626
Deferred income taxes on current assets	0	11 533	0	10 702
Deferred income taxes on liabilities	0	5 665	0	2 272
Deferred income taxes on pension liabilities	6 485	0	7 833	0
Deferred income taxes on provisions and accruals	19 500	0	17 817	0
Total deferred income tax liabilities	25 985	98 141	25 650	96 600
Deferred income taxes on non-current assets affect mainly property, plant and equipment, on current assets inventories.				
Tax loss carryforwards				
	Tax loss carryforwards	Tax effect	Tax loss carryforwards	Tax effect
Total tax loss carryforwards for which no deferred income taxes were recognized	17 553	3 727	12 711	2 608
Of which to be carried forward for up to:				
1 year	0	0	11	3
2 years	0	0	0	0
3 years	0	0	78	19
4 years	0	0	10	3
5 years	0	0	0	0
More than 5 years	17 553	3 727	12 612	2 583

Consolidated Balance Sheet as at December 31

Notes

9 Intangible assets, property, plant and equipment, investments

I. Intangible assets

(CHF '000)	Goodwill	Customer and supplier relationships	Others	Total
At 1.1.2014	49 742	40 188	2 656	92 586
Cost	49 742	48 961	22 191	120 894
Accumulated amortization 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)
Amortization	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 amortization and impairment	0	(6 080)	(30 143)	(36 223)
Net book value	50 621	41 667	3 387	95 675
2015				
At 1.1.	50 621	41 667	3 387	95 675
Additions	0	0	350	350
Disposals	0	0	0	0
Amortization	0	(6 924)	(882)	(7 806)
Reclassifications	0	17	644	661
Translation differences	18	(4 747)	833	(3 896)
At 31.12.	50 639	30 013	4 332	84 984
Cost	50 639	48 778	28 327	127 744
Accumulated amortization and impairment	0	(18 765)	(23 995)	(42 760)
Net book value	50 639	30 013	4 332	84 984

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

Impairment test for goodwill:

The cash generating unit for the impairment test of the total goodwill of KCHF 50 639 (2014: KCHF 50 621) 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% (2014: 1%).
- The discount rate before taxes is 11% (2014: 11%).

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 10 percentage points 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. 2014	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
2015						
At 1.1.	22 275	129 355	303 248	18 745	48 724	522 347
Additions	0	389	1 640	2 532	49 884	54 445
Disposals	(6)	(201)	(232)	(263)	(595)	(1 297)
Depreciation	(74)	(5 931)	(32 887)	(4 623)	0	(43 515)
Impairment	0	(500)	(4 500)	0	0	(5 000)
Reclassifications	36	10 086	31 903	3 791	(46 477)	(661)
Translation differences	(1 489)	(4 910)	(4 088)	(1 123)	(551)	(12 161)
At 31.12.	20 742	128 288	295 084	19 059	50 985	514 158
Cost	22 915	316 288	964 635	63 332	50 994	1 418 164
Accumulated depreciation and impairment	(2 173)	(188 000)	(669 551)	(44 273)	(9)	(904 006)
Net book value	20 742	128 288	295 084	19 059	50 985	514 158

Fire insurance value is KCHF 1 806 478 (2014: KCHF 1 808 410). 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
2015:	KCHF 4 000	High Performance Polymers (technically obsolete equipment)
	KCHF 1 000	Speciality Chemicals (technically obsolete equipment)
2014:	KCHF 1 758	High Performance Polymers (technically obsolete equipment)

Notes

III. Investments

(CHF '000)	Investments in associated companies	Other investments	Total
At 1.1. 2014	4 084	183	4 267
Cost/Fair value	4 084	183	4 267
Accumulated depreciation/amortization 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/amortization and impairment	0	0	0
Net book value	0	183	183
2015			
At 1.1.	0	183	183
Income from equity-valuation of associated companies	0	0	0
Translation differences	0	0	0
At 31.12.	0	183	183
Cost/Fair value	0	183	183
Accumulated depreciation/amortization and impairment	0	0	0
Net book value	0	183	183

