2007/08 Annual Report

Your Specialist for Hazardous Reactions.

2007/08 Annual Report

Dottikon ES Holding AG

Innovation, efficiency and reliable quality with hazardous reactions

In the third business year following our initial public offering, we can state again that our strategy of performance leadership in hazardous reactions – built on nearly a century's experience of our operational company – is taking effect step by step.

There is evidence on the pharma supplier side of a growing demand for innovation, efficiency, and reliable quality, as a result of the ambitious challenges the pharmaceuticals industry will have to meet in the tension context of innovation and cost pressures. Such an environment provides opportunities for our core technology platform of hazardous reactions.

This technology allows the safe adoption of production processes to provide a faster route to obtaining more cost-effective, purer active ingredients, as well as making new bioactive chemical structures commercially accessible. With this, substantial contributions are made to increase innovation and improve productivity, while complying with the high quality demands of the pharmaceutical and chemical industry. Additional value added for the customers are the fast project development and the seamless production from grams to multitons, pooled at one single production site, resulting in comprehensive and transparent communication. Our experience with clients shows that demand for performance leadership in hazardous reactions is existent and its added value useful. This led us to continue our investment activities on a high level. In the current business year, we will again intensify the specific expansion in high-quality, technologically advanced capacity and will be continuing this in the coming years.

Apart from a solid balance sheet, the company presents an increased net income in comparison to the previous years. The basis for determining the dividend policy – always taking into account the respective earnings situation – is to distribute any surplus liquidity only when it is not required for organic growth and related investments. Against this backdrop, the Board of Directors will consequently propose to this year's Annual General Meeting to allocate the entire retained earnings to other reserves, and therefore use for the intensive capacity expansion activities.
Our gratitude is expressed to the employees for their great effort and high willingness to perform. They have again contributed to a strong basis to create value added going forward.

Dottikon, May 15, 2008
For the Board of Directors

Heinz Boller
Chairman of the Board of Directors

Content

Dear Shareholder,

We are pleased to present DOTTIKON ES Group's Annual Report for the year from April 1, 2007, to March 31, 2008. Sales and profitability rose once again in the business year under review. Cash flow from operations, on the other hand, was sharply reduced due to an increase in working capital – relating to preparatory efforts in existing customer orders for the running business year – and payment of outstanding income tax liabilities. Combined with the intensified investment activities in capacity expansion, this resulted in a substantial outflow of cash. However, operating profit – which had been burdened by a special write-off in the previous year – and net income were increased significantly. Whereas the latter was also positively impacted in accounting terms by an again lower tax rate for deferred income taxes.

Business year 2007/08

Global economic slowdown

In contrast to the internally financed acquisitions in the pharmaceutical market, M&A activities in the fine chemical market came to an almost complete standstill toward the end of the reporting business year in the wake of the credit crisis. Demand for energy and raw materials is at a very high level, particularly in the growth markets of the East. Despite the gathering signs of an economic slowdown, there is a bubble forming in the raw materials market. The cause seems to be the previous wave of consolidation among raw material producers and a price rally fueled by financial investors and speculators in the absence of other attractive investment opportunities. The duration and scale of this rally will be highly dependent on the intensity of the approaching downturn in global economic activity.

KEY FIGURES, APRIL–MARCH

CHF million	2006/07	2007/08	Change
Net sales	136.8	142.0	3.7 %
EBITDA	31.6	32.4	2.5 %
EBITDA margin (in % of net sales)	23.1 %	22.8 %	
EBIT	15.9	21.2	32.9 %
EBIT margin (in % of net sales)	11.6 %	14.9 %	
Net income	17.1	20.2	18.3 %
Net income margin (in % of net sales)	12.5 %	14.2 %	
Operating cash flow	29.6	9.9	-66.6 %

Renewed interest in quality and safety awareness

Greater product safety and quality deficiencies in products from the Asia region, firstly affecting children's toys, subsequently foods and latterly medications, have led to increasing awareness on the part of consumers, health authorities, and companies supplying the end market. By the end of 2007, the US health care authority (Food and Drug Administration, FDA) had inspected just two percent of the Chinese manufacturers of active ingredients which were due to be inspected. On the other hand, every second Chinese or Indian manufacturer of active ingredients which was inspected by the European authority during the past seven years had its license withdrawn due to serious quality and safety deficiencies. The FDA has responded to the current situation, announcing that by October 2008 an additional 1'300 scientists would be recruited to increase the safety of imported drugs. Against this background, it is no surprise that the relationship between price and quality is finally being accorded greater importance again.

Pharmatransformation from marketing to innovation

The number of new, active pharmaceutical ingredients approved by the FDA fell again in the last calendar year, and at 19 licenses reached its lowest absolute level in 20 years. Successful were innovative drugs that either for the first time enable treatments in therapeutic areas not covered thus far, or those that provide substantial benefits over conventional therapies. Over the next five years, around 20 percent of the branded drugs on the market today will be affected by the expiration of patent protection on major products. It is expected that the original distributors will generate only one percent of their existing sales from the product twelve months after patent expiry. New product launches are at the same time addressing ever more specific indications, and this is resulting in lower sales expectations; consequently, an average of more than five products have to be launched in order to compensate for one expiring product. While pharmaceutical companies in the past invested almost twice as much in the marketing of drugs as in research and development, the future challenge lies in a major shift of emphasis from marketing to innovation.

Sponsors increasing the cost pressure on pharmaceuticals

Increasing life expectancy and a falling birthrate in the industrialized world are leading to an over ageing demographic structure and this, coupled with affluent lifestyles, is fueling a rise in health care costs. To give an example, per capita spending on drugs for the 50-plus age group has increased by more than 25 percent in the past eight years. The tendency remains upward, and is being magnified by an ageing population in overall terms. To check this rise in spending, we are seeing three primary types of regulatory intervention: (1) the price cap, where the authority dictates the maximum selling price for new product launches with no competitors; (2) cost/benefit analysis, where considerable additional benefits or cost savings must be demonstrated to obtain first-time approval in a therapeutic area that is already covered by other drugs; (3) the intensification of price competition among drugs that have already, or almost, gone generic. The aforementioned, combined with sales erosion due to patent expirations and the steady increase in development costs for each new product launch, results in a widening cost gap for pharmaceutical companies and increases the cost pressure on them.

Success factors are innovation, efficiency, and reliable quality

In light of the tensions surrounding the increasing need for quality and safety, together with innovation and cost pressures, the key success factors are increasingly proving to be innovation, efficiency, and reliable quality. The pharmaceutical companies have to concentrate on their core competencies of clinical research and development, patenting, and distribution, and initiate close cooperation with strategic, i.e. innovative, experienced and reliable partners in process development and production.

Investment in development, capacity expansion, quality, and preparatory work

To meet the growing demand for high-quality, sophisticated exclusive synthesis, DOTTIKON EXCLUSIVE SYNTHESIS expanded its existing process development and production capacity and brought most of this on stream during the past business year.

More than 80 percent of the CHF 20 million capital expenditure program was devoted to this capacity expansion. DOTTIKON ES responded to the pharmaceutical industry's growing demand for innovation and development of production-ready processes by creating two additional research and development units. In the reporting period we have also expanded on production scale and brought on stream corrosion-resistant glass-lined hydration, autoclave and separator capacity for active ingredients. This was followed by the commencement of a program to expand an existing multipurpose plant by two reactor groups and a low-temperature unit. These groups are planned to come on stream in the middle of next year. With a view to meeting ever-increasing quality requirements, DOTTIKON ES invested in additional analytical instruments and quality systems (LIMS). The expansion of capacity was coupled with an increase in qualified personnel of over eight percent, together with a sharp increase in inventories of finished and semi-finished goods as well as raw materials. This consequently resulted in significantly higher material and personnel expenses, and also tied up a greater amount of capital. The higher material expenses are also attributable to a shift in the product mix toward multistep manufacturing at a higher value level, and to an average increase in raw material prices of more than ten percent, whereby most of the latter was passed on to customers.

