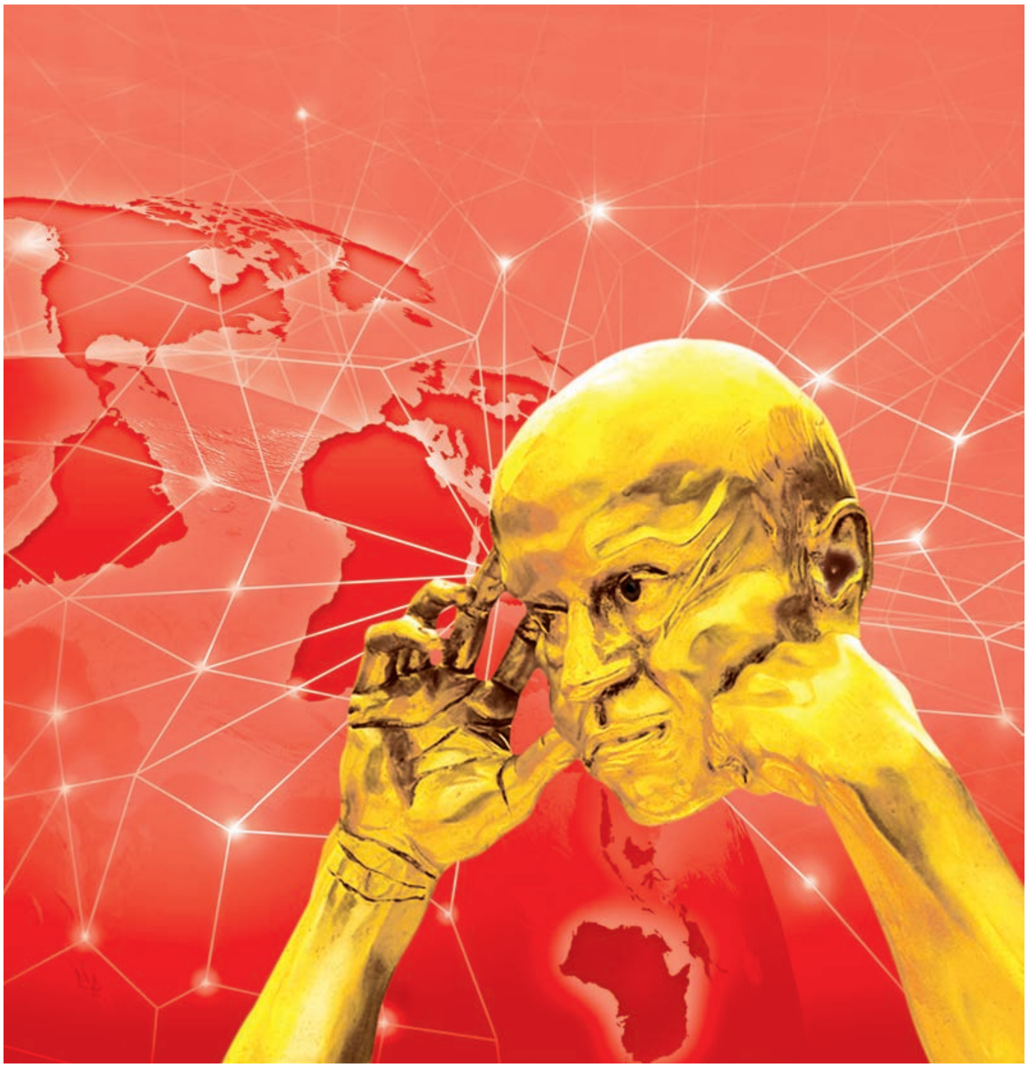


51th ANNUAL REPORT 2013/2014

EMS

EMS-CHEMIE HOLDING AG

Domat/Ems Switzerland

Contents

Annual review

Dear Shareholders.

Last year again turned out to be successful for EMS. Net sales of CHF 1885 million and a net operating income (EBIT) of CHF 369 million set new records. As we were expecting global economic activity to be slow, we focused entirely on growing by our own strength. We gave priority to growth in new markets, new applications as well as new products and through this were able to meet our high targets.

The global economy recorded slight growth; individual markets developed in very different ways. While Asian markets – in particular China – and America showed strong growth, Europe suffered a further decrease due to the effects of the debt and finance crisis.

In many applications, markets in Asia already represent around half of total worldwide demand. This share is likely to rise further due to the region's large population and growing prosperity. Europe's significance, on the other hand, is still declining.

Rapid, innovative technical developments are in demand, particularly in Asia's growth regions. This is compounded by the fact that customers with global operations are continuing to increasingly shift the focus of their production to these growth regions. EMS is following this trend. We want to create rapid and competent customer solutions on a global basis. Close international cooperation is required. To make even better use of our specific knowledge of customers' markets, our sales and development departments are now organized worldwide by customer segment. We significantly expanded human resources in sales and development as well as investing in new sites and production capacity. Our goal is to develop and implement ingenious solutions throughout the world.

Customers benefit from our operational discipline and strong focus on supply reliability and cost efficiency. That they valued our efforts and investment in international cooperation was evidenced in 2013 not only by joint developments and customer orders but also by the various prestigious awards we received. General Motors, for instance, one of the largest automotive manufacturers in the world, awarded us the title of "Global Supplier of the Year" for the fourth year in succession – the only resin manufacturer to receive this award. The VW group also rated EMS among their "Top 150 Suppliers" worldwide.

EMS is also committed to ingenious global solutions for the training of young people. In 2013, for example, we once again gave 10 trainees from Switzerland an opportunity to work at one of our sites abroad. In four countries on three continents, they made an active contribution towards success at these locations and learnt many new things, not just professionally but also personally.

For 2014, we expect an overall positive economic trend in the world markets. The US central bank's transparent – yet expensive – policy continues to have a stabilizing effect on markets. Demand in Europe is likely to have reached bottom and should gradually recover. Volatile exchange rates can be expected to pose particular challenges.

In 2014, EMS will once again identify and exploit opportunities in an inventive way, and will display great commitment towards addressing the growing requirements of its global customer base. EMS owes its success to the efforts, flexibility, expertise and capabilities of our workforce and executive management – to the benefit of our customers and shareholders. For this, they deserve our special thanks.

We also thank you, our shareholders, for your faith in our company. We greatly appreciate your loyalty and look forward to advancing into the future together.

Dr Ulf Berg
Chairman of the
Board of Directors

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

In memory of Urs Fankhauser, † February 27, 2014

It was with deep regret that we took leave of our esteemed member of the Board of Directors Urs Fankhauser. He died on February 27, 2014, aged only 54 years, after a short, serious illness.

Urs Fankhauser had been a member of the Board of Directors of the EMS-CHEMIE HOLDING AG since August 2013, contributing his varied national and international experience which he had gained in his long career, above all for the Sulzer Corporation in Switzerland, England, Singapore, China and the USA. With him, we lose a committed and open-minded personality with enormous experience, valuable expertise and a profound knowledge of human nature. We will sorely miss his considerate, honest and compassionate nature. We are thankful for the much too short time in which we were able to work with Urs Fankhauser and will honour his memory.

Share Performance

	2013	2012	2011	2010	2009
Number of registered shares	23 389 028	23 389 028	23 389 028	23 389 028	23 389 028
Shares entitled to dividend	23 352 828	23 389 028	23 389 028	23 386 528	22 373 911
Treasury shares	36 200	0	0	2 500	1 015 117
Information per share (in CHF):					
Dividend per share	11.00 [1]	10.00	7.00	12.50	10.00
Of which ordinary dividend	8.50	7.50	7.00	6.50	5.00
Of which extraordinary dividend	2.50	2.50	–	–	5.00
Of which anniversary dividend	–	–	–	6.00	–
Earnings per share	13.58	11.45	10.14	9.71	9.66
Cash flow per share [2]	16.21	14.02	12.64	12.50	12.47
Equity per share [3]	50.68	48.03	44.53	47.16	44.91
Stock prices [4]					
High	331.50	233.10	175.91	166.00	125.00
Low	218.00	162.90	137.07	117.25	80.00
At December 31	317.00	215.40	159.10	165.80	123.80
Market capitalisation on December 31 (CHF millions)	7 414.3	5 038.0	3 721.2	3 877.9	2 895.6

Registered shares are listed on the SIX Swiss Exchange.

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

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

General Information on the Financial Year 2013

Business development

As expected, global economic activity was slow and individual markets developed very differently. While the economic downturn in Europe continued until the middle of 2013, markets in Asia and America developed positively overall.

EMS succeeded in generating new business across the globe and once again strengthened its positions in all geographical markets. Growth was especially strong in Asia, particularly China. The growth program announced in early February 2013, with local sales and application development significantly strengthened by additional human resources worldwide, was initiated successfully.

Net sales increased by 7.4% in Swiss francs to CHF 1 885 million (1 755). In local currency terms, sales were up 8.7%. Net operating income (EBIT) reached CHF 369 million (320), 15.4% higher than in the previous year. EBITDA rose to CHF 424 million (374). The EBIT margin was increased to 19.6% (18.2%) and the EBITDA margin to 22.5% (21.3%).

For 2014, EMS expects a favorable global economic climate. The US central bank's transparent, expansive policy continues to have a stabilizing effect on markets. Europe's economic recovery is also a cause for optimism even outside this region. China will remain a positive influence on the global economy despite a slightly lower percentage growth rate. Consumer spending and investment are likely to impact positively around the globe. The volatile situation with exchange rates can be expected to pose a particular challenge.

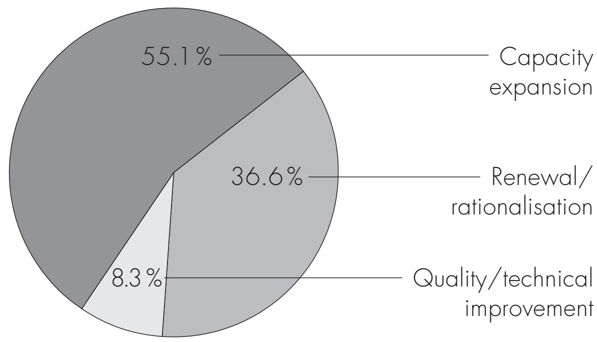
EMS is continuing to consistently exploit existing market potential. The successful strategy of achieving growth with specialty products in the High Performance Polymers will be maintained. China remains a major focal point of market development, with three innovation centers now being set up there.

For 2014, EMS expects slightly higher sales than the previous year and a slightly over-proportionate increase in the net operating income (EBIT).

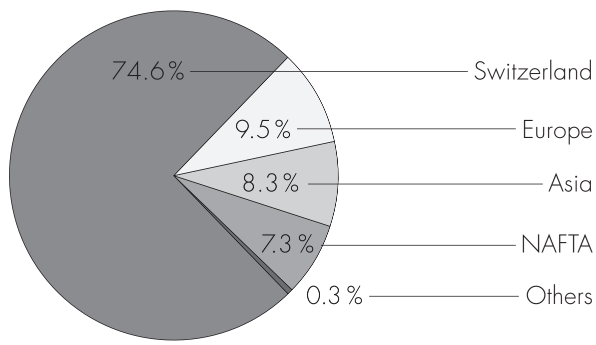
Investments

Overall investments in 2013 came to CHF 57 million (44). 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	46.2%
Germany	12.2%
USA	9.2%
China	7.3%
Japan	6.6%
Belgium	5.6%
Czech Republic	3.2%
Taiwan	2.4%
Great Britain	1.9%
Brazil	1.2%
Others	4.2%

EMS Group net sales by country

Germany	21.9%
China	14.0%
USA	11.9%
Japan	7.3%
France	6.1%
Switzerland	3.9%
Italy	3.7%
South Korea	2.7%
Brazil	2.4%
Spain	2.3%
Great Britain	2.1%
Poland	1.8%
Czech Republic	1.8%
Taiwan	1.6%
Austria	1.5%
Russia	1.4%
Netherlands	1.3%
India	1.3%
Sweden	1.1%
Others	9.9%

Management structure
At the 2013 Annual General Meeting, Dr Ulf Berg, Magdalena Martullo, Urs Fankhauser and Dr Joachim Streu were elected to the Board of Directors for a one-year term of office.