Notes	2015 (CHF '000)	2014 (CHF '000)
10 Other non-current assets		
Other non-current assets	791	996
Assets from employee benefits (see note 19)	5 847	6 561
Total other non-current assets	6 638	7 557
Other non-current assets mainly comprise loans to third parties.		
11 Inventories		
Raw materials and supplies	1 396 09	1 364 94
Semi-finished goods, work in progress	8 392	7 653
Finished products	1 83 118	1 82 242
Value adjustments	(25 198)	(30 391)
Total inventories	3 05 921	2 95 998
12 Trade receivables		
Trade receivables from third parties	2 57 253	2 70 833
Allowances for doubtful receivables	(6 883)	(7 413)
Total trade receivables	2 50 370	2 63 420
Allowances for doubtful receivables are determined on the basis of historical losses and recognizable individual risks.		
Due dates of trade receivables		
Not due	2 35 037	2 52 405
Overdue < 30 days	1 8 619	1 6 192
Overdue 30 to 90 days	2 785	1 494
Overdue > 90 days	812	742
Total	2 57 253	2 70 833

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:

	2015		2014	
	Individual allowance	General allowance	Individual allowance	General allowance
At 1.1.	2 202	5 211	1 992	4 844
Increase in allowances	370	1 118	230	1 904
Decrease in allowances	(64)	(1 260)	(115)	(1 651)
Losses on trade receivables	(241)	0	(280)	0
Reclassifications	(87)	87	213	(213)
Translation differences	(68)	(385)	162	327
At 31.12.	2 112	4 771	2 202	5 211

Notes		2015 (CHF '000)	2014 (CHF '000)	
13	Other receivables			
	Other receivables	157 179	24 616	
	Other short-term financial assets	36 406	62 560	
	Prepayments and accrued income	57 758	62 356	
	Total other receivables	251 343	149 532	
14	Derivative financial instruments			
	The following summary shows the most important derivative financial instruments:			
	Financial instruments at fair value classified through profit or loss			
	Currency USD/CHF	Notional amount CHF	0	106 369
	SWAPS and forward rate agreements	Positive replacement value CHF	0	0
		Negative replacement value CHF	0	5 787
	JPY/CHF	Notional amount CHF	0	82 071
		Positive replacement value CHF	0	0
		Negative replacement value CHF	0	5 448
	CZK/EUR	Notional amount CHF	14 112	30 623
		Positive replacement value CHF	28	0
		Negative replacement value CHF	1 497	4 008
	CNY/CHF	Notional amount CHF	0	8 094
		Positive replacement value CHF	0	0
		Negative replacement value CHF	0	334
	Total	Notional amount CHF	14 112	227 157
		Positive replacement value CHF	28	0
		Negative replacement value CHF	1 497	15 577
	Thereof: Current portion	Notional amount CHF (<12 months)	14 112	172 642
		Positive replacement value CHF (<12 months)	28	0
		Negative replacement value CHF (<12 months)	1 497	11 768
	Non-current portion	Notional amount CHF (1–5 years)	0	54 515
		Positive replacement value CHF (1–5 years)	0	0
		Negative replacement value CHF (1–5 years)	0	3 809

Notes		2015 (CHF '000)	2014 (CHF '000)	
Financial instruments effective for hedge accounting purposes				
Currency	EUR/CHF	Notional amount CHF	460 578	0
SWAPS and		Positive replacement value CHF	0	0
forward rate		Negative replacement value CHF	12 520	0
agreements	JPY/CHF	Notional amount CHF	75 748	0
		Positive replacement value CHF	1 095	0
		Negative replacement value CHF	1 964	0
	USD/CHF	Notional amount CHF	260 745	0
		Positive replacement value CHF	460	0
		Negative replacement value CHF	5 237	0
	CNY/CHF	Notional amount CHF	63 786	0
		Positive replacement value CHF	1 786	0
		Negative replacement value CHF	0	0
Total		Notional amount CHF	860 857	0
		Positive replacement value CHF	3 341	0
		Negative replacement value CHF	19 721	0
Thereof: Current portion		Notional amount CHF (<12 months)	493 976	0
		Positive replacement value CHF (<12 months)	2 086	0
		Negative replacement value CHF (<12 months)	11 230	0
Non-current portion		Notional amount CHF (1–5 years)	366 881	0
		Positive replacement value CHF (1–5 years)	1 255	0
		Negative replacement value CHF (1–5 years)	8 491	0
Derivative financial instruments were mostly effected for hedging purposes. Forward rate agreements are used for the hedging of future purchases and sales in foreign currencies. The replacement value is understood to be 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				
At 1.1.			0	2 431
Transfer to consolidated income statement			0	(2 637)
Fair value adjustments			(16 380)	0
Income taxes recognized directly in equity			1 283	206
Total net changes from cash flow hedges in equity, after taxes			(15 097)	(2 431)
At 31.12.			(15 097)	0