As a result, we once again increased net sales and net income in the year under review. Cash flow from operations, on the other hand, was sharply reduced due to an increase in working capital – relating to preparatory efforts in existing customer orders for the running business year – and payment of outstanding income tax liabilities. Combined with the intensified investment activity, this resulted in a substantial outflow of cash. With the ongoing investment activity, this will be further continued.

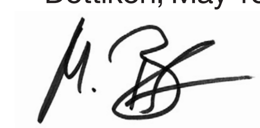
Outlook

In the business year 2008/09, we continue the strategy of performance leadership in hazardous reactions. We build on one single production site that offers flexibility, speed, and reliability. This is part of our differentiated performance leadership strategy where the number of internal interfaces is reduced in order to shorten decision and communication pathways resulting in fast project development and comprehensive and transparent communication with our clients at the external

interface. At this interface, we want to add value over the entire product life cycle by using hazardous reactions. We want to utilize the environment of the safety culture formed over the last 100 years to use hazardous reactions in order to shorten common chemical synthesis routes, improve impurity profiles of products and make new potential bioactive chemical structures commercially available for future active pharmaceutical ingredients.

In the current business year 2008/09, we will sharply intensify our investments again in high-quality, technologically advanced capacity expansion. Provided there aren't any unforeseen events, we expect a further increase in net sales in comparison to the previous year, while further improving our product mix.

Dottikon, May 15, 2008



Dr Markus Blocher
Chief Executive Officer

Financial Report DOTTIKON ES Group

Consolidated Income Statements

April–March
CHF thousand and %

[A] There are no options or similar that have a dilutive effect

	Notes	2006/07	%	2007/08	%
Net sales	(1, 2, 6)	**136'828**	**100.0**	**141'953**	**100.0**
Changes in semi-finished and finished goods		-5'669		9'365	
Other operating income	(3)	3'343		3'643	
Material expenses	(6)	-41'340		-57'136	
Personnel expenses	(4, 13)	-43'886		-47'350	
Other operating expenses	(5)	-17'690		-18'097	
EBITDA		**31'586**	**23.1**	**32'378**	**22.8**
Depreciation and amortization	(1, 9, 10)	-15'646		-11'197	
EBIT	(1)	**15'940**	**11.6**	**21'181**	**14.9**
Financial income		907		2'316	
Financial expenses		-385		-476	
Financial result	(6)	**522**		**1'840**	
Result from associated companies	(11)	**126**		**40**	
Net income before taxes		**16'588**	**12.1**	**23'061**	**16.2**
Income taxes	(7)	493		-2'855	
Net income	(21)	**17'081**	**12.5**	**20'206**	**14.2**
Basic earnings per share in CHF [A]	(8)	**13.84**		**16.35**	

Consolidated Balance Sheets

CHF thousand and %

	Notes	31.03.2007	%	31.03.2008	%
Intangible assets	(9)	265		106	
Property, plant and equipment	(10)	189'746		194'974	
Investments in associated companies	(11)	1'028		1'068	
Financial assets	(12, 13)	21'490		18'949	
Non-current assets		**212'529**	**64.0**	**215'097**	**62.5**
Non-current assets held for sale	(14)	0		3'985	
Inventories	(15)	45'690		62'896	
Trade receivables	(16, 20)	33'765		39'683	
Other receivables	(17, 20)	4'502		6'997	
Cash and cash equivalents	(20)	35'568		15'308	
Current assets		**119'525**	**36.0**	**128'869**	**37.5**
Assets	(1, 2)	**332'054**	**100.0**	**343'966**	**100.0**
Share capital		6'363		6'363	
Share premium		60'214		60'321	
Own shares		-7'523		-7'296	
Retained earnings		206'130		217'632	
Shareholders' equity	(21)	**265'184**	**79.9**	**277'020**	**80.5**
Deferred tax liabilities	(18)	38'722		39'151	
Non-current liabilities		**38'722**	**11.6**	**39'151**	**11.4**
Trade payables	(20)	9'018		11'738	
Income tax liabilities		7'452		3'286	
Other current liabilities	(19, 20)	11'678		12'421	
Prepayments related to non-current assets held for sale	(14)	0		350	
Current liabilities		**28'148**	**8.5**	**27'795**	**8.1**
Liabilities	(1)	**66'870**	**20.1**	**66'946**	**19.5**
Shareholders' equity and liabilities	(21)	**332'054**	**100.0**	**343'966**	**100.0**

Consolidated Cash Flow Statements

April–March
CHF thousand

[A] Cash and bank accounts:
CHF 15'308 thousand (previous year: CHF 35'568 thousand)
Fixed deposits:
CHF 0 thousand (previous year: CHF 0 thousand)

	Notes	2006/07	2007/08
Net income before taxes		16'588	23'061
Financial result	(6)	-522	-1'840
Depreciation of property, plant and equipment	(1, 10)	15'427	11'042
Amortization of intangible assets	(1, 9)	219	155
Result from associated companies	(11)	-126	-40
Other non-cash income and expenses	(22)	337	4'134
Interest received	(6)	535	586
Dividends received	(6)	6	6
Interest paid	(6)	-33	-32
Income taxes paid		-1'169	-6'923
Changes in			
Trade receivables		-7'720	-6'847
Other receivables		1'321	-475
Inventories	(15)	2'126	-17'206
Trade payables		1'426	2'723
Other current liabilities		1'200	1'537
Cash flow from operating activities		**29'615**	**9'881**
Additions to			
Intangible assets		0	0
Property, plant and equipment	(1, 2, 10)	-15'836	-20'580
Financial assets		0	0
Disposals of			
Intangible assets		0	0
Property, plant and equipment		0	0
Financial assets		0	0
Prepayments related to non-current assets held for sale	(14)	0	350
Cash flow from investing activities		**-15'836**	**-20'230**
Dividends paid	(26)	-9'865	-9'889
Purchase of own shares		-422	0
Disposal of own shares		514	0
Cash flow from financing activities		**-9'773**	**-9'889**
Currency translation effect on cash and cash equivalents		14	-22
Net change in cash and cash equivalents		**4'020**	**-20'260**
Cash and cash equivalents at the beginning of the reporting period		31'548	35'568
Cash and cash equivalents at the end of the reporting period[A]	(20)	**35'568**	**15'308**

Consolidated Statement of Changes in Equity

CHF thousand

[A] Refers to the notes to the financial statements of DOTTIKON ES HOLDING AG, page 58, notes 2 and 3, regarding own shares and other retained earnings

	Share capital	Share premium	Own shares[A]	Changes in fair value of foreign exchange forwards (including tax impact)	Other retained earnings[A]	Shareholders' equity
Balance 01.04.2006	**6'363**	**60'030**	**-7'723**	**-102**	**198'977**	**257'545**
Realized result of foreign exchange forwards				102		102
Changes in fair value of foreign exchange forwards				-63		-63
Net income recognized directly in equity				**39**		**39**
Net income					17'081	17'081
Total recognized income and expense for the period				**39**	**17'081**	**17'120**
Dividends paid					-9'865	-9'865
Changes in own shares		184	200			384
Balance 31.03.2007	**6'363**	**60'214**	**-7'523**	**-63**	**206'193**	**265'184**
Balance 01.04.2007	**6'363**	**60'214**	**-7'523**	**-63**	**206'193**	**265'184**
Realized result of foreign exchange forwards				63		63
Changes in fair value of foreign exchange forwards				1'122		1'122
Net income recognized directly in equity				**1'185**		**1'185**
Net income					20'206	20'206
Total recognized income and expense for the period				**1'185**	**20'206**	**21'391**
Dividends paid					-9'889	-9'889
Changes in own shares		107	227			334
Balance 31.03.2008	**6'363**	**60'321**	**-7'296**	**1'122**	**216'510**	**277'020**

Notes
DOTTIKON ES Group

Corporate Accounting Principles

ACCOUNTING POLICIES

General

The consolidated financial statements of DOTTIKON ES Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

The consolidation is based on the audited individual financial statements of the subsidiaries prepared on the basis of uniform accounting policies. The reporting date is March 31.