Personnel
At the end of December 2013, the EMS Group had a total of 2670 (2371) employees (excluding apprentices), of whom 1016 (981) work in Switzerland, 715 (636) in the rest of Europe, 710 (534) in Asia and 229 (220) in America. At the end of the year, the EMS Group employed 132 (131) apprentices in Switzerland covering 14 (14) different vocational fields. A total of 34 (40) 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 consists of three independent, regionally profit-responsible Business Units and 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 and 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 2013 business year, the core business of High Performance Polymers generated net sales of CHF 1620 million (1471) and net operating income (EBIT) of CHF 320 million (270). It was possible to successfully realise new business worldwide and to further strengthen our market positions in all geographical markets. Innovative process materials and technical solutions were introduced, particularly in the automotive industry and the telecommunications sector (smartphones and tablets).

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.

As expected, the secondary business area Specialty Chemicals, mainly active in Europe, recorded a cyclical decline in net sales to CHF 265 million (285). Thanks to concentration on strategic, innovative new business and high cost discipline, it was still possible to maintain the result margin at a high level.

Key Figures 2009–2013

CHF millions	2013	2012	2011	2010	2009
Net sales revenue	1 885.2	1 755.4	1 657.7	1 595.6	1 197.7
Change in % against previous year	+7.4 %	+5.9 %	+3.9 %	+33.2 %	–20.4 %
Change in local currencies	+8.7 %	+4.9 %	+15.5 %	+39.6 %	–17.6 %
Of which in Switzerland	3.9 %	4.5 %	5.3 %	4.7 %	4.7 %
Net operating income (EBIT)	368.9	319.7	294.0	281.6	221.8
Change in % against previous year	+15.4 %	+8.7 %	+4.4 %	+27.0 %	+1.0
In % of net sales revenue	19.6 %	18.2 %	17.7 %	17.6 %	18.5 %
Net financial income	16.2	2.6	0.9	–1.5	27.9
Income taxes	61.3	48.6	52.7	48.0	28.5
Net income	323.8	273.7	242.1	232.1	221.2
Change in % against previous year	+18.3 %	+13.0 %	+4.3 %	+4.9 %	+2.8 %
In % of net sales revenue	+17.2 %	15.6 %	14.6 %	14.5 %	18.5 %
Cash flow [1]	378.9	328.0	295.5	290.8	279.0
Change in % against previous year	+15.5 %	+11.0 %	+1.6 %	+4.2 %	+2.1 %
In % of net sales revenue	20.1 %	18.7 %	17.8 %	18.2 %	23.3 %
Investments	57.4	44.2	75.9	49.0	37.6
In % of cash flow	15.2 %	13.5 %	25.7 %	16.9 %	13.5 %
Balance sheet total	1 737.9	1 661.0	1 634.3	1 668.9	1 711.3
Assets					
Current assets	1 096.1	1 093.4	1 042.3	1 110.3	1 141.9
Non-current assets	641.8	567.5	592.0	558.6	569.4
Equity and liabilities					
Current liabilities	415.3	304.2	363.0	391.3	417.0
Non-current liabilities	123.3	218.6	214.8	167. 3	272.5
Equity [2]	1 184.9	1 123.4	1 041.4	1 096.8	1 004.8
Balance sheet equity ratio	68.2 %	67.6 %	63.7 %	65.7 %	58.7 %
Return on equity	26.8 %	23.8 %	22.8 %	20.6 %	21.5 %
Number of employees on December 31 [3]	2 670	2 371	2 242	2 256	2 106

[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 (2013: 132; 2012: 132; 2011: 134; 2010: 138; 2009: 137).

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, 2013, except where stated otherwise.

1. Group structure and shareholders

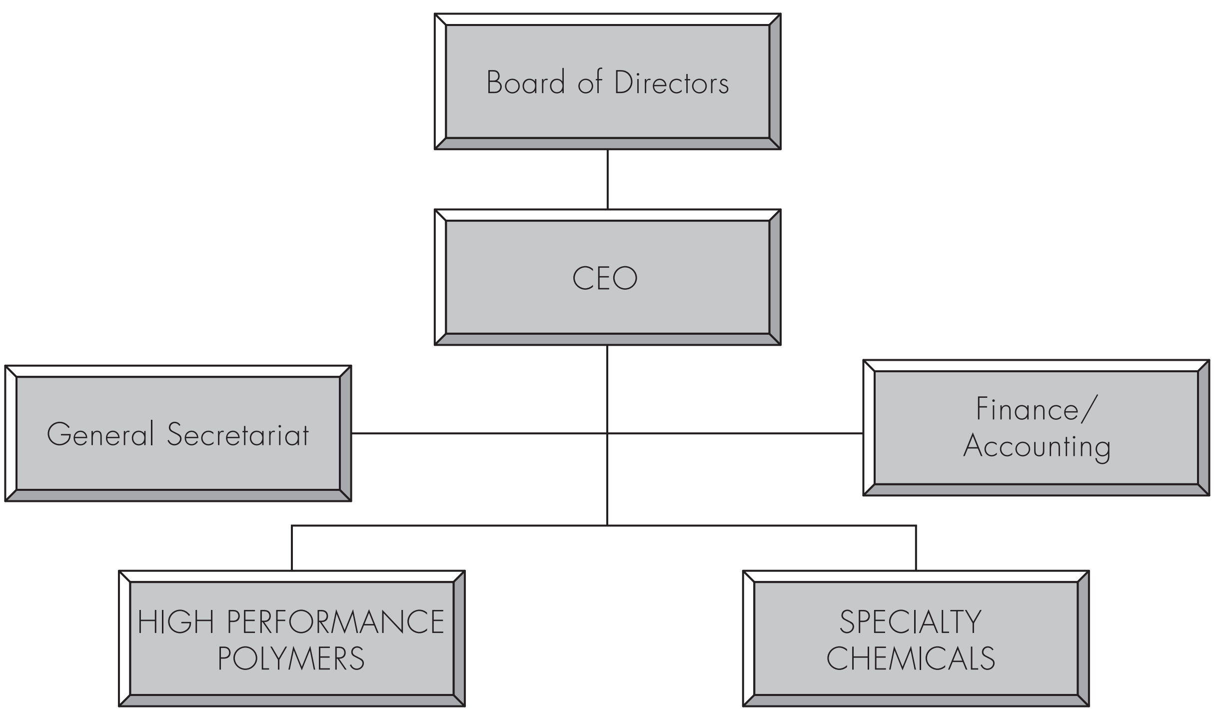
1.1 Group structure

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:

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, 2013, the market capitalisation of EMS amounted to CHF 7414.3 million.

An overview of the unlisted subsidiaries belonging to the consolidated EMS Group can be found in note 30 in the financial section.

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



1.2 Significant shareholders

In the 2013 calendar year, two shareholders each 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 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 authorised 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 20 (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	2014
Magdalena Martullo	Swiss	Executive	1969	August 2001	2014
Urs Fankhauser*	Swiss	Non-executive	1960	August 2013	2014
Dr Joachim Streu	German	Non-executive	1956	August 2013	2014

* Passed away on 27.2.2014

On December 31, 2013, the Board of Directors of EMS-CHEMIE HOLDING AG consisted of the following four members:

Dr Ulf Berg (1950, Swiss citizen, graduate engineer with a 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 Berg was COO and CEO of Carlo Gavazzi Holding AG. From 2003 to 2004, he was CEO of SIG Beverages Int. AG before moving to Sulzer AG in 2004 as CEO, a position he held until 2007. From 2007 to 2009, he was non-executive Chairman of the Board of Directors of Sulzer AG Switzerland. Since 2004, Dr Berg has been a member of the Management Board Committee of Swissmem Switzerland. He has been a member of the Board of Directors of Bobst SA Switzerland since 2006. Since June 2010 he has been President of the Board of Directors of Nord AS (formerly Kommunekemi AS) in Nyborg, Denmark, and since 2012 member of the Board of Greater Zurich Area AG, Switzerland, of Synagro Ltd., Baltimore, USA, and of EEW Energy from Waste GmbH, Helmstedt, Germany. Dr Berg is owner of EG Energy Group Ltd. in Zug, Switzerland, and partner at BLR Partners Ltd. in Thalwil, Zurich.

Magdalena Martullo (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 EMESTA 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. Since 2004 she has been a member of the Executive Board of scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she leads the Board Committee on Economic Policy.

Urs Fankhauser (1960–2014, Swiss citizen, Dipl. Ing. FH) was elected as non-executive Member of the Board of Directors in August 2013. He had worked for the Sulzer Corporation since 1986. From 1989 to 1990 he worked as Plant Engineer for Sulzer Pumps Ltd. in Leeds, England, and was Engineering Manager for Sulzer Chemtech Ltd. in Singapore from 1990 to 1993. Here, he held the position of President East Asia Pacific of Sulzer Chemtech Ltd. from 1993 to 2000. From 2000 to 2002 Urs Fankhauser headed Sulzer Chemtech Ltd. as President North and South America, based in Houston Texas. He had been a member of the Executive Committee of Sulzer and Division President of Sulzer Chemtech since 2002. Urs Fankhauser passed away on February 27, 2014 after a short and serious illness.

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.

None of the non-executive members of the Board of Directors have ever been a member of any Senior 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 Elections and terms of office

Each member of the Board of Directors is elected individually by the Annual General Meeting for a one-year term of office. There is no limit on the total term of office; members may be re-elected.

Based on the Swiss Federal Council's Ordinance Against Excessive Compensation at Listed Companies (OAEC), as of 2014 the Annual General Meeting of Shareholders will also be responsible for the election of the Chairman of the Board and members of the Compensation Committee.

Attendance at meetings of the Board of Directors and committees 2013

Name	Function	Attendance at meetings		
		Board of Directors	Audit Committee	Compensation Committee
Dr Ulf Berg	Chairman	7[1]	5	3
Magdalena Martullo	Vice-Chairman and CEO	7		
Dr Hansjörg Frei	Member*	5	4[1]	2[1]
Dr Werner Prätorius	Member*	5		2
Urs Fankhauser	Member**	2	1[1]	1[1]
Dr Joachim Streu	Member***	2		1
Total meetings		7	5	3
Total duration (hours)		3–7	1–4	1–2

[1] Chairman
* Until 10.8.2013
** 10.8.2013 until 27.2.2014
*** Since 10.8.2013

3.4 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 supervising and monitoring the company's management and that of its affiliated companies which together form the EMS Group. Every year at its constituent meeting, the Board of Directors elects a Chairman and a Vice-Chairman from among its members (according to the OAEC, from 2014, the Chairman of the Board will now be elected by the Annual General Meeting of Shareholders).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 Compensation 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, 2013, the Audit Committee consisted of two non-executive, independent members of the Board of Directors (Urs Fankhauser*, 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 of December 31, 2013, the Compensation Committee consisted of three non-executive members of the Board of Directors (Urs Fankhauser*, Chairman, Dr Joachim Streu, member, Dr Ulf Berg, member). The Compensation Committee is concerned with the remuneration policy of the EMS Group (Board of Directors, Senior Management, senior executives).

* Passed away on 27.2.2014

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 seven meetings in 2013, each lasting between three and seven hours. The Audit Committee held five meetings, each lasting between one and four hours, while the Compensation Committee held three meetings, each lasting between one and two hours.

The Head of Finance (CFO) also attends the meetings of the Board of Directors. Other members of Senior 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. In the event of a tie, the Chairman has the casting vote. Resolutions can also be passed by way of telephone conferences or by circular, provided that no member requests discussion in person. Resolutions passed in this way must be unanimous to be valid. Individual members are obliged to abstain from voting on personal matters or on matters involving persons with whom they are closely associated.

Members of Senior 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.

3.5 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 716 a 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 Senior 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 organisation 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 senior managers of other companies and with important customers.