Notes		2015 (CHF '000)	2014 (CHF '000)			
15	Cash and cash equivalents					
	Deposits	433 341	473 205			
	Cash and cash equivalents	144	83			
	Total cash and cash equivalents	433 485	473 288			
16	Share capital					
		Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF ,000)	
	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	23 389 028	234
	Purchase of treasury shares		–	30 141	(30 141)	–
	Sale of treasury shares		–	(30 141)	30 141	–
	At 31.12. 2015	CHF 0.01	23 389 028	0	23 389 028	234
17	Non-controlling interests					
	<p>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.</p> <p>The change in non-controlling interests is as follows:</p>					
	At 1.1.				18 058	14 424
	Transactions with non-controlling interests (see note 29)				0	1 266
	Dividends paid				(2 225)	(5 122)
	Net income				6 467	6 549
	Translation differences				(780)	941
	At 31.12.				21 520	18 058

Notes	2015 (CHF '000)	2014 (CHF '000)
18 Bank loans		
The non-current bank loans are composed as follows:		
JPY: Average interest rate: 0.27% (2014: 1.26%)	2 504	41
Total non-current bank loans	2 504	41
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% (2014: 0.38%)	1 642	11 564
MXN: Average interest rate: – (2014: 2.75%)	0	33
Total current bank loans	1 642	11 597

19 Pension Liabilities

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 Dependents' 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 2015, the minimum interest rate was 1.75% (2014: 1.75%).

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 a back to back basis.

Notes

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 2015	Pension plans CH	Other post-employment benefit plans	Total 2014
Funded plans						
– Fair value of plan assets	344 211	5 847	350 058	356 064	6 561	362 625
– Defined benefit obligation	(397 013)	(5 798)	(402 811)	(400 877)	(6 597)	(407 474)
Over/(under) funding	(52 802)	49	(52 753)	(44 813)	(36)	(44 849)
Unfunded plans						
– defined benefit obligation	0	(893)	(893)	0	(475)	(475)
Net recognized asset/(liability)	(52 802)	(844)	(53 646)	(44 813)	(511)	(45 324)
Jubilees	0	(5 841)	(5 841)	0	(5 596)	(5 596)
Provision for termination pay	0	(1 025)	(1 025)	0	(1 184)	(1 184)
(Net liability)/asset	(52 802)	(7 710)	(60 512)	(44 813)	(7 291)	(52 104)
Reported in balance sheet						
– Other non-current assets (see note 10)			5 847			6 561
– Pension liabilities			(66 359)			(58 665)
Net recognized asset/(liability)			(60 512)			(52 104)

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)	
	2015	2014	2015	2014	2015	2014
Balance at 1 January	400 877	359 027	(356 064)	(366 465)	44 813	(7 438)
Included in profit or loss						
Current service cost	10 996	9 433	0	0	10 996	9 433
Past service cost	0	(3 906)	0	0	0	(3 906)
Interest cost (income)	4 009	7 181	(3 561)	(7 329)	448	(148)
Total	15 005	12 708	(3 561)	(7 329)	11 444	5 379
Included in OCI						
Remeasurements loss (gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	0	0	0	0	0	0
– financial assumptions	(1 173)	49 483	0	0	(1 173)	49 483
– experience adjustment	2 135	1 498	0	0	2 135	1 498
– return on plan assets excluding interest income	0	0	(3 421)	(3 087)	(3 421)	(3 087)
Total	962	50 981	(3 421)	(3 087)	(2 459)	47 894
Other						
Employers' contributions	0	0	(997)	(1 023)	(997)	(1 023)
Employees' contributions	6 134	6 355	(6 134)	(6 354)	0	1
Vested benefits paid in/(paid out), net	(25 965)	(28 194)	25 965	28 194	0	0
Total	(19 831)	(21 839)	18 834	20 817	(997)	(1 022)
Balance at 31 December	397 013	400 877	(344 212)	(356 064)	52 801	44 813

EMS expects to pay MCHF 0.9 into defined benefit plans in 2016.

	2015 (CHF '000)	2014 (CHF '000)
Plan assets		
Total assets	344 211	356 064
Liquidity	41 %	44 %
Bonds CHF*	6 %	22 %
Bonds EUR*	0 %	2 %
Swiss shares*	10 %	3 %
Shares abroad*	10 %	3 %
Property	27 %	23 %
Mortgages, loans	4 %	4 %
Other investments	2 %	0 %
Total	100 %	100 %

* Plan assets with market prices.