The consolidated financial statements are based on historical costs, except for not consolidated investments, which are accounted for using the equity method as well as derivative financial instruments, which are measured at fair value, and pension plans, which are classified as defined benefit plans according to IFRS. The future pension obligation is calculated based on actuarial valuations in accordance with IFRS.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Comparative figures taken from the consolidated financial statements of the previous year have been reclassified or extended, where required, to take into account changes in presentation.

Scope and principles of consolidation

The consolidated financial statements comprise DOTTIKON ES HOLDING AG and all entities which the holding directly or indirectly controls either by holding more than 50 percent of the voting rights or by having otherwise the power to govern their operating and financial policies. These entities are fully consolidated, incorporating 100 percent of assets, liabilities, income, and expenses. Intercompany transactions (receivables and liabilities, income and expenses) are eliminated and any unrealized profits on intercompany transactions and balances are eliminated through profit or loss. Capital consolidation is accounted for using the purchase method.

Entities, in which DOTTIKON ES Group holds at least 20 percent of the voting rights, but less than 50 percent, or over which it otherwise has significant influence, are accounted for using the equity method and are classified as investments in associated companies. Under the equity method, DOTTIKON ES Group's share in the net result and in the equity of the associated companies is recognized in the consolidated financial statements. The investment in associated companies is presented in notes 11 "Investments in Associated Companies".

Net sales and revenue recognition

Invoices for supplied goods and services are accounted for as revenue upon transfer of significant risks and rewards, based on the agreed incoterms, to the customer. Net sales are presented net of value-added tax, trade discounts and cash discounts.

Foreign currency translation

The individual entities prepare their financial statements in local currency. Because all Group companies are domiciled in Switzerland, the individual financial statements of all Group companies are prepared in Swiss francs. Monetary assets and liabilities held in foreign currency are translated using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from transactions and from translation of balances in foreign currency are recognized in profit or loss. All entities' functional currency and the Group's presentation currency are Swiss francs.

Terms

Assets that are expected to be realized or consumed in the ordinary course of business within one year or that are held for trade are classified as current assets. All other assets are classified as non-current assets.

Liabilities that are expected to be settled in the ordinary course of business using operating cash flows within one year from balance sheet date or that are due within the following 12 months from balance sheet date are classified as current liabilities. All other liabilities are classified as non-current liabilities.

Segment information

Segment information is presented in two different ways: primary based on the two business segments Fine Chemicals and Recycling & Waste Treatment. The primary segmentation is prepared to the level of EBIT. Interests and taxes are not allocated to the segments due to the highly centralized functions of finance and taxes. All operating assets and liabilities that are either directly attributable to a segment or can be allocated to the segment on a reasonable basis are allocated to the respective segments.

The secondary segmentation is based on geographical segments, which are split into four categories.

Derivative financial instruments

The Group uses foreign exchange forwards to cover foreign currency risks. These derivative financial instruments are measured at fair value. If the underlying hedged item is an asset or liability that is measured at fair value, the unrealized gains and losses are included in the operating income or expense together with the hedged change in fair value of the underlying asset or liability. Changes in fair value of derivatives to hedge cash flows are recognized in equity (cash flow hedge according to IAS 39). If an expected transaction or firm commitment results in the recognition of an asset or liability, the gains or losses previously recognized in equity are included in the initial measurement of the asset or liability.

Intangible assets
The position intangible assets includes software acquired from third parties. They are measured at cost of acquisition less economically required amortization. Intangible assets are amortized on a straight-line basis over their expected economic useful lives, which is usually between 4 and 7 years. Any impairment loss is recognized in profit or loss.

Property, plant and equipment
Property, plant and equipment is measured at cost of acquisition or conversion less economically required depreciation and impairments. None of these items are financed with leasing agreements. The items of property, plant and equipment are depreciated on a straight-line basis over their expected economic useful lives, except for land, which is not depreciated, and items under construction, which are only depreciated from their commissioning date.
The estimated useful lives for the main categories of depreciable property, plant and equipment are as follows:

Buildings	20 to 50 years
Technical plant and machinery	5 to 35 years
Other property, plant and equipment	3 to 15 years

Where components of larger assets have different useful lives, they are depreciated separately. Useful lives and residual values are reviewed annually at the balance sheet date and any adjustments recognized in the income statement. All gains or losses arising from disposal of items of property, plant and equipment are recognized in profit or loss. Items of insignificant value are not recognized in the balance sheet and therefore directly charged to the income statement.

Financial assets
Financial assets include the surplus of pension assets that is determined with actuarial valuations for defined benefit plans according to IFRS.

Recoverability of non-current assets/impairment
The recoverability of non-current assets is tested as soon as events or a change in circumstances indicate that the carrying amount may exceed the recoverable amount. An impairment loss is recognized for the excess of the carrying amount of the asset over the recoverable amount. This results in the asset being recognized at the higher amount of fair value less costs to sell and value in use. If cash flows cannot be directly allocated to individual assets, the impairment is determined on a higher level, which is the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets.

Non-current assets held for sale
Non-current assets as well as groups of assets including directly allocated current liabilities (so-called "disposal groups") are classified as "assets held for sale" in the current assets as well as current liabilities section of the balance sheet and presented separately if the underlying value predominantly relates to the disposal thereof and not to the useful life of the asset. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and its sale must be highly probable. A number of criteria must be fulfilled for a sale to be highly probable, including that the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset shall be measured in accordance with applicable IFRSs. Non-current assets (or disposal groups), classified as held for sale, are to be measured at the lower of their carrying amount and fair value less the costs to sell. These assets are not depreciated upon reclassification to held for sale.

Inventories
Inventories comprise raw materials, supplies, trading goods as well as semi-finished and finished goods. They are measured – using the weighted average method – at the lower of cost of acquisition or conversion and net realizable value. Cost of conversion of inventories includes direct material and production costs and a part of attributable overhead costs. Slow-moving items are partly or fully adjusted in value.

Trade receivables
Trade receivables are measured at amortized cost, which generally equals the nominal value less value adjustments made for identifiable solvency risks based on the maturity structure. Besides individual value adjustments with respect to specific identifiable risks, value adjustments are also recognized based on statistically determined credit risks.

Other receivables
Other receivables are measured at amortized cost, which generally equals the nominal value. Other receivables comprise other receivables from third parties, current loans with a maturity of less than 12 months, prepayments of expenses and income that can only be realized in the following year.