3.6 Information and control instruments vis-à-vis the Senior Management

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. If actual monthly results deviate from the budget by more than 10%, the CEO submits a report to the Board of Directors by the middle of the following month analysing the deviation in result and detailing corrective measures, both planned and already implemented. In addition, 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. 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 Senior 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 Senior 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, 14 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 Senior Management and Business Unit level, risks are identified annually as part of the medium-term planning procedure and preparation of the budget for the following year. They are then weighted according to the gravity of the risk and probability of its occurrence. The identification and assessment of changes in risk play an important part in this process. Measures are defined to reduce significant risks. In the course of planning discussions, the CEO and CFO report to the Board of Directors on the magnitude of these risks and the implementation status of the measures taken to counter them.

4. Senior Management

4.1 Members of Senior Management/
4.2 Other activities and vested interests

On December 31, 2013, Senior Management of EMS-CHEMIE HOLDING AG consisted of the following three 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 EMESTA HOLDING AG, she is today majorit 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. Since 2004 she has been a member of the Executive Board of scienceindustries, the Swiss Business Association for Chemistry Pharma Biotech, where she leads the Board committee on economic policy.

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 Senior 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 Senior 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.

Members of Senior 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. Senior Management usually meets every two weeks. In addition, the Secretary General attends these meetings in an advisory function. The duties and responsibilities of Senior Management are listed in section 3.5.

4.3 Management contracts

No management contracts with third parties exist.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the shareholding programmes

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

Individual overall compensation packages are proposed by the Compensation Committee and approved by the Chairman of the Board of Directors, after consultation with the CEO, in April of the following year. They are paid out in May (based on the OAEC, from 2015 the latest, the Annual General Meeting of Shareholders must vote on the compensation for the Board of Directors and Senior Management).

EMS has no shareholding programes.

Details of the individual compensation for members of the Board of Directors and CEO, and of the overall compensation paid to the Board of Directors and Senior Management as a whole, are shown in a table in note 7 to the annual financial statements of EMS-CHEMIE HOLDING AG.

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 (according to the OAEC, from 2014, representation of shareholders by the corporate representative and by depository banks will no longer be permitted). 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. In the event of a tie, the Chairman has the casting vote.

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. 730 a par. 2 CO).

8.2 Auditing fees

The EMS Group paid KPMG a global total of approximately CHF 345 000 for services relating to the audit of the Group's annual financial statements. The net sales revenue audited by KPMG accounts for approximately 48 % of the EMS Group's total net sales.

8.3 Additional fees

KPMG charged a global total of approximately CHF 487 000, comprising CHF 262 000 for tax consultancy services, CHF 25 000 for legal advices and CHF 200 000 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. It held five meetings during the year under review. The independent statutory auditor was invited to attend one meeting. Senior 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 Senior Management and the independent statutory auditor.

9. Implementation "Minder-initiative"

EMS will implement the "Minder-initiative" as per the Annual General Meeting 2015.

10. 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 11, 2014:
Half-year report 2014 (Media conference)

August 9, 2014:
Annual General Meeting 2014
of EMS-CHEMIE HOLDING AG

End of August 2014:
Definitive Half-year report 2014

October 2014:
Third-quarter report 2014

February 2015:
Annual results 2014 (Media conference)

April 2015:
First-quarter report 2015

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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Consolidated Income Statement

	Notes	2013 (CHF '000)	2012 Restated* (CHF '000)
Net sales revenue from goods and services		1 885 187	1 755 363
Inventory changes, semi-finished and finished goods		(2 409)	21 451
Capitalised costs and other operating income	1	33 692	30 350
Material expenses		1 150 114	1 102 886
Personnel expenses	2	222 413	207 399
Other operating expenses	3	119 922	122 916
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISZATION (EBITDA)		424 021	373 963
Depreciation and amortization	9, 23	55 134	54 302
NET OPERATING INCOME (EBIT)		368 887	319 661
Income from associated companies	4	25 680	9 461
Financial income	6	3 567	2 172
Financial expenses	7	13 030	9 012
NET FINANCIAL INCOME		16 217	2 621
NET INCOME BEFORE TAXES		385 104	322 282
Income taxes	8	61 298	48 601
NET INCOME		323 806	273 681
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		317 618	267 890
Non-controlling interests	17	6 188	5 791
Earnings per share in CHF:			
Basic	26	13.58	11.45
Diluted	26	13.58	11.45

Consolidated Statement of Comprehensive Income

	Notes	2013 (CHF '000)	2012 Restated* (CHF '000)
Net income recognized in income statement		323 806	273 681
Remeasurements of defined benefit liability/(asset), after taxes		13 684	(12 550)
Total items that will never be reclassified to profit or loss		13 684	(12 550)
Net changes from cash flow hedges, after taxes	14	(7 823)	(5 178)
Currency translation differences		(18 293)	(4 128)
Total items that are or may be reclassified to profit or loss		(26 116)	(9 306)
Other comprehensive income, after taxes		(12 432)	(21 856)
TOTAL COMPREHENSIVE INCOME		311 374	251 825
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG		306 595	247 074
Non-controlling interests	17	4 779	4 751

*Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.
Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

	Notes	31.12.2013 (CHF '000)	31.12.2012 Restated* (CHF '000)	1.1.2012 Restated* (CHF '000)
NON-CURRENT ASSETS		641 754	567 554	589 065
Intangible assets	9	92 586	31 789	23 375
Property, plant and equipment	9	515 201	496 051	506 989
Investments	9	4 267	22 778	22 286
Other non-current assets	10	17 615	3 299	16 292
Derivative financial instruments	14	0	3 192	12 110
Deferred income tax assets	8	12 085	10 445	8 013
CURRENT ASSETS		1 096 098	1 093 432	1 042 296
Inventories	11	314 183	315 196	297 588
Trade receivables	12	258 920	247 970	231 649
Income tax assets		5 715	1 514	1 563
Other receivables	13	74 264	59 601	62 198
Securities		0	0	15 117
Derivative financial instruments	14	2 997	8 110	16 186
Cash and cash equivalents	15	440 019	461 041	417 995
TOTAL ASSETS		1 737 852	1 660 986	1 631 361
EQUITY		1 199 312	1 138 167	1 055 192
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1 184 888	1 123 435	1 040 084
Share capital	16	234	234	234
Retained earnings and reserves		867 036	855 311	804 029
Net income		317 618	267 890	237 131
Equity, attributable to non-controlling interests	17	14 424	14 732	15 108
LIABILITIES		538 540	522 819	576 169
Non-current liabilities		123 254	218 655	213 123
Derivative financial instruments	14	5 889	1 178	502
Bank loans	18	42	100 053	100 061
Other non-current liabilities		236	339	363
Deferred income tax liabilities	8	97 503	87 635	88 404
Pension liabilities	19	15 509	25 437	19 151
Provisions	20	4 075	4 013	4 642
Current liabilities		415 286	304 164	363 046
Derivative financial instruments	14	9 179	2 110	19 661
Bank loans	18	100 000	19 042	62 705
Trade payables		108 085	109 514	112 458
Income tax liabilities		62 368	52 300	45 986
Provisions	20	4 623	1 442	759
Other current liabilities	21	131 031	119 756	121 477
TOTAL EQUITY AND LIABILITIES		1 737 852	1 660 986	1 631 361

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.
Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(CHF '000)	Share capital	Capital reserves (share premium)	Treasury shares	Retained earnings	Hedging reserves from IAS 39	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
At 31. 12. 2011	**234**	**21 563**	**0**	**1 059 845**	**15 432**	**(55 680)**	**1 041 394**	**15 108**	**1 056 502**
Adjustment*				(1 310)			(1 310)	0	(1 310)
At 1.1. 2012, restated*	**234**	**21 563**	**0**	**1 058 535**	**15 432**	**(55 680)**	**1 040 084**	**15 108**	**1 055 192**
Net changes from cash flow hedges, after taxes					(5 178)		(5 178)		(5 178)
Remeasurements of defined benefit liability/(asset), after taxes				(12 550)			(12 550)		(12 550)
Currency translation differences						(3 088)	(3 088)	(1 040)	(4 128)
Other comprehensive income, after taxes				**(12 550)**	**(5 178)**	**(3 088)**	**(20 816)**	**(1 040)**	**(21 856)**
Net income recognized in income statement				267 890			267 890	5 791	273 681
Total comprehensive income	**0**	**0**	**0**	**255 340**	**(5 178)**	**(3 088)**	**247 074**	**4 751**	**251 825**
Dividends paid				(163 723)			(163 723)	(5 127)	(168 850)
At 31.12.2012, restated*	**234**	**21 563**	**0**	**1 150 152**	**10 254**	**(58 768)**	**1 123 435**	**14 732**	**1 138 167**
Net changes from cash flow hedges, after taxes					(7 823)		(7 823)		(7 823)
Remeasurements of defined benefit liability/(asset), after taxes				13 684			13 684		13 684
Currency translation differences						(16 884)	(16 884)	(1 409)	(18 293)
Other comprehensive income, after taxes				**13 684**	**(7 823)**	**(16 884)**	**(11 023)**	**(1 409)**	**(12 432)**
Net income recognized in income statement				317 618			317 618	6 188	323 806
Total comprehensive income	**0**	**0**	**0**	**331 302**	**(7 823)**	**(16 884)**	**306 595**	**4 779**	**311 374**
Transactions with treasury shares		131	(11 383)				(11 252)		(11 252)
Transactions with non-controlling interests							0	273	273
Dividends paid				(233 890)			(233 890)	(5 360)	(239 250)
At 31.12.2013	**234**	**21 694**	**(11 383)**	**1 247 564**	**2 431**	**(75 652)**	**1 184 888**	**14 424**	**1 199 312**

	2013	2012*
Balance sheet equity ratio	69.0 %	68.5 %

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Capital reserves are not eligible for distribution. Retained earnings include KCHF 47 (2012: KCHF 47) not eligible for distribution.

The change in other comprehensive income and income taxes recognized directly in equity amounts to KCHF –655 (2012: KCHF –440) on hedge accounting to IAS 39, KCHF –2 392 (2012: 2 658) on remeasurements of defined benefit liability (asset) and KCHF –11 (2012: KCHF 0) on transactions with treasury shares.

The translation differences contains KCHF –8 221 (2012: KCHF –6 739) from IAS 21 "Net investment in a foreign operation".

On February 7, 2014, the company announced that the Board of Directors will propose a dividend payment of CHF 11.00 per each share to the ordinary annual shareholder meeting on August 9, 2014 (CHF 8.50 ordinary dividend, CHF 2.50 extraordinary dividend).

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

Consolidated Statement of Cash Flows

	Notes	2013 (CHF '000)	2012 Restated* (CHF '000
Net income		323 806	273 681
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	9, 23	55 134	54 302
(Profit)/loss from disposal of property, plant and equipment, net	3	(1 078)	2 638
Increase/(decrease) of provisions	20	2 527	687
Increase/(decrease) of other non-current liabilities		217	0
(Income)/expenses from the equity-valuation of associated companies	4	(25 680)	(9 461)
Unrealised currency translation (gains)/losses on foreign exchange positions		7 880	11 763
Change assets and liabilities of post-employment benefits, net	19	(24 065)	4 084
Net interest expense	6, 7	1 364	1 516
Dividends on available-for-sale securities	6	(2 891)	(1 637)
(Income)/loss from sale of available-for-sale securities	7	0	2 145
Expenses for income taxes	8	61 298	48 601
Changes in net working capital		7 668	(53 840)
Taxes paid		(59 518)	(48 488)
Interest paid		(2 043)	(2 074)
Provisions used	20	(286)	(1 015)
CASH FLOW FROM OPERATING ACTIVITIES A		344 333	282 902
(Purchase) of intangible assets and property, plant and equipment	9	(57 448)	(44 225)
Disposal of intangible assets and property, plant and equipment	3, 9	2 424	629
(Increase) in other non-current assets		(517)	(62)
Decrease in other non-current assets		2 920	283
(Purchase) of available-for-sale securities		0	(32 445)
Sale of available-for-sale securities		0	45 417
Interest received		679	533
Dividends received		2 846	4 899
Cash inflow from sale of fully consolidated companies	24	(46 721)	(6 966)
(Increase)/decrease of interest-bearing assets		435	41
CASH FLOW FROM INVESTING ACTIVITIES B		(95 382)	(31 896)
Dividends paid		(233 890)	(163 723)
Dividends paid to non-controlling interests	17	(5 360)	(5 127)
(Purchase) of treasury shares	16	(13 834)	0
Sale of treasury shares	16	2 582	0
Increase in interest-bearing liabilities		0	7 025
(Decrease) in interest-bearing liabilities		(21 061)	(50 024)
CASH FLOW FROM FINANCING ACTIVITIES C		(271 563)	(211 849)
Increase/(decrease) in cash and cash equivalents (A + B + C)		(22 612)	39 157
Cash and cash equivalents at 1.1.		461 041	417 995
Translation difference on cash and cash equivalents		1 590	3 889
Cash and cash equivalents at 31.12.	15	440 019	461 041

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.
Reference numbers indicate corresponding Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Consolidated accounting principles

General information on the consolidated financial statements

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

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

Significant estimates and assumptions made by management

Impairment of non-current assets

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

Provisions for litigation risks and other provisions

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

Employee benefits

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

Taxes

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

Changes to the consolidated accounting principles

The IASB published a series of new and revised standards and interpretations, which took effect in financial year 2013 and were implemented by the EMS Group on January 1, 2013.