Notes	2015 (CHF '000)	2014 (CHF '000)
Actuarial assumptions as of 31.12.		
Discount rate	0.75 %	1.00 %
Future salary growth	1.00 %	1.00 %
Future pension growth	0.00 %	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:

Discount rate +0.5 %	(27 011)	(27 526)
Discount rate -0.5 %	30 557	31 151
Future salary growth +0.5 %	1 472	1 491
Future salary growth -0.5 %	(1 432)	(1 449)
Life expectancy +1 year	11 957	12 035
Life expectancy -1 year	(11 466)	(11 529)

At December 31, 2015, the weighted average duration of the defined benefit obligation was 14.5 years (2014: 14.8 years).

20 Provisions

(CHF '000)	Provisions for environmental risks	Provisions for litigation risks	Other provisions	Total
At 31.12. 2014	23 306	3 251	7 792	34 349
Increase via income statement	0	389	456	845
Decrease via income statement	0	(96)	(821)	(917)
Amounts used	0	0	(183)	(183)
Reclassifications	0	0	(1 215)	(1 215)
Translation differences	(26)	(3)	(235)	(264)
At 31.12. 2015	23 280	3 541	5 794	32 615
Of which: Current portion of provisions	0	379	2 292	2 671
Non-current portion of provisions	23 280	3 162	3 502	29 944

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, 2015.

Notes	2015 (CHF '000)	2014 (CHF '000)
21 Other current liabilities		
Advances from customers	2 520	3 085
Prepaid expenses and deferred income	1 14 906	1 12 945
Other current liabilities to related parties (Pension fund)	5 700	5 700
Liabilities to social security institutions	1 796	1 793
Other current liabilities	35 929	34 683
Total other current liabilities	160 851	158 206
22 Liabilities, net/(net cash position)		
Bank loans (see note 18)	4 146	11 638
Loans	5 700	6 167
Hedges with a negative replacement value (see note 14)	21 218	15 577
Liabilities	31 064	33 382
less		
Other short-term financial assets (see note 13)	(36 406)	(62 560)
Loans from third party	(17)	(41)
Hedges with a positive replacement value (see note 14)	(3 369)	0
Interest-bearing financial assets	(128 759)	(996)
Cash and cash equivalents (see note 15)	(433 485)	(473 288)
Liabilities, net/(net cash position)	(570 972)	(503 503)

Consolidated Statement of Cash Flows

Notes	2015 (CHF '000)	2014 (CHF '000)
23 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Amortization intangible assets	7 806	7 706
Depreciation property, plant and equipment	43 515	45 582
Impairment property, plant and equipment	5 000	1 758
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	56 321	55 046
For the breakdown of the depreciation, amortization and impairment of intangible assets and property, plant and equipment please refer to note 9 and to the segment reporting.		
24 Purchase/disposal of fully consolidated companies and non-controlling interests		
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 2/3 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 a 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		8 214
Existing investment in Grupo Placosa EFTEC S.A. de C.V. (Fair value)		4 107
Fair value of assets acquired		(12 321)
Goodwill		0
Revaluation Grupo Placosa EFTEC S.A. de C.V.		
Book value		4 073
Fair value		4 107
Revaluation gain (see note 4)		34

Notes	2015 (CHF '000)	2014 (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		7 646
Property, plant and equipment		5 485
Inventories		4 876
Trade receivables		7 187
Other receivables		674
Cash and cash equivalents		1 482
Deferred income tax liabilities		(2 604)
Bank loans		(4 103)
Trade payables		(4 817)
Provisions		(172)
Other current liabilities		(3 333)
Fair value of assets acquired		12 321
Purchase price		8 214
Cash and cash equivalents of subsidiary acquired		(1 482)
Cash outflow from purchase of fully consolidated companies		6 732

Further Details

Notes	2015 (CHF '000)	2014 (CHF '000)
25		
Contingent liabilities		
Contingent liabilities at the end of the year amount to	20 047	22 277
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	23 382 560
Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	376 248	342 871
Basic earnings per share (CHF)	16.09	14.66
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 (2014: 14 224 143 registered shares)		
Amount of holding	60.82%	60.82%
Miriam Baumann-Blocher, 2 079 000 registered shares (2014: 2 079 000 registered shares)		
Amount of holding	8.89%	8.89%