Cash and cash equivalents
Cash and cash equivalents are measured at nominal values. They comprise cash on hand and bank accounts as well as fixed deposits with an original maturity of up to 90 days.

Non-current liabilities
Non-current liabilities comprise all identified liabilities at the balance sheet date that can be measured reliably and that have a maturity of more than one year after balance sheet date.

Current liabilities
Current liabilities include all liabilities that are due within 12 months.

Trade payables and other current liabilities
Trade payables and other current liabilities are measured at amortized cost, which generally equals the nominal value.

Research & Development
Research costs are charged to the income statement in the period they occur. Development costs are only capitalized when certain criteria are met and the capitalized amount is covered by future economic benefits.

Income taxes
All tax liabilities are recognized in the balance sheet, irrespective of their maturities. Current income tax is calculated based on taxable profit. Deferred tax is calculated according to the balance sheet liability method based on all temporary differences between the tax bases and the amounts recognized in the consolidated financial statements. Deferred tax assets are only recognized to the extent that they can be realized. Deferred taxes are determined based on local tax rates. Tax assets and liabilities are offset when they relate to the same taxable entity and the same tax authority.

Financial result
The financial result includes interest income, income from foreign currency valuation, gain on securities, expenses from foreign currency valuation, bank charges, and interest expenses. Interest income is recognized in the period in which it arises.

Employee benefits
DOTTIKON ES Group has an own, legally independent pension plan that is managed independently. It is financed through employees' and employers' contributions. Present and former employees or rather their surviving dependants receive benefits upon reaching the age limit and/or in the event of invalidity or death, depending on the plan of the respective entity. For the purposes of the consolidated financial statements, future pension obligations are calculated annually by an independent pension expert based on actuarial methods in accordance with IFRS.
The pension plans of DOTTIKON ES Group are classified as defined benefit plans in accordance with IFRS. The defined benefit obligation is calculated using the projected unit credit method, which is based on past service as well as expected remaining length of service of employees in company, projected rates of remuneration growth, and pension adjustments. It represents the present value of expected future cash flows. Plan assets are recognized at fair value. The current service cost, which is calculated in accordance with IAS 19 "Employee Benefits", is recognized within personnel expenses in the income statement. The Group decided for the time being not to adopt the accounting option to recognize all actuarial gains and losses directly in equity.

Own shares, share-based payments, and earnings per share
Own shares are recorded at cost as a deduction from equity. Any profit or loss from disposal of own shares is recorded in share premium.
Share-based payments to employees, which DOTTIKON ES Group considers as performance drivers upon fulfilling certain criteria, are measured at fair value determined at grant date and charged to personnel expenses.
Earnings per share are calculated based on net income of the Group that is attributable to shareholders of DOTTIKON ES HOLDING AG divided by the weighted average number of shares outstanding during the reporting period. There are no options or similar that have a dilutive effect.

CHANGES IN CORPORATE ACCOUNTING PRINCIPLES
With effect from April 1, 2007, DOTTIKON ES Group initially applied the following new or revised standards issued by the IASB: IFRS 7 "Financial Instruments: Disclosures" and Amendment to IAS 1 "Presentation of Financial Statements: Capital Disclosures". In addition, IFRIC 8 "Scope of IFRS 2", IFRIC 9 "Reassessment of Embedded Derivatives", IFRIC 10 "Interim Financial Reporting and Impairment", and IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" were initially applied with effect from April 1, 2007. Those revised and new standards and interpretations did not have a significant impact on equity, result and cash flow of the Group. The introduction of IFRS 7 and IAS 1 (revised) resulted in additional and newly arranged disclosures for financial instruments and capital management.

MANAGEMENT ASSUMPTIONS AND ESTIMATES

Significant accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the Group's consolidated financial statements mainly in the areas described below, should the actual results differ from these estimates and assumptions.

Impairment of non-current assets

Whenever there is evidence that an item of property, plant and equipment or an intangible asset may be impaired, an impairment assessment is carried out. In such a situation, the amount is determined that seems to be recoverable due to expected future income. This recoverable amount is either the net present value of expected future net cash flows or the expected net fair value less costs to sell. If these values are lower than the actual carrying amount, an impairment loss is recognized to the recoverable amount. The impairment loss is recognized as an expense in the income statement. Important assumptions to these calculations are growth rates, margins, and discount rates. Actual cash flows can vary significantly from such estimates of discounted future cash flows. Furthermore, the useful lives can be decreased or impairment can occur on buildings, technical plant and machinery and other property, plant and equipment due to a change in utilization or when lower revenue is realized than expected on a medium-term. The carrying amounts of the respective items of property, plant and equipment and intangible assets are presented in notes 9 "Development of Intangible Assets" and 10 "Development of Property, Plant and Equipment".

Employee benefits

The pension plans of DOTTIKON ES Group are classified as defined benefit plans in accordance with IFRS. For the purposes of the consolidated financial statements, future pension obligations are calculated based on actuarial methods in accordance with IFRS. Assumptions are made to estimate future developments. These include the assumptions and estimates regarding the discount rate, the expected long-term return on plan assets, the estimates of remuneration growth, and retirement income adjustments. The actuarial calculations for determining the defined benefit obligation are also based on statistical information such as life expectancy and future withdrawals of participants from the plan. Whenever these parameters used change due to changes in market and economic conditions, the actual results can differ significantly from the actuarial calculation and valuation. These differences can impact the expenses and income from pension plans significantly on a medium-term. The carrying amount of the recognized plan assets is presented in notes 13 "Employee Benefits".

Income taxes

The measurement of current income taxes and deferred taxes requires comprehensive considerations such as the interpretation of local tax legislation. IFRS requires an entity to account for the tax consequences of the transactions and other events for which the final assessment of taxes does not occur in the reporting period. As the result of the final assessment can vary from the calculation performed during the reporting period, the income taxes for the current period can be subject to significant adjustments.

STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET APPLIED

The following new and revised standards and interpretations have been issued up to the date the Board of Directors has approved these consolidated financial statements, but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements of DOTTIKON ES Group has not yet been systematically analyzed. The expected effects, as disclosed below the table, reflect a first assessment by management of the Group.

Standard/Interpretation		Effective date	Planned application by DOTTIKON ES Group
IFRIC 12 – Service Concession Arrangements	A	January 1, 2008	Business year 2008/09
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	C	January 1, 2008	Business year 2008/09
IFRIC 13 – Customer Loyalty Programmes	A	July 1, 2008	Business year 2009/10
IFRS 8 – Operating Segments	C	January 1, 2009	Business year 2009/10
IAS 1 revised – Presentation of Financial Statements	B	January 1, 2009	Business year 2009/10
IAS 23 revised – Borrowing Costs	A	January 1, 2009	Business year 2009/10
IFRS 3 revised – Business Combinations	C	July 1, 2009	Business year 2010/11
Amendment to IAS 27 – Consolidation and Separate Financial Statements	C	July 1, 2009	Business year 2010/11

[A] No significant impacts are expected in the consolidated financial statements of DOTTIKON ES Group
[B] Mainly additional disclosures are expected in the consolidated financial statements of DOTTIKON ES Group
[C] The effects on the consolidated financial statements of DOTTIKON ES Group cannot yet be determined with sufficient certainty

Notes to the Consolidated Financial Statements

1 PRIMARY SEGMENT REPORTING

The business area Fine Chemicals represents the core business of the company. Within this business, the company is specialized in hazardous chemical reactions and focuses on the exclusive synthesis of fine chemicals for the pharmaceutical and chemical industry worldwide. The product range of DOTTIKON ES Group includes active pharmaceutical ingredients (APIs) and pharmaceutical intermediates as well as in-house-developed, high-quality industrial chemicals.