- IAS 1 Financial Statement Presentation
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (revised)
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (early application)
- Annual Improvements 2011

The individual changes have no material impact on the accounting principles except IAS 19 – Employee Benefits (revised) – (hereinafter IAS 19R), IAS 1 (Presentation of Financial Statements) and IFRS 13 (Fair Value Measurement).

Adoption of IAS 19 – Employee Benefits (revised)

The material impacts of the adoption of IAS 19R on the EMS Group's financial reporting are as follows:

- Elimination of the corridor approach: The actuarial gains and losses must now be recognized in other comprehensive income.
- Calculation of pension costs: The net interest on the net defined benefit liability or the net defined benefit asset is recognized in the employee costs.
- Past service costs are recognized through profit or loss when they occur.

The changes to IAS 19R have been applied retrospectively in accordance with IAS 8. The effects on the relevant items in the balance sheet, income statement, statement of comprehensive income and cash flow statement are presented below.

Consolidated Balance Sheet as of January 1, 2012

(CHF '000)	Reported	Adjustment	Restated
Other non-current assets	19 249	(2 957)	16 292
Non-current assets	**592 022**	**(2 957)**	**589 065**
Deferred income tax liabilities	88 682	(278)	88 404
Pensions liabilities	20 520	(1 369)	19 151
Liabilities	**214 770**	**(1 647)**	**213 123**
Equity	**1 056 502**	**(1 310)**	**1 055 192**
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	1 041 394	(1 310)	1 040 084
Non-controlling interests	15 108	0	15 108

Consolidated Balance Sheet as of December 31, 2012

(CHF '000)	Reported	Adjustment	Restated
Other non-current assets	19 244	(15 945)	3 299
Non-current assets	**583 499**	**(15 945)**	**567 554**
Deferred income tax liabilities	90 387	(2 752)	87 635
Pensions liabilities	25 642	(205)	25 437
Liabilities	**221 612**	**(2 957)**	**218 655**
Equity	**1 151 155**	**(12 988)**	**1 138 167**
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	1 136 423	(12 988)	1 123 435
Non-controlling interests	14 732	0	14 732

Consolidated Income Statement 2012

(CHF '000)	Reported	Adjustment	Restated
Personnel expenses	208 456	(1 057)	207 399
Net operating income (EBIT)	**318 604**	**1 057**	**319 661**
Net income before taxes	**321 225**	**1 057**	**322 282**
Income taxes	48 416	185	48 601
Net income	**272 809**	**872**	**273 681**
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG	267 018	872	267 890
Non-controlling interests	5 791	0	5 791

Earnings per share in CHF			
Basic	11.42		11.45
Diluted	11.42		11.45

Consolidated Statement of Comprehensive Income 2012

(CHF '000)	Reported	Adjustment	Restated
Net income	272 809	872	273 681
Net changes from cash flow hedges, after taxes	(5 178)	0	(5 178)
Currency translation differences	(4 128)	0	(4 128)
Remeasurements of defined benefit liability (assets), after taxes	0	(12 550)	(12 550)
Other comprehensive income, after taxes	(9 306)	(12 550)	(21 856)
Total comprehensive income	**263 503**	**(11 678)**	**251 825**
Of which attributable to: Shareholders of EMS-CHEMIE HOLDING AG	258 752	(11 678)	247 074
Non-controlling interests	4 751	0	4 751

Consolidated Statement of Cash Flows 2012

(CHF '000)	Reported	Adjustment	Restated
Net income	272 809	872	273 681
Change assets and liabilities of post-employment benefits, net	5 141	(1 057)	4 084
Income taxes	48 416	185	48 601
Cash flow from operating activities A	**282 902**	**0**	**282 902**

The effects on the year 2013 and beyond are similar.

Financial instruments

The difference between the carrying value less allowances of financial assets and liabilities is not material. Financial assets and liabilities that are measured at fair value are insignificant, which is why no further disclosure is made.

Scope of consolidation

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

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).

Shares in other companies (less than 20% of voting rights) are valued at their fair value.

Method of consolidation

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

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

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

Consistency

Compared to the prior-year period, the following reclassifications were made within the non-current liabilities:

(CHF '000)	31.12.2012	1.1.2012
Other non-current liabilities	24726	19635
Reclassification to pension liabilities	(24387)	(19272)
Other non-current liabilities	339	363
Provisions	6710	6649
Reclassification provision for pension liabilities	(1255)	(1248)
Provisions	5455	5401
Reclassification from other non-current liabilities	24387	19272
Reclassification from provisions	1255	1248
Adjustment IAS 19R	(205)	(1369)
Pension liabilities	25437	19151

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

Standards that have been approved, but not yet applied

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

Standard / Interpretation		Effective as of	Planned application by the EMS Group
IFRS 10, IFRS 12 and IAS 27 – Investment Entities	*	January 1, 2014	Financial year 2014
IFRIC 21 – Levies	*	January 1, 2014	Financial year 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	*	January 1, 2014	Financial year 2014
IFRS 19 – Employee Contributions	*	January 1, 2014	Financial year 2014
Annual Improvements to IFRSs 2010–2012 Cycle	*	January 1, 2014	Financial year 2014
Annual Improvements to IFRSs 2011–2013 Cycle	*	January 1, 2014	Financial year 2014

Standard / Interpretation		Effective as of	Planned application by the EMS Group
IAS 32 – Offsetting Amendments	**	January 1, 2014	Financial year 2014
IFRIC 9 – Financial Instruments: Classification and Measurement	***	January 1, 2018 (expected)	Financial year 2018 (expected)

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

Balance sheet date

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

Valuation principles

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

Intangible assets (excluding goodwill)

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

Goodwill

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

Property, plant and equipment

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

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

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

Leases

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

Investments

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

Inventories

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

Receivables

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

Securities

Securities include marketable securities traded on stock exchanges and are classified as available-for-sale. Initial measurement of all security transactions is done at the date of fulfilment of the contract (settlement date accounting) at fair value including transaction costs. Subsequent measurement is done at fair value with changes recorded in equity and only transferred to the income statement at the moment of the sale or in the case of impairment. Impairment is assumed when there is a significant or prolonged decline in the fair value below its cost. According to the guidelines of the EMS Group a significant or prolonged decline exists if the fair value of securities is below its cost for a period of nine months or by more than 20%. If the decline in fair value is less than 20% or lasts less than nine months, management decides whether the loss has to be considered permanent.

Cash and cash equivalents

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

This definition is also used for the cash flow statement.

Non-current bank loans

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

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

Liabilities and deferred income

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

Provisions

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

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

Employee benefits

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

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

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

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

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

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

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

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

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

Derivative financial instruments

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

Hedge accounting

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

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

Net sales revenue

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

Net sales revenue is stated after deduction of value added taxes and any deduction of discounts and credits.

Research and development costs

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

Impairment

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

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

Fair values

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

Foreign currencies

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

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

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

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

The most important exchange rates are:

			Average exchange rates		Year-end exchange rates	
		Unit	2013	2012	2013	2012
Euro	EUR	1	1.231	1.205	1.225	1.208
US Dollar	USD	1	0.927	0.937	0.888	0.915
Japanese Yen	JPY	100	0.951	1.175	0.845	1.063
Chinese Renminbi	CNY	100	15.065	14.868	14.650	14.680
Taiwan Dollar	TWD	100	3.115	3.162	2.975	3.150

Income taxes

Current income taxes are calculated on the taxable profit.

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

Earnings per share

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

Segment reporting

Internal reporting to the Board of Directors (= Chief Operating Decision Maker) is based on the two business areas of "High Performance Polymers" and "Specialty Chemicals". The same accounting principles are applied as for the consolidated financial statements.

The strategy, and therefore the allocation of resources, is decided by the Board of Directors. The yearly budgets and medium-term plans of the two business areas are approved by the Board of Directors. Operating performance is monitored by the Board of Directors quarterly. The segmentation is prepared to the level of EBIT. A splitting of financial income and expenses and of taxes is not useful because those functions are executed on Group level. All assets and liabilities are contributed to the business area or geographical region either direct or via useful rate assessment.

Financial risk management

General

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

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

Credit risks

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

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

Liquidity risks

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

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

Market risks

Interest rate risks

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

This risk is not hedged.

Currency risks

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

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

Capital management

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

Capital is monitored on the basis of the equity ratio, which is calculated as being equity (including non-controlling interests) as a percentage of total assets. The EMS Group aims for a balance sheet equity ratio between 40% and 60%. The balance sheet equity ratio is 69.0% as at December 31, 2013 (December 31, 2012: 68.5%). The EMS Group has no external minimum capital requirements.

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

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

Segment Information

Segment information by business area

	High Performance Polymers		Specialty Chemicals		Elimination		Total	
(CHF '000)	2013	2012*	2013	2012	2013	2012	2013	2012*
Net sales revenue with third parties	1 620 202	1 470 841	264 985	284 522	0	0	1 885 187	1 755 363
Net sales revenue with other segments	87	166	0	0	(87)	(166)	0	0
Total net sales revenue	1 620 289	1 471 007	264 985	284 522	(87)	(166)	1 885 187	1 755 363
EBITDA	366 377	317 058	57 644	56 905	0	0	424 021	373 963
Depreciation, amortisation and impairments [1]	46 572	45 638	8 562	8 664	0	0	55 134	54 302
Net operating income (EBIT)	319 805	271 420	49 082	48 241	0	0	368 887	319 661
Net financial income							16 217	2 621
Net income before taxes							385 104	322 282
Income taxes							(61 298)	(48 601)
Net income							323 806	273 681

	High Performance Polymers		Specialty Chemicals		Non-segment assets/ liabilities		Total	
(CHF '000)	2013	2012*	2013	2012	2013	2012	2013	2012*
Segment assets [2]	1 133 507	1 004 988	160 242	172 362	444 103	483 636	1 737 852	1 660 986
Segment liabilities [3]	423 788	386 180	14 710	17 544	100 042	119 095	538 540	522 819
Investments	52 327	39 137	5 122	5 088			57 449	44 225
Income from equity-valuation of associated companies	25 680	9 461	0	0			25 680	9 461

Segment information by geographical region

	Total net sales revenue (customers)		Total net sales revenue (production)		Segment assets [2]	
(CHF '000)	2013	2012	2013	2012	2013	2012*
Europe	1 027 429	974 982	1 347 860	1 276 750	963 047	849 773
thereof Switzerland	*73 330*	*79 364*	*870 826*	*861 008*	*676 680*	*642 121*
thereof Germany	*412 334*	*445 319*	*230 485*	*228 320*	*98 106*	*88 959*
Asia	536 023	481 866	340 949	298 121	221 011	219 552
thereof China	*264 486*	*206 457*	*138 373*	*109 139*	*121 401*	*100 422*
NAFTA	251 290	236 968	173 288	165 381	98 361	93 481
thereof USA	*223 541*	*209 523*	*173 288*	*165 381*	*98 361*	*93 481*
Others	70 445	61 547	23 090	15 111	11 330	14 544
Non-segment assets					444 103	483 636
Total	1 885 187	1 755 363	1 885 187	1 755 363	1 737 852	1 660 986

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.

*Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.
[1] See note 9.
[2] Segmented assets: Assets without cash and cash equivalents, securities, fixed deposits in other current and non-current financial assets and investments in associated companies.
[3] Segmented liabilities: Liabilities without current and non-current bank loans.

Consolidated Income Statement

Notes		2013 (CHF '000)	2012 Restated* (CHF '000)
1	Capitalised costs and other operating income		
	Capitalised costs	12306	10861
	Other operating income	21386	19489
	Total capitalised costs and other operating income	33692	30350
2	Personnel expenses		
	Wages and salaries	172500	158731
	Subcontractor salaries	10371	6415
	Expenses for defined benefit plans (see note 19)	9804	6528
	Legal/contractual social insurance	29738	35725
	Total personnel expenses	222413	207399
3	Other operating expenses		
	Rents	9657	9022
	Repairs and maintenance	26245	26168
	Insurance, duties, fees	8007	7372
	Energy	34092	34532
	Administration, promotion	27642	25406
	(Profit)/Losses on disposal of property, plant and equipment, net	(1078)	2638
	Other operating expenses	15357	17778
	Total other operating expenses	119922	122916
4	Income from associated companies		
	Income from equity-valuation of associated companies	6510	6863
	Revaluation existing investment in D PLAST – EFTEC to fair value (see note 24)	23141	0
	Revaluation existing investment in EFTEC (India) Pvt. Ltd. to fair value (see note 24)	0	2598
	Currency effects, transferred to income statement	(3971)	0
	Total income from associated companies	25680	9461
5	Research and development		
	Expenditures for research and development amount to	39962	35887
	In percent of net sales revenue	2.1%	2.0%

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Notes		2013 (CHF '000)	2012 Restated* (CHF '000)
6	Financial income		
	Other interest income	660	529
	Interest income on loans and receivables	16	6
	Total interest income	676	535
	Dividends on available-for-sale securities	2 891	1 637
	Total financial income	3 567	2 172
7	Financial expenses		
	Interest expenses	2 040	2 051
	Foreign exchange losses, net	9 286	3 609
	Expenses from sale of available-for-sale securities, net	0	2 145
	Bank charges and commissions	1 704	1 207
	Total financial expenses	13 030	9 012
8	Income taxes		
	Current income taxes	65 683	56 095
	Deferred income taxes	(4 385)	(7 494)
	Total income taxes	61 298	48 601

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

Breakdown of the income tax expenses	2013 (CHF '000)	2012 Restated* (CHF '000)
Net income before income taxes	385 104	322 282
Expected income tax rate	22.8%	19.4%
Expected income taxes	87 804	62 458
Use of tax losses carried forward from previous years	(2 028)	(7 074)
Change in deferred tax assets not having been set up	(3 159)	125
Tax exemption/Expenses not being deductible for tax purposes	(17 481)	(5 643)
Taxes from previous years	(3 870)	(689)
Impact of changed deferred income tax rates	(94)	(37)
Other	126	(539)
Effective income taxes	61 298	48 601
Effective income tax rate	15.9%	15.1%

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Notes	2013 (CHF '000)		2012 Restated* (CHF '000)	

Deferred income taxes:
Change in recognised assets/liabilities

	Deferred income tax assets	Deferred income tax liabilities	Deferred income tax assets	Deferred income tax liabilities
At 1.1.	10445	87635	8013	88404
Change in scope of consolidation	0	8562	0	2557
Increase via income statement	5114	4125	3562	1849
Decrease via income statement	(3065)	(2035)	(1018)	(4958)
Translation differences	(409)	(784)	(112)	(217)
At 31.12.	12085	97503	10445	87635

Note to the deferred income tax liabilities

	2013	2012
Calculation according to the "balance sheet liability method":		
Deferred income taxes on non-current assets	81696	73127
Deferred income taxes on current assets	11062	10106
Deferred income taxes on liabilities	4745	4402
Total deferred income tax liabilities	97503	87635

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	13389	3034	28925	8299
Of which to be carried forward for up to:				
1 year	0	0	0	0
2 years	0	0	0	0
3 years	71	18	0	0
4 years	9	2	72	18
5 years	0	0	9	2
More than 5 years	13309	3014	28844	8279

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Consolidated Balance Sheet as at December 31

Notes

9 Intangible assets, property, plant and equipment, investments

I. Intangible assets

(CHF '000)	Goodwill	Patents, trade-marks	Others	Total
At 1. 1. 2012				
Cost	20 678	1 268	23 432	45 378
Accumulated amortisation and impairment	0	(1 266)	(20 737)	(22 003)
Net book value	20 678	2	2 695	23 375
2012				
At 1. 1.	20 678	2	2 695	23 375
Change in scope of consolidation	2 077	0	7 891	9 968
Additions	0	0	494	494
Disposals	0	0	(1)	(1)
Amortisation	0	(2)	(1 963)	(1 965)
Reclassifications	0	0	492	492
Translation differences	(210)	0	(364)	(574)
At 31. 12.	22 545	0	9 244	31 789
Cost	22 545	1 268	31 261	55 074
Accumulated amortisation and impairment	0	(1 268)	(22 017)	(23 285)
Net book value	22 545	0	9 244	31 789
2013				
At 1. 1.	22 545	0	9 244	31 789
Change in scope of consolidation	27 438	0	42 498	69 936
Additions	0	0	339	339
Disposals	0	0	(103)	(103)
Amortisation	0	0	(6 258)	(6 258)
Reclassifications	0	0	134	134
Translation differences	(241)	0	(3 010)	(3 251)
At 31. 12.	49 742	0	42 844	92 586
Cost	49 742	1 268	69 884	120 894
Accumulated amortisation and impairment	0	(1 268)	(27 040)	(28 308)
Net book value	49 742	0	42 844	92 586

The other intangible assets mainly contain customer related intangibles and capitalised software usage rights.

Impairment test for goodwill:

The cash generating unit for the impairment test of the total goodwill of KCHF 49 742 (2012: KCHF 22 545) 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 % (2012: 1 %).
– The discount rate before taxes is 10 % (2012: 10 %).

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

Impairment testing as of the closing date confirmed the recoverability of goodwill.

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. 2012						
Cost	20 395	291 334	925 038	50 724	21 125	1 308 616
Accumulated depreciation and impairment	(1 579)	(164 838)	(599 001)	(35 458)	(751)	(801 627)
Net book value	18 816	126 496	326 037	15 266	20 374	506 989
2012						
At 1. 1.	18 816	126 496	326 037	15 266	20 374	506 989
Change in scope of consolidation	807	2 145	1 387	124	0	4 463
Additions	0	205	3 249	3 879	36 398	43 731
Disposals	(1)	(253)	(735)	(140)	(2 137)	(3 266)
Depreciation	(67)	(6 428)	(35 083)	(3 961)	0	(45 539)
Impairment	0	0	(6 611)	0	(187)	(6 798)
Reclassifications	0	3 250	25 783	1 583	(31 108)	(492)
Translation differences	(254)	(894)	(1 687)	(150)	(52)	(3 037)
At 31. 12.	19 301	124 521	312 340	16 601	23 288	496 051
Cost	20 964	294 132	929 042	53 886	24 203	1 322 227
Accumulated depreciation and impairment	(1 663)	(169 611)	(616 702)	(37 285)	(915)	(826 176)
Net book value	19 301	124 521	312 340	16 601	23 288	496 051
2013						
At 1. 1.	19 301	124 521	312 340	16 601	23 288	496 051
Change in scope of consolidation	1 461	9 973	4 907	1 435	422	18 198
Additions	0	1 168	2 453	2 816	50 672	57 109
Disposals	(139)	(352)	(423)	(190)	(139)	(1 243)
Depreciation	(69)	(7 669)	(35 785)	(5 132)	(221)	(48 876)
Reclassifications	32	1 751	17 445	3 662	(23 022)	(132)
Translation differences	(502)	(2 358)	(2 544)	(312)	(190)	(5 906)
At 31. 12.	20 084	127 034	298 393	18 880	50 810	515 201
Cost	21 798	304 274	926 075	60 796	51 910	1 364 853
Accumulated depreciation and impairment	(1 714)	(177 240)	(627 682)	(41 916)	(1 100)	(849 652)
Net book value	20 084	127 034	298 393	18 880	50 810	515 201

Fire insurance value is KCHF 1 846 265 (2012: KCHF 1 760 354). 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
2013:	KCHF 0	–
2012:	KCHF 6 798	High Performance Polymers

Notes

III. Investments

(CHF '000)	Investments in associated companies	Other investments	Total
At 1.1.2012			
Cost/Fair value	22 103	183	22 286
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	22 103	183	22 286
2012			
At 1.1.	22 103	183	22 286
Change in scope of consolidation	(5 663)	0	(5 663)
Additions/Increase	7 140	0	7 140
Disposals/Decrease	(941)	0	(941)
Translation differences	(44)	0	(44)
At 31.12.	22 595	183	22 778
Cost/Fair value	22 595	183	22 778
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	22 595	183	22 778
2013			
At 1.1.	22 595	183	22 778
Change in scope of consolidation	(24 859)	0	(24 859)
Income from equity-valuation of associated companies	6 510	0	6 510
Additions/Increase	0	0	0
Disposals/Decrease	0	0	0
Translation differences	(162)	0	(162)
At 31.12.	4 084	183	4 267
Cost/Fair value	4 084	183	4 267
Accumulated depreciation/amortisation and impairment	0	0	0
Net book value	4 084	183	4 267

Notes		2013 (CHF '000)	2012 Restated* (CHF '000)
10	Other non-current assets		
	Other non-current assets	1057	878
	Assets from employee benefits (see note 19)	16558	2421
	Total other non-current assets	17615	3299
	Other non-current assets mainly comprise loans to third parties.		
11	Inventories		
	Raw materials and supplies	148429	147137
	Semi-finished goods, work in progress	10384	10883
	Finished products	184670	185620
	Value adjustments	(29300)	(28444)
	Total inventories	314183	315196
12	Trade receivables		
	Trade receivables from associated companies	8	67
	Trade receivables from third parties	265748	255251
	Allowances for doubtful receivables	(6836)	(7348)
	Total trade receivables	258920	247970
	Allowances for doubtful receivables are determined on the basis of historical losses and recognisable individual risks.		
	Due dates of trade receivables		
	Not due	239379	225596
	Overdue <30 days	24268	25445
	Overdue 30 to 90 days	1713	2932
	Overdue >90 days	396	1345
	Total	265756	255318

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

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:

	2013		2012	
	Individual allowance	General allowance	Individual allowance	General allowance
At 1.1.	1 935	5 413	1 803	4 311
Change in scope of consolidation	46	244	0	0
Increase in allowances	326	541	442	1 428
Decrease in allowances	(145)	(1 202)	(143)	(162)
Losses on trade receivables	(207)	0	(249)	–
Reclassifications	34	(34)	86	(86)
Translation differences	3	(118)	(4)	(78)
At 31.12.	1 992	4 844	1 935	5 413

				2013 (CHF '000)	2012 (CHF '000)
13	Other receivables				
	Other receivables			42 960	39 175
	Prepayments and accrued income			31 304	20 426
	Total other receivables			74 264	59 601
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 SWAPS and forward rate agreements	EUR/CHF	Notional amount CHF	187 389	300 418
			Positive replacement value CHF	349	0
			Negative replacement value CHF	3 214	3 111
		JPY/CHF	Notional amount CHF	79 540	0
			Positive replacement value CHF	0	0
			Negative replacement value CHF	7 186	0
		CZK/EUR	Notional amount CHF	48 308	0
			Positive replacement value CHF	0	0
			Negative replacement value CHF	4 561	0
		EUR/USD	Notional amount CHF	1 712	0
			Positive replacement value CHF	1	0
			Negative replacement value CHF	0	0
		Others	Notional amount CHF	8 195	0
			Positive replacement value CHF	0	0
			Negative replacement value CHF	107	0

Notes			2013 (CHF '000)	2012 (CHF '000)
Total		Notional amount CHF	325 144	300 418
		Positive replacement value CHF	350	0
		Negative replacement value CHF	15 068	3 111
Thereof: Current portion		Notional amount CHF (<12 months)	265 464	186 130
		Positive replacement value CHF (<12 months)	350	0
		Negative replacement value CHF (<12 months)	9 179	1 933
Non-current portion		Notional amount CHF (1–5 years)	59 680	114 288
		Positive replacement value CHF (1–5 years)	0	0
		Negative replacement value CHF (1–5 years)	5 889	1 178