Notes	2015 (CHF '000)	2014 (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 Executive 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 Executive 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 2015/2016.		
Breakdown of the total compensation		
Short-term employee benefits to the members of the Board of Directors and Executive Management	3 700	3 400
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	3 700	3 400
The detailed disclosures of compensation 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 Executive Management as well as their related parties are as follows:		
Board of Directors	Number of shares	
Dr U. Berg, Chairman	3 600	3 600
M. Martullo, Vice-Chairman and CEO	0*	0*
Dr. J. Streu, Member	0	0
B. Merki, Member	0	0
Total Board of Directors	3 600	3 600

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

Notes	2015 (CHF '000)	2014 (CHF '000)
Executive Management	Number of shares	
M. Martullo, Vice-Chairman and CEO	0*	0*
P. Germann, CFO	0	0
Dr R. Holderegger, Member	0	0
Total Executive 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 Executive Management nor their related parties have any conversion rights or options in EMS-CHEMIE HOLDING AG.		
29 Risk management		
Credit risks		
Overview of financial assets		
Other non-current financial assets (see note 10)	791	996
Trade receivables (see note 12)	250 370	263 420
Derivative financial instruments (see note 14)	3 369	0
Other short-term financial assets (see note 13)	36 406	62 560
Cash and cash equivalents (see note 15)	433 485	473 288
Total financial assets	724 421	800 264
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.		

Notes

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2015 (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)	1 642	1 648	1 648	0	0
Non-current bank loans (see note 18)	2 504	2 525	7	2 518	0
Trade payables	107 348	107 348	107 348	0	0
Prepaid expenses and deferred income (see note 21)	54 061	54 061	54 061	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)	21 218	874 969	508 088	366 881	0
Total financial liabilities	192 473	1 046 251	676 852	369 399	0

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

Market risks

Interest rate risks

Sensitivity analysis of interest rate risks

The bank loan have variable 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 3.4 million (2014: CHF 3.7 million). A 100 basis point fall in the interest rate for deposits and bank loans would increase net income after taxes by CHF 0.6 million (2014: CHF 0.4 million decrease).

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.

Notes

Currency risks

Overview currency exposure, net

At 31.12. 2015 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	1 118	118 788	62 938	13 127	36 833	21 588
Loans to group companies	20 044	344 636	15 345	3 120	0	6 984
Derivative financial instruments (see note 14)	0	0	0	75 748	0	0
Trade payables	(1 020)	(49 083)	(21 496)	(8 841)	(10 145)	(28 289)
Loans from group companies	(2 423)	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	(1 642)	0	0
Non-current bank loans (see note 18)	0	0	0	(2 504)	0	0
Derivative financial instruments (see note 14)	0	(460 578)	(260 745)	0	0	0
Currency exposure, net	17 719	(46 237)	(203 958)	79 008	26 688	283

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	82 071	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)	0	(8 094)	(30 623)
Currency exposure, net	17 701	388 779	(20 169)	(81 038)	14 919	(9 648)

Notes

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 -9.9 million (2014: CHF -26.8 million). Per currency: EUR: CHF -7.0 million (2014: CHF -24.2 million), USD: CHF -4.1 million (2014: CHF +8.4 million), JPY: CHF 0.0 million (2014: CHF -6.5 million), other currencies: CHF +1.2 million (2014: CHF -4.5 million).

A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase (decrease) equity after taxes by CHF +25.5 million (2014: CHF -29.7 million decrease/(increase)). Per currency: EUR: CHF -15.8 million (2014: CHF -24.2 million), USD: CHF +42.7 million (2014: CHF +5.5 million), JPY: CHF -0.2 million (2014: CHF -6.5 million), other currencies: CHF -1.1 million (2014: CHF -4.5 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 31.12.2015 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 14)		3 369		3 369
Financial liabilities:				
Derivative financial instruments (see note 14)		(21 218)		(21 218)

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)

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	2015 (CHF '000)	2014 (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)	433 485	473 288
Other short-term financial assets (see note 13)	36 406	62 560
Other non-current assets (see note 10)	791	996
Trade receivables (see note 12)	250 370	263 420
Loans and receivables	287 567	326 976
Derivative financial instruments (assets; see note 14)	3 369	0
Non-current bank loans (see note 18)	2 504	41
Current bank loans (see note 18)	1 642	11 597
Trade payables	107 348	118 626
Prepaid expenses and deferred income (see note 21)	54 061	49 065
Other current liabilities to related parties (see note 21)	5 700	5 700
Financial liabilities measured at amortized cost	171 255	185 029
Derivative financial instruments (liabilities; see note 14)	21 218	15 577

Notes

30 Change in scope of consolidation

2015

Additions:

EMS-CHEMIE (Deutschland) Vertriebs GmbH: This company was founded on January 8, 2015.