Within the business area Recycling & Waste Treatment, the company distills and recycles solvents and incinerates chemical wastes. With the on-site facilities, it primarily handles internal needs. In addition, the company enters into arrangements to manage waste from other players in order to increase capacity utilization.

CHF thousand/April–March	Net sales with other segments 2006/07	Net sales with other segments 2007/08	Net sales with third parties 2006/07	Net sales with third parties 2007/08	Net sales total 2006/07	Net sales total 2007/08	EBIT 2006/07	EBIT 2007/08
Fine Chemicals	**0**	**0**	**131'804**	**135'770**	**131'804**	**135'770**	**14'709**	**19'570**
Recycling & Waste Treatment	**9'060**	**13'435**	**5'024**	**6'183**	**14'084**	**19'618**	**1'231**	**1'611**
Subtotal segments	9'060	13'435	136'828	141'953	145'888	155'388	15'940	21'181
./. Internal net sales	-9'060	-13'435			-9'060	-13'435		
Total	**0**	**0**	**136'828**	**141'953**	**136'828**	**141'953**	**15'940**	**21'181**

CHF thousand	Assets[A, B] 2006/07	Assets[A, B] 2007/08	Liabilities[A, B] 2006/07	Liabilities[A, B] 2007/08	Capital expenditure[C, D] 2006/07	Capital expenditure[C, D] 2007/08	Depreciation/ amortization[D] 2006/07[E]	Depreciation/ amortization[D] 2007/08
Fine Chemicals	**245'951**	**281'777**	**19'936**	**23'457**	**15'773**	**20'257**	**13'657**	**9'469**
Recycling & Waste Treatment	**28'017**	**26'864**	**760**	**1'052**	**63**	**323**	**1'989**	**1'728**
Subtotal segments	273'968	308'641	20'696	24'509	15'836	20'580	15'646	11'197
Not allocated	58'086	35'325	46'174	42'437				
Total	**332'054**	**343'966**	**66'870**	**66'946**	**15'836**	**20'580**	**15'646**	**11'197**

[A] Segment assets and liabilities excluding financial and income tax positions
[B] As of 31.03.
[C] Capital expenditure reflects cost of acquired property, plant and equipment, and intangible assets
[D] During the period April to March
[E] Previous year: The impairment loss of CHF 4'006 thousand can be allocated to the business segment Fine Chemicals with CHF 3'873 thousand as well as to the business segment Recycling & Waste Treatment with CHF 133 thousand (see notes 10 "Development of Property, Plant and Equipment")

2 SECONDARY SEGMENT REPORTING

CHF thousand/April–March	Net sales with third parties[A] 2006/07	Net sales with third parties[A] 2007/08
Europe and others	69'628	80'564
Switzerland	36'685	37'154
America	24'688	21'814
Asia	5'827	2'421
Total	**136'828**	**141'953**

[A] Production site in Switzerland

CHF thousand	Assets[A, B] 2006/07	Assets[A, B] 2007/08	Capital expenditure[A, C] 2006/07	Capital expenditure[A, C] 2007/08
Europe and others	0	0	0	0
Switzerland	332'054	343'966	15'836	20'580
America	0	0	0	0
Asia	0	0	0	0
Total	**332'054**	**343'966**	**15'836**	**20'580**

[A] Production site in Switzerland
[B] As of 31.03.
[C] During the period April to March

3 OTHER OPERATING INCOME

CHF thousand/April–March	2006/07	2007/08
Capitalized own production	2'279	2'416
Various other operating income	1'064	1'227
Other operating income	**3'343**	**3'643**

4 PERSONNEL EXPENSES

CHF thousand/April–March	2006/07	2007/08
Wages and salaries	37'676	40'338
Employee benefits	2'533	2'767
Social security	3'205	3'453
Other personnel expenses	472	792
Personnel expenses	**43'886**	**47'350**

Employees, which DOTTIKON ES Group considers as performance drivers upon fulfilling certain criteria, have the opportunity to acquire gratuitously registered shares of DOTTIKON ES HOLDING AG. In the reporting year, 1'433 such shares (previous year: 1'082 shares) were issued and are recognized within personnel expenses at their fair value of CHF 370 thousand (previous year: CHF 320 thousand).
The average number of full-time equivalents of DOTTIKON ES Group was 446 for the reporting year (previous year: 421).

5 OTHER OPERATING EXPENSES

CHF thousand/April–March	2006/07	2007/08
Rent	180	251
Repair and maintenance	7'352	7'468
Insurance, duties, and fees	1'505	1'494
Administration and promotion	2'359	2'327
Loss on disposal of non-current assets	364	329
Supplies	2'735	3'384
Various other operating expenses[A]	3'195	2'844
Other operating expenses	**17'690**	**18'097**

[A] Mainly consisting of selling and waste disposal expenses

6 FINANCIAL RESULT

Financial income includes the following:

CHF thousand/April–March	2006/07	2007/08
Interest income	535	586
Income from foreign currency valuation	366	1'724
Gain on securities	6	6
Financial income	**907**	**2'316**

Financial expenses include the following:

CHF thousand/April–March	2006/07	2007/08
Bank charges, interest expenses	33	32
Expenses from foreign currency valuation	352	444
Financial expenses	**385**	**476**

Income from foreign currency valuation recognized in the income statement amounts to CHF 3'330 thousand during the reporting year (previous year: income of CHF 638 thousand) and is allocated to the following positions of the income statement:

- Net sales CHF 1'344 thousand (previous year: CHF 491 thousand)
- Material expenses CHF 706 thousand (previous year: CHF 133 thousand)
- Financial income CHF 1'724 thousand (previous year: CHF 366 thousand)
- Financial expenses minus CHF 444 thousand (previous year: minus CHF 352 thousand)

7 INCOME TAXES

Income taxes can be analyzed as follows:

CHF thousand/April–March	2006/07	2007/08
Net income before taxes	16'588	23'061
Expected income tax at tax rate of 16.9 % (previous year: 17.3 %)[A]	2'870	3'897
Debit/credit adjustments recognized for previous period, net	0	-57
Effect of deferred tax rate adjustment[B]	-3'357	-990
Other effects	-6	5
Recognized income tax expenses	**-493**	**2'855**

[A] Effect of Group-internal transactions and change in the tax basis effective as of January 1, 2008

[B] In the reporting year 2007/08, lower tax rate at the domicile due to changes in the tax basis effective as of January 1, 2008 (previous year 2006/07: lower tax rate at the domicile due to changes in the tax law as of January 1, 2009)

CHF thousand/April–March	2006/07	2007/08
Attributable to the following positions:		
Current tax	4'226	2'426
Deferred tax	-4'719	429
Recognized income tax expenses	**-493**	**2'855**

In the reporting year minus CHF 331 thousand (previous year: minus CHF 11 thousand) current income tax and CHF 0 thousand (previous year: CHF 0 thousand) deferred income tax have been recognized in equity relating to items booked directly into equity. There are no unrecognized tax loss carry-forwards.

8 EARNINGS PER SHARE

Earnings per share amounts to CHF 16.35 (previous year: CHF 13.84) and is calculated from the Group's net income and the weighted average number of shares outstanding (shares issued less own shares). In the reporting year 2007/08, the amount of these shares was 1'236'051 (previous year: 1'233'783).There are no options or similar that have a dilutive effect.