Financial instruments effective for hedge accounting purposes

			2013 (CHF '000)	2012 (CHF '000)
Currency SWAPS and forward rate agreements	USD/CHF	Notional amount CHF	34 564	169 111
		Positive replacement value CHF	2 638	5 319
		Negative replacement value CHF	0	177
	JPY/CHF	Notional amount CHF	0	82 020
		Positive replacement value CHF	0	5 983
		Negative replacement value CHF	0	0
	CZK/EUR	Notional amount CHF	6 745	0
		Positive replacement value CHF	9	0
		Negative replacement value CHF	0	0
Total		Notional amount CHF	41 309	251 131
		Positive replacement value CHF	2 647	11 302
		Negative replacement value CHF	0	177
Thereof: Current portion		Notional amount CHF (<12 months)	41 309	202 010
		Positive replacement value CHF (<12 months)	2 647	8 110
		Negative replacement value CHF (<12 months)	0	177
Non-current portion		Notional amount CHF (1–5 years)	0	49 121
		Positive replacement value CHF (1–5 years)	0	3 192
		Negative replacement value CHF (1–5 years)	0	0

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

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

Notes		2013 (CHF '000)	2012 (CHF '000)
	Net changes from cash flow hedges in equity, after taxes		
	At 1.1.	10 254	15 432
	Transfer to consolidated income statement	(9 221)	(4 870)
	Fair value adjustments	733	(748)
	Income taxes recognised directly in equity	665	440
	Total net changes from cash flow hedges in equity, after taxes	(7 823)	(5 178)
	At 31.12.	2 431	10 254
15	**Cash and cash equivalents**		
	Deposits	439 417	460 153
	Cash and cash equivalents	602	888
	Total cash and cash equivalents	440 019	461 041

16 Share capital

	Par value	Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 31.12. 2011	CHF 0.01	23 389 028	0	23 389 028	234
Purchase of treasury shares		–	0	0	–
Sale of treasury shares		–	0	0	–
At 31.12. 2012	CHF 0.01	23 389 028	0	23 389 028	234
Purchase of treasury shares		–	44 019	(44 019)	–
Sale of treasury shares		–	(7 819)	7 819	–
At 31.12. 2013	CHF 0.01	23 389 028	36 200	23 352 828	234

17 Non-controlling interests

This item reflects the non-controlling interests in capital and profit/loss for the year. Significant non-controlling interests exist for shares in EFTEC (Elabuga) OOO, EMS-UBE Ltd., Shanghai EFTEC Chemical Products Ltd. and Wuhu EFTEC Chemical Products Ltd.

The change in non-controlling interests is as follows:

	2013 (CHF '000)	2012 (CHF '000)
At 1.1.	14 732	15 108
Change in the scope of consolidation	273	0
Dividends paid	(5 360)	(5 127)
Net income	6 188	5 791
Translation differences	(1 409)	(1 040)
At 31.12.	14 424	14 732

Notes		2013 (CHF '000)	2012 (CHF '000)
18	Bank loans		
	The non-current bank loans are composed as follows:		
	CHF: Average interest rate: – (2012: 1.35%)	0	100 000
	JPY: Average interest rate: 1.48% (2012: 1.48%)	42	53
	Total non-current bank loans	42	100 053
	The non-current bank loans in CHF have a fixed interest rate. The fair value amounts to KCHF 0 (2012: KCHF 100 635). 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: – (2012: 0.44%)	0	17 540
	INR: Average interest rate: – (2012: 13.00%)	0	1 502
	CHF: Average interest rate: 1.35% (2012: –)	100 000	0
	Total current bank loans	100 000	19 042
	The current bank loans have a fixed interest rate. The fair value amounts to KCHF 100 030 (2012: –). The current bank loans were entirely repayed on January 31, 2014.		

19 Pension Liabilities

Description of Swiss defined benefit plans

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

The funding requirements are subject to the legal minimum requirements of the Swiss Federal Law on Occupational Retirement, Surviving Dependants' and Disability Pension (BVG) and its implementing provisions. The minimum insured salary and the minimum retirement credits are defined in the BVG. The minimum interest rate which has to be applied to these minimum retirement assets is determined by the Swiss Federal Council at least every two years. In 2013, the minimum interest rate was unchanged at 1.5% compared to 2012.

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.

Beginning January 1, 2013, the following amendments were made to the Swiss defined benefit plans:

– The pension benefits for insured individuals over the age of 45 were improved
– The conversion rate was reduced from 6.4% to 6.0%.

As a result of these adjustments, the defined benefit liability of the group was reduced by KCHF 2355. The corresponding income from past service cost was recognized in the consolidated income statement during 2012.

Balance sheet reconciliation

	Pension plans CH	Other post-employment benefit plans	Total 2013	Pension plans CH	Other post-employment benefit plans	Total 2012
Funded plans						
– Fair value of plan assets	366 465	6 730	373 195	374 691	0	374 691
– Defined benefit obligation	(359 027)	(6 198)	(365 225)	(374 998)	(20 973)	(395 971)
Over/(under) funding	**7 438**	**532**	**7 970**	**(307)**	**(20 973)**	**(21 280)**
Unfunded plans						
– defined benefit obligation	0	(423)	(423)	0	(481)	(481)
Net recognized asset/(liability)	**7 438**	**109**	**7 547**	**(307)**	**(21 454)**	**(21 761)**
Jubilees	0	(4 945)	(4 945)	0	0	0
Provision for termination pay	0	(1 553)	(1 553)	0	(1 255)	(1 255)
(Net liability)/asset	**7 438**	**(6 389)**	**1 049**	**(307)**	**(22 709)**	**(23 016)**
Reported in balance sheet						
– Other non-current assets (see note 10)			16 558			2 421
– Pension liabilities			(15 509)			(25 437)
Net recognized asset/(liability)			**1 049**			**(23 016)**

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)	
	2013	2012 Restated*	2013	2012 Restated*	2013	2012 Restated*
1.1.	374 998	362 129	(374 691)	(375 186)	307	(13 057)
Included in profit or loss						
Current service cost	9 799	9 262	0	0	9 799	9 262
Past service cost	0	(2 420)	0	0	0	(2 420)
Interest cost/(income)	6 562	8 691	(6 557)	(9 005)	5	(314)
Total	**16 361**	**15 533**	**(6 557)**	**(9 005)**	**9 804**	**6 528**
Included in OCI						
Remeasurements loss/(gain):						
– Actuarial loss (gain) arising from:						
– demographic assumptions	0	0			0	0
– financial assumptions	(9 646)	19 169			(9 646)	19 169
– experience adjustment	212	(5 962)			212	(5 962)
– Return on plan assets excluding interest income	0	0	(7 150)	2 002	(7 150)	2 002
Total	**(9 434)**	**13 207**	**(7 150)**	**2 002**	**(16 584)**	**15 209**
Other						
Employers' contributions	0	0	(965)	(8 373)	(965)	(8 373)
Employees' contributions	6 232	6 037	(6 232)	(6 037)	0	0
Vested benefits paid in/(paid out), net	(29 130)	(21 908)	29 130	21 908	0	0
Total	**(22 898)**	**(15 871)**	**21 933**	**7 498**	**(965)**	**(8 373)**
Balance at 31.12.	**359 027**	**374 998**	**(366 465)**	**(374 691)**	**(7 438)**	**307**

EMS expects to pay MCHF 15 into defined benefit plans in 2014.

	2013 (CHF '000)	2012 Restated* (CHF '000)
Plan assets		
Total assets	366 465	374 691
Liquidity	53%	73%
Bonds CHF	14%	4%
Bonds EUR	2%	0%
Swiss shares	4%	1%
Shares Abroad	3%	0%
Property	21%	19%
Mortgages, loans	3%	3%
Other investments	0%	0%
Total	100%	100%

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Notes	2013 (CHF '000)	2012 (CHF '000)
Actuarial assumptions as of 31.12.		
Discount rate	2.00%	1.75%
Future salary growth	1.00%	1.00%
Future pension growth	0.25%	0.25%
Mortality table	BVG 2010 GT	BVG 2010 GT

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.

Sensitivity analysis

	Defined benefit obligation	
	Increase	Decrease
Discount rate (+/–0.5%)	(16827)	18704
Future salary growth (+/–0.5%)	1061	(1031)
Future mortality (+/–1 year)	9135	(8782)

At December 31, 2013, the weighted average duration of the defined benefit obligation was 9.9 years (2012: 10.2 years).

20 Provisions

(CHF '000)	Provisions for restructuring costs	Provisions for litigation risks	Other provisions	Total
At 31.12. 2012	457	1 983	3 015	5 455
Change in scope of consolidation	0	0	1 132	1 132
Increase via income statement	0	194	3 455	3 649
Decrease via income statement	(259)	(862)	(1)	(1 122)
Amounts used	(185)	0	(101)	(286)
Translation differences	(13)	5	(122)	(130)
At 31.12. 2013	0	1 320	7 378	8 698
Of which: Current portion of provisions	0	178	4 445	4 623
Non-current portion of provisions	0	1 142	2 933	4 075

The provisions for restructuring costs concern the merger of sites in the USA and in India ("High Performance Polymers" business area), which was completed in 2013.

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 <3% as per December 31, 2013.

Notes		2013 (CHF '000)	2012 (CHF '000)
21	Other current liabilities		
	Advances from customers	2238	4108
	Prepaid expenses and deferred income	76377	74997
	Other current liabilities to related parties	5716	5700
	Other current liabilities to associated companies	0	224
	Liabilities to social security institutions	2255	1598
	Other current liabilities	44445	33129
	Total other current liabilities	131031	119756
22	Liabilities, net/(net cash position)		
	Pension liabilities (see note 19)	1553	1255
	Bank loans (see note 18)	100042	119095
	Other current liabilities to related parties (see note 21)	5716	5700
	Interest-bearing liabilities	107311	126050
	less		
	Deposits (see note 15)	439417	460153
	Interest-bearing liabilities, net/(cash, net)	(332106)	(334103)
	less		
	Cash and cash equivalents (see note 15)	602	888
	Liabilities, net/(net cash position)	(332708)	(334991)

Consolidated Statement of Cash Flows

Notes		2013 (CHF '000)	2012 (CHF '000)
23	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
	Amortisation intangible assets	6 258	1 965
	Depreciation property, plant and equipment	48 876	45 539
	Impairment property, plant and equipment	0	6 798
	Total depreciation, amortisation and impairment of intangible assets and property, plant and equipment	55 134	54 302
	For the breakdown of the depreciation, amortisation and impairment of intangible assets and property, plant and equipment please refer to note 9 and to the segment reporting.		
24	Purchase/disposal of fully consolidated companies and non-controlling interests		
	2013 Cash outflow from purchase of fully consolidated companies		
	Acquisition of D PLAST-EFTEC		
	On April 15, 2013, EMS Group acquired the 50% shareholding of its Czech partner D PLAST in the joint venture D PLAST-EFTEC a.s. In this way EMS gains complete control of the EFTEC business in Central and Eastern Europe. The investment was treated as a associated company in prior years.		
	From April 15, 2013 to June 30, 2013, the acquired business contributed net sales revenue of CHF 67.9 million and a net gain of CHF 5.9 million to the EMS Group. If the acquisition had occurred on January 1, 2013, Group net sales revenue would have been CHF 21.6 million higher, while net income would have been CHF 3.3 million higher. These amounts have been calculated using the Group's accounting policies.		
	Net assets acquired and goodwill are shown as follows:		
	Purchase price	60 000	
	Existing investment in D PLAST-EFTEC a.s. (Fair value)	48 000	
	Fair value of assets acquired	(80 562)	
	Goodwill	27 438	
	The goodwill includes expected operating synergies from the acquisition and the positive effects of easier market development.		
	Revaluation D PLAST-EFTEC a.s.		
	Book value	24 859	
	Fair value	48 000	
	Revaluation gain (see note 4)	23 141	

Notes	2013 (CHF '000)	2012 (CHF '000)
The acquisition of D PLAST-EFTEC a.s. has been accounted for using the acquisition method. The following amounts of assets and liabilities acquired have been included in the consolidated financial statements:		
Intangible assets	42 498	
Property, plant and equipment	18 198	
Inventories	9 249	
Trade receivables	16 770	
Other receivables	1 965	
Cash and cash equivalents	13 279	
Deferred income tax liabilities	(8 562)	
Trade payables	(7 967)	
Provisions	(1 132)	
Other current liabilities	(3 736)	
Fair value of assets acquired	80 562	
Purchase price paid	60 000	
Cash and cash equivalents of subsidiary acquired	(13 279)	
Cash outflow from purchase of fully consolidated companies	46 721	
2012 Acquisition of EFTEC (India) Pvt. Ltd.		
On April 18, 2012, EMS Group acquired a 51% shareholding of Indian partner Shroff in the EFTEC (India) Pvt. Ltd. joint venture (formerly: EFTEC Shroff (India) Ltd.). The investment was treated as a associated company in prior years. From April 18, 2012 to December 31, 2012, the acquired business contributed net sales revenue of CHF 12.4 million and a net loss of CHF 0.2 million to the EMS Group. If the acquisition had occurred on January 1, 2012, Group net sales revenue would have been CHF 17.4 million higher, while net income would have been CHF 0.2 million lower. These amounts have been calculated using the Group's accounting policies. Net assets acquired and goodwill are shown as follows:		
Purchase price		7 200
Existing investment in EFTEC (India) Pvt. Ltd. (Fair value)		5 534
Fair value of assets acquired		(10 657)
Goodwill		2 077
The goodwill represents the additional future business opportunities in the growth market India.		