Disposals:

EMS-Grilon Holding Inc.: The company was dissolved on May 20, 2015.

Change of Name:

EMS-Metering AG was renamed in EMS-CHEMIE (Produktion) AG.

Intragroup transaction:

As of July 29, 2015, EFTEC (Czech Republic) a.s. sold its stake in EFTEC (Elabuga) OOO and EFTEC (Nizhniy Novgorod) OOO to EFTEC AG.

2014

Additions:

Grupo Placosa EFTEC: On July 8, 2014, EMS has taken over the remaining $\frac{2}{3}$ 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.

31 Subsequent events

The consolidated financial statements were approved by the Board of Directors on March 14, 2016 and need to be approved by the Annual General Meeting on August 13, 2016.

Between December 31, 2015 and March 14, 2016 there were no subsequent events requiring an adjustment of the book values of Group assets and liabilities or needing to be published here.

Erläuterungen

32 List of subsidiaries (at 31.12. 2015)

Name	Domicile	Country
EMS-CHEMIE HOLDING AG	Domat/Ems	Switzerland
EMS-INTERNATIONAL FINANCE (Guernsey) Ltd.	Guernsey	Guernsey
EMS-PATENT AG	Domat/Ems	Switzerland
BUSINESS AREA HIGH PERFORMANCE POLYMERS		
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 (Produktion) AG	Domat/Ems	Switzerland
EMS-CHEMIE (Deutschland) GmbH	Gross-Umstadt	Germany
EMS-CHEMIE (Deutschland) Vertriebs 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-TOGO Corp.	Taylor, MI	USA
EMS-CHEMIE (North America) Inc.	Sumter, SC	USA
EFTEC North America, L.L.C.	Taylor, MI	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 (Elabuga) OOO	Elabuga	Russia
EFTEC (Nizhniy Novgorod) OOO	Nizhniy Novgorod	Russia
EFTEC Mexico S.A. de C.V.	Cuernavaca	Mexico
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 Ltd.	Rhigos	UK
EFTEC NV	Genk	Belgium
EFTEC Systems S.A.	Zaragoza	Spain
EFTEC Asia Pte. Ltd.	Singapore	Singapore
EFTEC (Thailand) Co. Ltd.	Rayong	Thailand
EFTEC (India) Pvt. Ltd.	Pune	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 Co. Ltd.	Shanghai	China (People's Rep.)
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
BUSINESS AREA SPECIALTY CHEMICALS		
EMS-GRILTECH *		
EMS-PATVAG s.r.o.	Brankovice	Czech Republic
EMS-CHEMIE (Neumünster) Holding GmbH	Neumünster	Germany
EMS-CHEMIE (Neumünster) GmbH & Co. KG	Neumünster	Germany
EMS-CHEMIE (Neumünster) Verwaltungs GmbH	Neumünster	Germany

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%	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
CHF	100	100.00%	P	K
EUR	2556	100.00%	P	K
EUR	25000	100.00%	V	K
TVND	281000	100.00%	P, V	K
CNY	5000	100.00%	V	K
CNY	98693	100.00%	P	K
USD	750	100.00%	D	K
USD	3385	100.00%	P, V	K
USD	38222	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
RUB	37514	100.00%	P, V	K
RUB	37200	100.00%	P, V	K
MXN	50	100.00%	V	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
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
MXN	19451	100.00%	D	K
MXN	550	100.00%	D	K
MXN	47409	100.00%	P	K
CZK	30000	100.00%	P, V	K
EUR	25	100.00%	D	K
EUR	3000	100.00%	P, V	K
EUR	25	100.00%	D	K

Report of the Statutory Auditor on the Consolidated Financial Statements



Report of the Statutory Auditor on the Consolidated Financial Statements

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, 2015.