9 DEVELOPMENT OF INTANGIBLE ASSETS

CHF thousand		Software	Total
	Cost		
	Balance 01.04.2006	**3'373**	**3'373**
	Additions	0	0
	Disposals	-248	-248
	Reclassifications	0	0
	Balance 31.03.2007	**3'125**	**3'125**
	Balance 01.04.2007	**3'125**	**3'125**
	Additions	0	0
	Disposals	-471	-471
	Reclassifications	0	0
	Balance 31.03.2008	**2'654**	**2'654**
	Amortization, accumulated		
	Balance 01.04.2006	**-2'889**	**-2'889**
	Additions	-219	-219
	Disposals	248	248
	Reclassifications	0	0
	Balance 31.03.2007	**-2'860**	**-2'860**
	Balance 01.04.2007	**-2'860**	**-2'860**
	Additions	-155	-155
	Disposals	467	467
	Reclassifications	0	0
	Balance 31.03.2008	**-2'548**	**-2'548**
	Carrying amounts		
	01.04.2006	**484**	**484**
	31.03.2007	**265**	**265**
	31.03.2008	**106**	**106**

No development costs were capitalized in the reporting and the previous year since no capitalization criteria were met. The Research & Development expenses of CHF 7'791 thousand (previous year: CHF 6'824 thousand) were charged to the income statement. There was no impairment on intangible assets in the reporting and the previous year. As in the previous year, there were no capital commitments for intangible assets. No interests were capitalized in the reporting and the previous year.

10 DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

CHF thousand		Land	Buildings	Technical plant and machinery	Other property, plant and equipment	Plants under construction	Total
	Cost						
	Balance 01.04.2006	**8'883**	**113'446**	**239'074**	**12'534**	**8'097**	**382'034**
	Additions	3'815	177	2'266	98	9'480	15'836
	Disposals	0	-452	-1'342	-441	0	-2'235
	Reclassifications	-14	692	3'105	241	-4'024	0
	Balance 31.03.2007	**12'684**	**113'863**	**243'103**	**12'432**	**13'553**	**395'635**
	Balance 01.04.2007	**12'684**	**113'863**	**243'103**	**12'432**	**13'553**	**395'635**
	Additions	0	1'769	7'324	204	11'283	20'580
	Disposals	0	-112	-2'594	-872	0	-3'578
	Reclassifications	0	985	8'901	462	-10'348	0
	Other changes, reclassifications[A]	-3'985	0	0	0	0	-3'985
	Balance 31.03.2008	**8'699**	**116'505**	**256'734**	**12'226**	**14'488**	**408'652**
	Depreciation, accumulated						
	Balance 01.04.2006	**0**	**-49'654**	**-132'985**	**-9'694**	**0**	**-192'333**
	Additions	0	-2'237	-8'634	-550	0	-11'421
	Disposals	0	418	1'022	431	0	1'871
	Reclassifications	0	0	0	0	0	0
	Impairments[B]	0	-1'582	-2'424	0	0	-4'006
	Balance 31.03.2007	**0**	**-53'055**	**-143'021**	**-9'813**	**0**	**-205'889**
	Balance 01.04.2007	**0**	**-53'055**	**-143'021**	**-9'813**	**0**	**-205'889**
	Additions	0	-2'182	-8'371	-489	0	-11'042
	Disposals	0	97	2'284	872	0	3'253
	Reclassifications	0	0	0	0	0	0
	Balance 31.03.2008	**0**	**-55'140**	**-149'108**	**-9'430**	**0**	**-213'678**
	Carrying amounts						
	01.04.2006	**8'883**	**63'792**	**106'089**	**2'840**	**8'097**	**189'701**
	31.03.2007	**12'684**	**60'808**	**100'082**	**2'619**	**13'553**	**189'746**
	31.03.2008	**8'699**	**61'365**	**107'626**	**2'796**	**14'488**	**194'974**

[A] Reclassifications of assets to the balance sheet line "non-current assets held for sale" in the current assets

[B] Depreciation of the previous year 2006/07 includes an impairment of operating property, plant and equipment in the amount of CHF 4'006 thousand. The impairment was recognized on production plants for discontinued product lines. There was no impairment on property, plant and equipment in the reporting year 2007/08

The insurance value of property, plant and equipment amounts to CHF 474'127 thousand (previous year: CHF 431'109 thousand). Capital commitments for property, plant and equipment amount to CHF 11'561 thousand (previous year: CHF 2'831 thousand). No interests were capitalized in the reporting and the previous year.

11 INVESTMENTS IN ASSOCIATED COMPANIES

As in the previous year, DOTTIKON ES HOLDING AG has a participation of 33.9 percent in SYSTAG, System Technik AG, in Rüschlikon.

SYSTAG, System Technik AG, is the technological leader in integrated solutions for automated chemical process development.

SYSTAG, System Technik AG, has the same reporting date as DOTTIKON ES Group, which is March 31.

The investment has been accounted for using the equity method. The local accounting principles are adjusted to IFRS.

The share of profit amounts to CHF 40 thousand (previous year: CHF 126 thousand).

Associated companies:

CHF thousand/31.03.	2006/07	2007/08
Balance sheet[A]		
Assets	4'455	5'181
Liabilities	1'469	2'077
Shareholders' equity	**2'986**	**3'104**

[A] Amounts at 100 %

CHF thousand/April–March	2006/07	2007/08
Income statement[A]		
Income	5'192	6'555
Expenses	-4'820	-6'437
Result	**372**	**118**

[A] Amounts at 100 %

12 FINANCIAL ASSETS

CHF thousand/31.03.	2006/07	2007/08
Surplus of pension assets	21'490	18'949
Financial assets	**21'490**	**18'949**

Financial assets include a surplus of pension assets in the amount of CHF 18'949 thousand (previous year: CHF 21'490 thousand). The details regarding the pension plan are presented in notes 13 "Employee Benefits".

13 EMPLOYEE BENEFITS

DOTTIKON ES Group has an own, legally independent pension plan that is managed independently and in accordance with country-specific requirements. The assets are held outside of the entities in independent foundations. The plans are financed through employees' and employers' contributions. The future obligations and the respective assets of the plans that are classified as defined benefit plans according to IFRS are reviewed and recalculated annually by an independent pension expert. The last review was as of March 31, 2008. The valuation of the pension plans are based on the balance sheet dates as of December 31. Changes between the valuation date and the end of the reporting year are followed and extrapolated.

The pension situation of the Group is as follows.