Notes	2013 (CHF '000)	2012 (CHF '000)
The acquisition of EFTEC (India) Pvt. Ltd. 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		7 891
Property, plant and equipment		4 463
Inventories		1 639
Trade receivables		2 300
Other receivables		988
Cash and cash equivalents		234
Deferred income tax liabilities		(2 557)
Bank loans		(1 600)
Trade payables		(2 260)
Other current liabilities		(441)
Fair value of assets acquired		10 657
Purchase price paid		7 200
Cash and cash equivalents of subsidiary acquired		(234)
Cash outflow from purchase of fully consolidated companies		6 966

Notes		2013 (CHF '000)	2012 Restated* (CHF '000)
25	Contingent liabilities		
	Contingent liabilities at the end of the year amount to	22 675	21 203
	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	23 381 559	23 389 028
	Net income, attributable to the shareholders of EMS-CHEMIE HOLDING AG	317 618	267 890
	Basic earnings per share (CHF)	13.58	11.45
	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 (2012: 14 224 143 registered shares) Amount of holding	60.82%	60.82%
	Miriam Blocher, 2 079 000 registered shares (2012: 2 079 000 registered shares) Amount of holding	8.89%	8.89%

* Adjustment of the previous year's figures due to the change of IAS 19, see consolidated accounting principles, page 22.

Notes		2013 (CHF '000)	2012 (CHF '000)
28	Transactions with related parties		

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

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

The bonuses included in the reporting year consist of the bonuses estimated in the reporting year. The definitive bonuses for the reporting year are announced after the publication of this financial report and are presented in the annual report 2013/2014 in the financial statements of EMS-CHEMIE HOLDING AG.

Breakdown of the total compensation	2013	2012
Short-term employee benefits to the members of the Board of Directors and Senior Management	3 400	3 272
Share-based payment	0	0
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Total compensation	3 400	3 272

The detailed disclosures of compensation as per Swiss law can be found in the financial statements of EMS-CHEMIE HOLDING AG.

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

Board of Directors	Number of shares	
Dr U. Berg, Chairman	3 600	2 350
M. Martullo, Vice-Chairman and CEO*	0	0
Dr J. Streu, Member (since 10. 8. 2013)	0	–
U. Fankhauser, Member (since 10. 8. 2013 to 27. 2. 2014)**	103	–
Dr H. J. Frei, Member (until 10. 8. 2013)	–	2 095
Dr W. Prätorius, Member (until 10. 8. 2013)	–	0
Total Board of Directors	3 703	4 445

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

Notes		2013	2012
	Senior Management	Number of shares	
	M. Martullo, Vice-Chairman and CEO*	shown under "Board of Directors"	
	P. Germann, CFO	0	0
	Dr R. Holderegger, Member	0	0
	Total Senior Management	0	0

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

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

29 Change in scope of consolidation

Fully consolidated:

Addition:

D PLAST-EFTEC: On April 15, 2013, EMS Group acquired 50% shareholding of its Czech partner D PLAST in the joint venture D PLAST-EFTEC. The investment was treated as a associated company in prior years.

Foshan EFTEC Automotive Materials Co., Ltd.: This company was founded on June 27, 2013.

30 List of subsidiaries and non-controlling interests (at 31.12.2013)

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.	Como	Italy
EMS-CHEMIE (Deutschland) GmbH	Gross-Umstadt	Germany
EMS-CHEMIE (Taiwan) Ltd.	Hsin Chu Hsien	Taiwan (R.O.C.)
EMS-CHEMIE (China) Ltd.	Suzhou	China (People's Rep.)
EMS-CHEMIE (Suzhou) Ltd.	Suzhou	China (People's Rep.)
EMS-GRILON HOLDING Inc.	Wilmington, DE	USA
EMS-CHEMIE (North America) Inc.	Sumter, SC	USA
EFTEC Europe Holding AG	Zug	Switzerland
EMS-CHEMIE (Luxembourg) Sarl	Senningerberg	Luxembourg
EFTEC (Shanghai) Engineering Co. Ltd.	Shanghai	China (People's Rep.)
EFTEC AG	Romanshorn	Switzerland
EFTEC Sàrl	Boulogne-Billancourt Cedex	France
EFTEC Brasil Ltda.	Santana de Parnaiba	Brazil
EFTEC Engineering GmbH	Markdorf	Germany
EFTEC (Czech Republic) a.s.	Zlin	Czech Republic
EFTEC SL d.o.o.	Novo mesto	Slovenia
EFTEC (Slovakia) s.r.o.	Bratislava	Slovakia
EFTEC (Romania) S.R.L.	Budeasa	Romania
EFTEC (Ukraine) LLC	Zaporozhie	Ukraine
EFTEC (Elabuga) OOO	Elabuga	Russia
EFTEC (Nizhniy Novgorod) OOO	Nizhniy Novgorod	Russia
EFTEC Ltd.	Rhigos	UK
EFTEC NV	Genk	Belgium
EFTEC Systems S.A.	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 (Guangzhou) Automotive Materials Co., Ltd.	Guangzhou	China (People's Rep.)
EFTEC (Shanghai) Services Co. Ltd.	Shanghai	China (People's Rep.)
EMS-TOGO Corp.	Taylor, MI	USA
EFTEC North America, L.L.C.	Taylor, MI	USA
Grupo Placosa EFTEC, S.A. de C.V.	Mexico City	Mexico
BUSINESS AREA SPECIALTY CHEMICALS		
EMS-GRILTECH *		
EMS-METERING AG	Domat/Ems	Switzerland
EMS-CHEMIE (Neumünster) Holding GmbH	Neumünster	Germany
EMS-CHEMIE (Neumünster) GmbH & Co. KG	Neumünster	Germany
EMS-CHEMIE (Neumünster) Verwaltungs GmbH	Neumünster	Germany
EMS-PATVAG s.r.o.	Brankovice	Czech Republic

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

Currency	Share capital (in '000)	Amount of holding	Category	Consolidation
CHF	234		D	K
CHF	60	100.00%	D	K
CHF	100	100.00%	D	K
CHF	100	100.00%	P, V	K
EUR	1951	100.00%	V	K
GBP	1530	100.00%	V	K
JPY	210000	100.00%	V	K
JPY	1500000	66.67%	P, V	K
KRW	113000	100.00%	V	K
EUR	1300	100.00%	V	K
EUR	2556	100.00%	P, V	K
TWD	281000	100.00%	P, V	K
CNY	5000	100.00%	V	K
CNY	98693	100.00%	P	K
USD	2420	100.00%	D	K
USD	3385	100.00%	P, V	K
CHF	8000	100.00%	D	K
EUR	200	100.00%	V	K
CNY	886	100.00%	P, V	K
CHF	2500	100.00%	P, V	K
EUR	8	100.00%	V	K
BRL	541	100.00%	P	K
EUR	25	100.00%	P, V	K
CZK	47569	100.00%	P, V	K
EUR	10	100.00%	V	K
EUR	7	100.00%	V	K
RON	8083	100.00%	P, V	K
UAH	23	100.00%	V	K
RUB	37514	75.00%	P, V	K
RUB	37200	100.00%	P, V	K
GBP	352	100.00%	P, V	K
EUR	1240	100.00%	P, V	K
EUR	944	100.00%	P, V	K
USD	3518	100.00%	D, V	K
THB	49500	100.00%	P, V	K
INR	15000	100.00%	P, V	K
USD	3700	100.00%	D	K
CNY	6848	100.00%	P, V	K
CNY	20750	60.00%	P, V	K
CNY	27500	100.00%	P, V	K
CNY	6650	60.00%	P, V	K
CNY	1000	100.00%	V	K
CNY	952	100.00%	D	K
USD	750	100.00%	D	K
USD	38222	100.00%	P, V	K
MXN	19451	33.33%	P, V	E
CHF	100	100.00%	D	K
EUR	25	100.00%	D	K
EUR	3000	100.00%	P, V	K
EUR	25	100.00%	D	K
CZK	30000	100.00%	P, V	K

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

Notes		2013 (CHF '000)	2012 (CHF '000)
31	Risk management		
	Credit risks		
	Overview of financial assets		
	Other non-current financial assets (see note 10)	1 057	878
	Trade receivables (see note 12)	258 920	247 970
	Derivative financial instruments (see note 14)	2 997	11 302
	Cash and cash equivalents (see note 15)	440 019	461 041
	Total financial assets	702 993	721 191

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

Liquidity risks

The maturity date of financial liabilities is as follows:

At 31.12. 2013 (CHF '000)	Carrying amount	Contractual Cash flows	<1 year	Maturity date 1–5 years	>5 years
Non-derivative financial liabilities:					
Current bank loans (see note 18)	100 000	101 350	101 350	0	0
Non-current bank loans (see note 18)	42	45	1	44	0
Trade payables	108 085	108 085	108 085	0	0
Prepaid expenses and deferred income (see note 21)	76 377	76 377	76 377	0	0
Other current liabilities to related parties (see note 21)	5 716	5 716	5 716	0	0
Other current liabilities to associated companies (see note 21)	0	0	0	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	15 068	301 103	241 423	59 680	0
Total financial liabilities	305 288	592 676	532 952	59 724	0

At 31.12.2012 (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)	19 042	19 042	19 042	0	0
Non-current bank loans (see note 18)	100 053	102 753	1 403	101 350	0
Trade payables	109 514	109 514	109 514	0	0
Prepaid expenses and deferred income (see note 21)	74 997	74 997	74 997	0	0
Other current liabilities to related parties (see note 21)	5 700	5 700	5 700	0	0
Other current liabilities to associated companies (see note 21)	224	224	224	0	0
Derivative financial liabilities:					
Derivative financial instruments (see note 14)	3 288	469 529	320 677	148 852	0
Total financial liabilities	312 818	781 759	531 557	250 202	0

Market risks

Interest rate risks

Sensitivity analysis of interest rate risks

CHF 100 million (2012: CHF 100.0 million) of the bank loans have a fixed interest rate. No derivative financial instruments on interest rates are used. A 100 basis point rise in the interest rate for deposits and bank loans would increase net income after taxes by CHF 2.6 million (2012: CHF 3.6 million). A 100 basis point fall in the interest rate for deposits and bank loans would increase net income after taxes by CHF 0.3 million (2012: CHF 0.3 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.