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, 2015 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

Zurich, March 14, 2016

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, 2015 – April 30, 2016



Income Statement May 1, 2015 to April 30, 2016

	Notes	2015/2016 (CHF '000)	2014/2015 (CHF '000)
INCOME			
Dividends from subsidiaries		287 738	323 009
License fees from subsidiaries		47 771	50 883
Other financial income	2.1	5 081	18 174
Other operating income		6 617	8 103
Total income		347 207	400 169
EXPENSES			
Financial expenses	2.2	38 018	31 315
Other operating expenses	2.3	16 274	16 102
Direct taxes		518	2 417
Total expenses		54 810	49 834
Net income		292 397	350 335

Balance Sheet as at April 30, 2016

EMS-CHEMIE HOLDING AG
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	Notes	30.4.2016 (CHF '000)	30.4.2015 (CHF '000)
Non-current assets		306 120	319 298
Investments in subsidiaries	2.4	280 352	280 352
Non-current financial assets	2.5	25 768	38 946
Current assets		348 023	429 488
Prepaid expenses and accrued income		16 300	16 829
Current financial assets	2.5	55 008	135 002
Other current receivables	2.6	206 020	109 603
Cash and cash equivalents		70 695	168 054
TOTAL ASSETS		654 143	748 786

Equity		589 001	580 812
Share capital	2.7	234	234
Legal retained earnings			
General legal reserve		47	47
Free reserves		10 000	10 000
Available earnings	2.8	582 260	570 531
Treasury shares	2.9	(3 540)	0
Liabilities		65 142	167 974
Long-term liabilities		12 574	14 169
Provisions		12 574	14 169
Short-term liabilities		52 568	153 805
Accrued expenses and deferred income	2.10	21 922	16 943
Other short-term liabilities	2.11	30 646	136 862
TOTAL EQUITY AND LIABILITIES		654 143	748 786
Balance sheet equity ratio		90.0 %	77.6 %

Notes to the Financial Statements 2015/2016

1. Principles

1.1 General aspects

These financial statements were for the first time prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). For the purpose of maintaining comparability, the balance sheet and income statement figures for the previous period were adjusted to the new presentation rules. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Investments in subsidiaries

The investments are valued using generally accepted valuation principles at cost or at the lower of the value in use at the balance sheet date.

1.3 Financial assets

Financial assets include loans and assets at banks. Loans granted in foreign currencies are valued at historical exchange rates or at the lower balance sheet rate.

1.4 Treasury shares

Treasury shares are recognized at acquisition costs at the acquisition date and deducted from equity. At disposal, the resulting gain or loss is recognized in the income statement as other financial income or as financial expenses.

1.5 Dividends and license fees from subsidiaries

Dividend income is recognized at the time of receipt of payment, licensing income when the legal claim is created.

1.6 Foregoing a cash flow statement and additional disclosures in the notes

As EMS-CHEMIE HOLDING AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information as well as a cash flow statement in accordance with the law.

2. Information on income statement and balance sheet items

Notes	2015/2016 (CHF '000)	2014/2015 (CHF '000)
2.1 Other financial income		
Interest income	1 123	3 293
Foreign exchange gains	3 958	14 881
Total other financial income	5 081	18 174
2.2 Financial expenses		
Interest expenses	538	1 720
Bank charges, duties, fees	104	110
Foreign withholding taxes	1 356	–
Foreign exchange losses	36 020	29 485
Total financial expenses	38 018	31 315
2.3 Other operating expenses		
Fee for contract research	15 317	15 024
Administration	957	1 078
Total other operating expenses	16 274	16 102

Notes	30.04.2016 (CHF '000)	30.04.2015 (CHF '000)
EMS-CHEMIE HOLDING AG is beneficial owner of various intellectual property for which it receives royalty payments. EMS-PATENT AG is responsible for the development and research of new technologies, know-how and trademarks. The contract research is funded by EMS-CHEMIE HOLDING AG, which pays EMS-PATENT AG a fee in return.		
2.4 Investments in subsidiaries Details of the investments can be seen in note 32, "List of subsidiaries" in the consolidated financial statements of the EMS-Group. There were no changes in the period from January 1, 2016 to April 30, 2016. In the prior year period, the investments in subsidiaries changed as following: EMS-Metering AG was renamed into EMS-CHEMIE (Produktion) AG and EMS-CHEMIE (Deutschland) Vertriebs GmbH was established.		
2.5 Financial assets		
Deposits with Banks	55 008	135 002
Loans and investments to subsidiaries	25 768	38 946
Total financial assets	80 776	173 948
Thereof current	55 008	135 002
Thereof non-current	25 768	38 946
2.6 Other current receivables		
Receivables from third parties	199 907	106 900
Receivables from subsidiaries	6 113	2 703
Total other current receivables	206 020	109 603
Receivables from third parties consist of withholding tax credits. Receivables from subsidiaries include in particular short-term loans.		
2.7 Share capital		
The EMS-CHEMIE Holding has the following significant shareholders: EMESTA HOLDING AG, Zug, 14 244 143 registered shares (2014/2015: 14 244 143 registered shares) Amount of holding	60.82%	60.82%
Miriam Baumann-Blocher, 2 079 000 registered shares (2014/2015: 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.		
2.8 Available earnings		
At 1.5.	570 531	477 475
Dividends paid	(280 668)	(257 279)
Net income	292 397	350 335
At 30.4.	582 260	570 531