Development of defined benefit obligations and plan assets:

CHF thousand/31.03.	2006/07	2007/08
Present value of defined benefit obligations 01.04.	-142'047	-140'571
Current service cost	-5'172	-5'835
Interest cost	-4'417	-4'392
Curtailments and settlements	0	6'069
Benefits paid	6'147	5'697
Actuarial gains (losses) on obligations	4'918	8'661
Present value of defined benefit obligations 31.03.	**-140'571**	**-130'371**

CHF thousand/31.03.	2006/07	2007/08
Fair values of plan assets 01.04.	165'263	167'989
Expected return on plan assets	8'263	6'216
Employer contributions[A]	2'611	226
Employees' contributions	1'984	2'121
Benefits paid	-6'147	-5'697
Actuarial gains (losses) on plan assets	-3'985	-2'867
Fair values of plan assets 31.03.	**167'989**	**167'988**

[A] In the reporting year 2007/08, employer contributions for the pension plan were mainly financed by the existent employer contribution reserves

The balance sheet shows the following:

CHF thousand/31.03.	2006/07	2007/08
Fair values of plan assets	167'989	167'988
Present value of defined benefit obligations	-140'571	-130'371
Surplus of pension assets (liabilities)	**27'418**	**37'617**
Adjustments for article IAS 19.58	-5'850	-18'590
Unrecognized actuarial (gains) losses	-78	-78
Pension asset in the balance sheet of the Group (notes 12 "Financial Assets")	**21'490**	**18'949**

The income statement shows the following:

CHF thousand/April–March	2006/07	2007/08
Current service cost	-5'172	-5'835
Interest cost	-4'417	-4'392
Expected return on plan assets[A]	8'263	6'216
Amortization of actuarial gains (losses)	855	5'794
Adjustments for article IAS 19.58	-4'046	-12'740
Gains (losses) from curtailments and settlements	0	6'069
Net pension cost in period	**-4'517**	**-4'888**
Employees' contributions	1'984	2'121
Net defined benefit expenses	**-2'533**	**-2'767**

[A] The effective realized return on assets in the reporting year is approximately 2.0 % (previous year: approximately 2.6 %)

Changes in the balance sheet of the Group:

CHF thousand/31.03.	2006/07	2007/08
Pension asset in the balance sheet of the Group 01.04.	21'412	21'490
Net defined benefit expenses	-2'533	-2'767
Employer contributions[A, B]	2'611	226
Pension asset in the balance sheet of the Group 31.03.	**21'490**	**18'949**

[A] In the reporting year 2007/08, employer contributions for the pension plan were mainly financed by the existent employer contribution reserves

[B] The expected outflow of funds for employer contributions in 2008/09 will be approximately CHF 2'866 thousand, which will be financed by the existent employer contribution reserves

Actuarial assumptions:

	2006/07	2007/08
Discount rate	3.0 %	3.3 %
Expected return on plan assets	3.7 %	3.7 %
Expected salary increase rates	2.0 %	2.0 %
Expected pension increase rates	1.5 %	1.5 %
Actuarial bases	EVK 2000	BVG 2005
Average age of retirement	65/64	65/64
Average expectation of life for a retired person at retirement age		
Female	21.15	21.85
Male	17.56	17.90

Asset allocation:

31.12.[A]	2006/07	2007/08
Cash and cash equivalents	20.6 %	58.2 %
Debt securities	38.8 %	35.1 %
Equity securities	32.4 %	5.0 %
Real estate	0.0 %	0.0 %
Others	8.2 %	1.7 %
Total	100.0 %	100.0 %

[A] Effective date for the asset allocation is December 31

The expected return on plan assets is determined based on the strategic allocation to investment categories and is reviewed regularly.

There are no own shares, no property used by DOTTIKON ES Group and no other assets used by DOTTIKON ES Group included in the plan assets.

Defined benefit plans:

CHF thousand/31.03.	2006/07	2007/08
Fair values of plan assets	167'989	167'988
Present value of defined benefit obligations	-140'571	-130'371
Surplus of pension assets (liabilities)	**27'418**	**37'617**
Experience adjustments on plan liabilities/gains (losses)	4'918	3'896
Adjustments on plan liabilities arising from changes in actuarial assumptions/gains (losses)	0	4'765
Experience adjustments on plan assets/gains (losses)	-3'985	-2'867

14 NON-CURRENT ASSETS HELD FOR SALE

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", property which is being held for sale has been reclassified from non-current assets to current assets. The reclassification amounted to CHF 3'985 thousand (previous year: CHF 0 thousand). IFRS 5 is applied when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, its sale is highly probable and the sales should be expected to qualify for recognition as a completed sale within one year from the date of classification. DOTTIKON ES Group received a prepayment of CHF 350 thousand (previous year: CHF 0 thousand) for the held for sale property which is included in current liabilities. The non-current asset held for sale, as well as the related prepayment are allocated to the business segment Fine Chemicals.

15 INVENTORIES

CHF thousand/31.03.	2006/07	2007/08
Raw materials	9'515	15'115
Supplies	2'903	5'119
Trading goods	168	193
Semi-finished goods	16'352	18'100
Finished goods	16'752	24'369
Inventories	**45'690**	**62'896**

Value adjustments deducted from inventory balances amount to CHF 867 thousand (previous year: CHF 1'641 thousand).

16 TRADE RECEIVABLES

Trade receivables are value adjusted as follows:

CHF thousand/31.03.	2006/07	2007/08
Trade receivables, gross	33'802	39'720
Individual value adjustment	-32	-32
Overall value adjustment	-5	-5
Trade receivables, net	**33'765**	**39'683**

Trade receivables are allocated to the following currencies:

CHF thousand/31.03.	2006/07	2007/08
CHF	17'820	19'761
EUR	9'582	10'554
USD	6'363	9'368
Trade receivables, net	**33'765**	**39'683**

Trade receivables are allocated to the following regions:

CHF thousand/31.03.	2006/07	2007/08
Europe and others	18'295	19'444
Switzerland	6'988	8'950
America	6'904	9'460
Asia	1'578	1'829
Trade receivables, net	**33'765**	**39'683**

At the balance sheet date, the ageing structure of the trade receivables, which are not subject to individual value adjustments, was as follows:

	Receivables	Value adjustments	Receivables	Value adjustments
CHF thousand/31.03.	2006/07	2006/07	2007/08	2007/08
Not yet due	27'856	0	33'608	0
1 to 30 days overdue	5'100	2	5'074	2
31 to 60 days overdue	297	1	258	1
61 to 90 days overdue	281	1	734	2
More than 90 days overdue	236	1	14	0
Total	**33'770**	**5**	**39'688**	**5**

The receivables which are not due and which are not subject to individual value adjustments are mainly receivables arising from long-standing customer relationships. On past experience, DOTTIKON ES Group does not anticipate any significant defaults.

Value adjustments on trade receivables have changed as follows:

CHF thousand/31.03.	2006/07	2007/08
Individual value adjustments		
Balance 01.04.	32	32
Increase (decrease)	0	0
Balance 31.03.	**32**	**32**

CHF thousand/31.03.	2006/07	2007/08
Overall value adjustments		
Balance 01.04.	5	5
Increase (decrease)	0	0
Balance 31.03.	**5**	**5**

The individual value adjustments amounted to CHF 32 thousand (previous year: CHF 32 thousand). No additional individual value adjustments were composed in the reporting year as well as in the previous year.
For further information on credit management and trade receivables, see notes 20 "Financial Risk Management".

17 OTHER RECEIVABLES

CHF thousand/31.03.	2006/07	2007/08
Receivables from social security and other public fees	3'565	4'127
Prepaid expenses and accrued income	284	264
Derivative financial instruments	169	2'189
Other receivables and accruals qualifying as financial instruments	484	417
Other receivables	**4'502**	**6'997**

18 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following items:

CHF thousand/31.03.	2006/07	2007/08
Property, plant and equipment	26'712	25'909
Inventories	3'692	5'006
Provisions	3'293	3'245
Surplus of pension assets	4'341	3'776
Other balance sheet positions	684	1'215
Deferred tax liabilities	**38'722**	**39'151**

19 OTHER LIABILITIES

CHF thousand/31.03.	2006/07	2007/08
Liabilities from social security and other public fees	620	1'082
Current liabilities due to pension plan	391	183
Prepayments from clients	2'982	2'400
Derivative financial instruments	251	0
Other liabilities and deferrals qualifying as financial instruments	7'434	8'756
Other liabilities	**11'678**	**12'421**

20 FINANCIAL RISK MANAGEMENT

General

Financial risk management is based on guidelines issued by the Board of Directors of DOTTIKON ES HOLDING AG concerning the goals, principles, tasks, and competencies of financial management. The Board of Directors holds supreme responsibility for the company's financial risk management. It has assigned the duty of constantly monitoring financial risks to the Group Controlling of DOTTIKON ES Group. The Senior Management and the Board of Directors receive regular information about existing risks.