Currency risks

Overview currency exposure, net

At 31.12.2013 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	72	132 495	60 577	15 249	28 106	17 107
Loans to group companies	6 033	160 716	80 896	5 324	0	6 239
Derivative financial instruments (see note 14)	0	0	0	0	0	0
Trade payables	(375)	(56 248)	(16 488)	(11 225)	(5 757)	(29 637)
Loans from group companies	23 000	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	0	0	0
Non-current bank loans (see note 18)	0	0	0	(42)	0	0
Derivative financial instruments (see note 14)	0	(187 389)	(34 564)	(79 540)	0	(64 960)
Currency exposure, net	28 730	49 574	90 421	(70 234)	22 349	(71 251)

At 31.12.2012 (CHF '000)	CHF	EUR	USD	JPY	CNY	Other currencies
Trade receivables (see note 12)	8 286	130 288	57 013	16 242	17 623	10 980
Loans to group companies	9 991	151 662	105 912	5 634	0	3 989
Derivative financial instruments (see note 14)	0	0	0	82 020	0	0
Trade payables	(400)	(49 994)	(23 782)	(14 243)	(3 409)	(5 287)
Loans from group companies	(23 603)	0	0	0	0	0
Current bank loans (see note 18)	0	0	0	(17 540)	0	(1 502)
Non-current bank loans (see note 18)	0	0	0	(53)	0	0
Derivative financial instruments (see note 14)	0	(300 418)	(169 111)	0	0	0
Currency exposure, net	(5 726)	(68 462)	(29 968)	72 060	14 214	8 180

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 −12.1 million (2012: CHF +18.1 million). Per currency: EUR: CHF −1.0 million (2012: CHF +12.3 million), USD: CHF −2.4 million (2012: CHF +9.3 million), JPY: CHF −6.0 million (2012: CHF −0.5 million), other currencies: CHF −2.7 million (2012: CHF −3.0 million).
A 10% increase/(decrease) in the Swiss franc (CHF) against all other currencies would increase/(decrease) equity after taxes by CHF −13.8 million (2012: CHF 23.9 million decrease/(increase)). Per currency: EUR: CHF −1.0 million (2012: CHF +27.4 million), USD: CHF −4.0 million (2012: CHF +4.1 million), JPY: CHF −6.0 million (2012: CHF −4.6 million), other currencies: CHF −2.7 million (2012: CHF −3.0 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 31.12.2013 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 14)		2 997		2 997
Financial liabilities:				
Derivative financial instruments (see note 14)		(15 068)		(15 068)

At 31.12.2012 (CHF '000)	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments (see note 14)		11 302		11 302
Financial liabilities:				
Derivative financial instruments (see note 14)		(3 288)		(3 288)

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		2013 (CHF '000)	2012 (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)	440 019	461 041
	Other non-current assets (see note 10)	1 057	878
	Trade receivables (see note 12)	258 920	247 970
	Loans and receivables	259 977	248 848
	Derivative financial instruments (assets; see note 14)	2 997	11 302
	Non-current bank loans (see note 18)	42	100 053
	Current bank loans (see note 18)	100 000	19 042
	Trade payables	108 085	109 514
	Prepaid expenses and deferred income (see note 21)	76 377	74 997
	Other current liabilities to related parties (see note 21)	5 716	5 700
	Other current liabilities to associated companies (see note 21)	0	224
	Financial liabilities measured at amortised cost	290 220	309 530
	Derivative financial instruments (liabilities; see note 14)	15 068	3 288

32 Information about the risk assessment process

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

33 Subsequent events

The consolidated financial statements were approved by the Board of Directors on March 18, 2014 and need to be approved by the Annual General Meeting on August 9, 2014.

Between December 31, 2013 and March 18, 2014 there were no further subsequent events requiring an adjustment of the book values of Group assets and liabilities or needing to be published here.

Report of the Statutory Auditor on the Consolidated Financial Statements

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

As Statutory Auditor, we have audited the consolidated financial statements of EMS-CHEMIE HOLDING AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 18 to 59) for the year ended December 31, 2013.

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, 2013 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 18, 2014

KPMG AG

François Rouiller Licensed Audit Expert Auditor in Charge	Kurt Stocker Licensed Audit Expert

Financial Statements
EMS-CHEMIE HOLDING AG

for the Financial Year May 1, 2013 – April 30, 2014

EMS-CHEMIE HOLDING AG
Domat/Ems Switzerland

Income Statement May 1, 2013 to April 30, 2014

	Notes	2013/2014 (CHF '000)	2012/2013 (CHF '000)
INCOME			
License fees from group companies		49 120	52 265
Financial income			
Interest income		3 947	3 969
Dividends from group companies		157 543	184 421
Income from financial assets		6 126	5 459
Total income		216 736	246 114

	Notes	2013/2014 (CHF '000)	2012/2013 (CHF '000)
EXPENSES			
Operating expenses to group companies		16 959	16 432
Financial expenses			
Expenses from financial assets		0	2 437
Interest expenses		1 678	1 397
Foreign exchange differences, net	1	2 104	10 590
Bank charges, duties, fees		122	109
Administration expenses		1 067	1 019
Total expenses		21 930	31 984
Net income before taxes		194 806	214 130
Taxes		2 330	2 424
Net income		192 476	211 706

Balance Sheet as at April 30, 2014

	Notes	30.4.2014 (CHF '000)	30.4.2013 (CHF '000)
Non-current assets		355 482	359 185
Investments in group companies	2	280 352	280 352
Loans to group companies		75 130	78 833
Current assets		202 529	341 780
Prepayments and accrued income		16 839	18 590
Receivables from third parties		184	185
Receivables from group companies		5 763	17 633
Loans to group companies		11 720	5 588
Treasury shares	4	754	0
Cash and cash equivalents		167 269	299 784
TOTAL ASSETS		558 011	700 965

Shareholders' equity	3	487 756	529 170
Share capital	4/5	234	234
Legal reserves		47	47
Reserves for treasury shares	4	754	0
Other reserves		10 000	10 000
Available earnings		476 721	518 889
Liabilities		70 255	171 795
Non-current liabilities		14 169	14 169
Provisions		14 169	14 169
Current liabilities		56 086	157 626
Bank loans		0	100 000
Accruals and deferred income		11 005	13 006
Payables to third parties		4 623	5 343
Payables to group companies		40 458	39 277
TOTAL EQUITY AND LIABILITIES		558 011	700 965
Balance sheet equity ratio		87.4 %	75.5 %

Notes to the Financial Statements 2013/2014

Income Statement 2013/2014

Notes		2013/2014 (CHF '000)	2012/2013 (CHF '000)
1	Foreign exchange differences		
	Foreign exchange gains	5 133	6 339
	Foreign exchange losses	7 237	16 929
	Foreign exchange differences	(2 104)	(10 590)

Balance Sheet as at April 30, 2014

2 Investments in group companies

Details of the investments as at 31.12.2013 can be seen in note 30, "List of subsidiaries and non-controlling interests", in the consolidated financial statements of the EMS Group.

In the period to 30.4.2014, investments changed as follows:

25% of EFTEC (Elabuga) OOO was bought by EFTEC Europe Holding AG on January 15, 2014.

In the previous period, investments changed as follows:

50% of the Joint-Venture D PLAST-EFTEC a.s. was bought by EMS-CHEMIE AG on April 15, 2013.

20% of EMS-GRILON HOLDING Inc. was sold from EMS-CHEMIE AG to EMS-TOGO Corporation on February 18, 2013.

		2013/2014 (CHF '000)	2012/2013 (CHF '000)
3	Shareholders' equity		
	At 1.5.	529 170	481 187
	Dividends paid	(233 890)	(163 723)
	Net income	192 476	211 706
	At 30.4.	487 756	529 170

4 Share capital

	Par value	Number of issued registered shares	Number of treasury shares	Number of shares entitled to dividend	Share capital (CHF '000)
At 30.4.2012	CHF 0.01	23 389 028	0	23 389 028	234
Change in treasury shares		–	0	0	0
At 30.4.2013	CHF 0.01	23 389 028	0	23 389 028	234
Change in treasury shares		–	2 402	(2 402)	0
At 30.4.2014	CHF 0.01	23 389 028	2 402	23 386 626	234

Notes		2013/2014 (CHF '000)	2012/2013 (CHF '000)
		Number of registered shares	
	Details to treasury shares:		
	At 1.5.	0	0
	Purchases	50 565	0
	Sales	(48 163)	0
	At 30.4.	2 402	0
	Purchase of 50 565 treasury shares at an average market price of CHF 313.88, sale of 48 163 treasury shares at an average market price of CHF 342.75.		
5	Significant shareholders		
	EMESTA HOLDING AG, Zug, 14 224 143 registered shares (2012/2013: 14 224 143 registered shares)		
	Amount of holding	60.82%	60.82%
	Miriam Blocher, 2 079 000 registered shares (2012/2013: 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.		

Further Details

6	Contingent liabilities		
	Guarantees (maximum liability)	71 842	72 010

7 Compensation and shareholdings

The following compensation was paid in the reporting year:

Board of Directors	Function	Compensation	
Dr U. Berg	Chairman	244	244
M. Martullo	Vice-Chairman and CEO*	1 219	1 219
Dr J. Streu	Member (since 10.8.2013)	39	–
U. Fankhauser	Member (from 10.8.2013 to 27.2.2014)**	70	–
Dr H.J. Frei	Member (until 10.8.2013)***	262	356
Dr W. Prätorius	Member (until 10.8.2013)	90	136
Total Board of Directors		1 924	1 955

* Amount shown under compensation of the Board of Directors as well as under compensation of Senior Management.

** Passed away on 27.2.2014.

*** Double function as Member of the Board of Directors and Chairman of the Foundation Board of the Pension Fund for the EMS Group. Compensation as Member of the Board of Directors: KCHF 90 (2012/2013: KCHF 136).

Notes	2013/2014	2012/2013
Senior Management Total compensation paid to the Senior Management was The highest compensation for a member of the Senior Management in the reporting year was KCHF 1 219 (2012/2013: KCHF 1 219) and was paid to M. Martullo.	2 707	2 673
Total compensation paid to the Board of Directors and Senior Management was The compensation is paid exclusively in cash. EMS has no stock option program.	3 412	3 409
Advisory board There is no advisory board.		
No compensation was paid to former members of the Board of Directors or Senior Management. Furthermore, all compensation for current or former members of the Board of Directors, Senior Management and related parties was paid on an arm's length basis. The current as well as former members of the Board of Directors, Senior Management and related parties did not receive any loans or credits.		

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

Board of Directors	Function	Number of registered shares	
Dr U. Berg	Chairman	3 600	3 600
M. Martullo	Vice-Chairman and CEO*	0	0
Dr J. Streu	Member (since 10. 8. 2013)	0	–
U. Fankhauser	Member (from 10. 8. 2013 to 27. 2. 2014)**	–	–
Dr H. J. Frei	Member (until 10. 8. 2013)	–	2 395
Dr W. Prätorius	Member (until 10. 8. 2013)	–	0
Total Board of Directors		3 600	5 995

Senior Management	Function		
M. Martullo	CEO*	shown under «Board of Directors»	
P. Germann	CFO	0	0
Dr R. Holderegger	Member	0	0
Total Senior Management		0	0

* Excluding EMESTA HOLDING AG, in which Ms M. Martullo holds a 49.9% stake (see note 5).
** Passed away on 27. 2. 2014.

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

Notes

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

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

	2013/2014 (CHF)	2012/2013 (CHF)
Available earnings		
Balance brought forward	284 998 626	307 183 279
Reclassification reserves for treasury shares	(753 938)	0
Net income	192 476 279	211 705 627
Total available earnings	476 720 967	518 888 906
Appropriation		
Payment of an ordinary dividend of CHF 8.50 (previous year CHF 7.50) gross and	(198 786 321) [1]	(175 417 710)
an extraordinary dividend of CHF 2.50 (previous year CHF 2.50) gross per registered share entitled to dividend	(58 466 565) [1]	(58 472 570)
Balance to be carried forward	219 468 081	284 998 626

[1] 23 386 626 registered shares eligible for distribution – net of own shares held by the company – at April 30, 2014. The number of registered shares eligible for distribution may change due to activities in own shares.

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, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended April 30, 2014 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, May 23, 2014

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Kurt Stocker
Licensed Audit Expert

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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.

HIGH PERFORMANCE POLYMERS
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