Notes		30.04.2016 (CHF '000)	30.04.2015 (CHF '000)
2.9 Treasury shares			
	Par value	Number of issued registered shares	Number of treasury shares
		Number of shares entitled to dividend	Share capital (CHF '000)
At 30.4.2014	CHF 0.01	23 389 028	2 402
Change in treasury shares		–	(2 402)
At 30.4.2015	CHF 0.01	23 389 028	0
Change in treasury shares		–	7 751
At 30.4.2016	CHF 0.01	23 389 028	7 751
			Number of registered shares
			2016
			2015
Details to treasury shares:			
At 1.5.			0
Purchases			7 751
Sales			0
At 30.4.			7 751
Purchase of 7 751 treasury shares at an average market price of CHF 456.73. (Previous year: 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).			
2.10 Accrued expenses and deferred income			
The item includes accruals for losses on open forward exchange contracts, research expenses and third party services.			
2.11 Other short-term liabilities			
Other liabilities due to third parties		1 767	6 116
Other liabilities due to subsidiaries		28 879	130 746
Total other short-term liabilities		30 646	136 862
Other short-term liabilities due to third parties include particularly liabilities for income taxes. Other short-term liabilities due to subsidiaries mainly include current accounts from the cash pool.			
3. Other disclosures			
3.1 Contingent liabilities			
Guarantees (maximum liability)		79 653	77 872

Notes		30.04.2016 (CHF '000)	30.04.2015 (CHF '000)
3.2 Shareholding			
Existing shareholdings, conversion rights and options in EMS-CHEMIE HOLDING AG held by the members of the Board of Directors, members of the Executive Management and related parties:			
Board of Directors	Function	Number of registered shares	
Dr U. Berg	Chairman	3 600	3 600
M. Martullo	Vice-Chairman and CEO*	0*	0*
Dr J. Streu	Member	0	0
B. Merki	Member	0	0
Total Board of Directors		3 600	3 600
Executive Management	Function		
M. Martullo	CEO	0*	0*
P. Germann	CFO	0	0
Dr R. Holderegger	Member	0	0
M. Kremmel	Member (since 1.1.2016)	0	–
Total Executive Management		0	0

* Excluding EMESTA-HOLDING AG, in which Ms M. Martullo holds a 49.9% stake (see note 2.7).

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

3.3 Full-time equivalents

In the reporting period and in the prior year period, EMS-CHEMIE-HOLDING AG employed no employees.

Proposed appropriation of available earnings

	2015/2016 (CHF)	2014/2015 (CHF)
Available earnings		
Balance brought forward	289 862 612	220 195 597
Net income	292 397 006	350 335 351
Total available earnings	582 259 618	570 530 948
The Board of Directors proposes the following appropriation of available earnings:		
Payment of an ordinary dividend of CHF 11.00 (previous year CHF 10.00) gross and an extraordinary dividend of CHF 2.50 (previous year CHF 2.00) gross per registered share entitled to dividend	(257 194 047) ¹⁾	(233 890 280)
	(58 453 193) ¹⁾	(46 778 056)
Balance to be carried forward	266 612 378	289 862 612

¹⁾ 23 381 277 registered shares eligible for distribution – net of own shares held by the company – at April 30, 2016.

Report of the Statutory Auditor on the Financial Statements



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, 2016.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effec-

tiveness 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, 2016 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

We 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 13, 2016

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

Addresses of EMS Companies, Switzerland

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Annual Report 2015/2016

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The original Annual Report is written in German. In case of inconsistencies between the German and this English version, the German version shall prevail.



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