The risk management principles are geared to identifying and analyzing the risks to which the Group is exposed and to establishing the appropriate control mechanisms. The principles of risk management and the processes applied are regularly reviewed, taking due regard of changes in the market and in the Group's activities.

Owing to its business activities, DOTTIKON ES Group is exposed to various financial risks such as credit risk, liquidity risk and market risk (including currency and interest-rate risk). The following sections provide an overview of the extent of the individual risks and the goals, principles and processes employed for measuring, monitoring and hedging the financial risks.

Categories of financial instruments

The following table shows the carrying amounts of all financial instruments by category:

CHF thousand/31.03.	2006/07[A]	2007/08[A]
Cash and cash equivalents	35'568	15'308
Trade receivables	33'765	39'683
Other receivables and accruals qualifying as financial instruments	484	417
Loans and receivables	**69'817**	**55'408**
Other receivables (foreign exchange forwards)	8	757
Financial investments held for trading	**8**	**757**
Trade payables	9'018	11'738
Other liabilities and deferrals qualifying as financial instruments	7'434	8'756
Financial liabilities valued at amortized cost	**16'452**	**20'494**
Other liabilities (foreign exchange forwards)	9	0
Financial liabilities held for trading	**9**	**0**
Receivables from foreign exchange forwards (cash flow hedge according to IAS 39)	161	1'432
Liabilities from foreign exchange forwards (cash flow hedge according to IAS 39)	242	0

[A] Fair values of the financial assets and liabilities are approximately equal to the carrying amounts

Credit risk

The credit risk is the risk of suffering financial loss if a customer or counterparty of a financial instrument fails to meet its contractual obligations. The main credit risks of DOTTIKON ES Group arise from trade receivables, bank accounts and fixed deposits.

Cash and cash equivalents are current account balances with special interest as well as fixed deposits. The Group only has relationships with first-class financial institutes. As a general rule, the investments have a maturity of less than three months. In accordance with the investment policy of DOTTIKON ES Group, these transactions are entered into only with important, credit-worthy commercial institutes.

Transactions involving derivative financial instruments are also entered into only with first-class financial institutes. The derivative financial instruments are mainly used to cover foreign currency risks for future revenue, for which firm commitments are in place.

The credit risk on trade receivables is low because the Group's client base consists of many clients that operate in different business areas and geographical regions. There are no risk concentrations. The extent of the credit risk is determined mainly by the individual characteristics of each customer. Assessment of this risk involves a review of the customer's credit-worthiness based on his financial situation, and past experience. In monitoring default risk, customers are classified according to relevant factors such as geographical location, sector and past financial difficulties.

The maximum credit risk on financial instruments corresponds to the carrying amounts of the individual financial assets. DOTTIKON ES Group has not entered into any guarantees or similar obligations that would increase the risk over and above the carrying amounts.

The maximum credit risk as per balance sheet date was as follows:

CHF thousand/31.03.	2006/07	2007/08
Cash and cash equivalents	35'568	15'308
Trade receivables	33'765	39'683
Other receivables and accruals qualifying as financial instruments	484	417
Other receivables (foreign exchange forwards)	169	2'189
Total	**69'986**	**57'597**

Liquidity risk

The liquidity risk is the risk that DOTTIKON ES Group is unable to meet its obligations when they fall due.

Liquidity is recorded and managed centrally at Group level.

Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the Group has unused credit lines in the event of more serious fluctuations. The credit lines are spread over several banks so that there is no excessive dependence on any one institute.

The following table shows the contractual maturities (including interest rates) of the financial liabilities held by DOTTIKON ES Group at the end of the reporting year and in the previous year:

CHF thousand		Carrying amount 31.03.	Contractual cash flows	Up to 6 months	6 to 12 months[A]
	2006/07				
	Non-derivative financial liabilities				
	Trade payables	9'018	9'018	9'018	
	Other liabilities and deferrals qualifying as financial instruments	7'434	7'434	7'374	60
	Subtotal	**16'452**	**16'452**	**16'392**	**60**
	Derivative financial instruments				
	Foreign exchange forwards	251			
	Outflow	251	-11'646	-5'249	-6'397
	Inflow		11'646	5'249	6'397
	Total	**16'703**	**16'452**	**16'392**	**60**
	2007/08				
	Non-derivative financial liabilities				
	Trade payables	11'738	11'738	11'738	
	Other liabilities and deferrals qualifying as financial instruments	8'756	8'756	8'669	87
	Subtotal	**20'494**	**20'494**	**20'407**	**87**
	Derivative financial instruments				
	Foreign exchange forwards	0			
	Outflow	0	0	0	0
	Inflow		0	0	0
	Total	**20'494**	**20'494**	**20'407**	**87**

[A] In the reporting and previous year, there are no liabilities that release cash flows after 12 months

The following table indicates the periods in which the foreign exchange forwards (cash flow hedge according to IAS 39) are expected to impact profit or loss:

CHF thousand		Carrying amount 31.03.	Expected cash flows	Up to 6 months	6 to 12 months[A]
	2006/07				
	Derivative financial instruments				
	Assets	161	20'491	14'010	6'481
	Liabilities	-242	0	0	0
	Total	**-81**	**20'491**	**14'010**	**6'481**
	2007/08				
	Derivative financial instruments				
	Assets	1'432	27'563	18'815	8'748
	Liabilities	0	0	0	0
	Total	**1'432**	**27'563**	**18'815**	**8'748**

[A] There are no impacts to the income statement in the reporting and previous year after 12 months

Market risk
Market risk is the risk that changes in market rates and prices, e.g. exchange rates, interest rates or share prices, may have an impact on the profit and market value of financial instruments held by DOTTIKON ES Group. The goal of managing such market risks is to monitor and control these risks in order to ensure that they do not exceed a defined limit.

Currency risk
Owing to its international activities, DOTTIKON ES Group is exposed to currency risks. Because all Group companies are domiciled in Switzerland, the individual financial statements of all Group companies are prepared in Swiss francs. These currency risks occur in connection with transactions in different currencies, in particular the sale and purchase of goods, mainly in Euro and US dollar.
The derivative financial instruments are mainly used to cover foreign currency risks for future revenue, for which firm commitments are in place. Currency risks can be reduced by purchasing and producing goods in the congruent currency.

The table below shows the currency risks arising from financial instruments in which the currency involved is not congruent with the functional currency of the subsidiary which holds these financial instruments:

CHF thousand/31.03.2007	EUR	USD	GBP
Trade receivables	9'582	6'363	0
Other receivables	6	6	0
Cash and cash equivalents	165	89	0
Trade payables	-2'737	-313	0
Other liabilities	-99	-1'113	0
Foreign exchange forwards	-9'359	-18'662	0
Expected cash flows from trade receivables	6'767	13'805	0
Total currency exposure	**4'325**	**175**	**0**

CHF thousand/31.03.2008	EUR	USD	GBP
Trade receivables	10'554	9'368	0
Other receivables	0	0	0
Cash and cash equivalents	1'960	467	400
Trade payables	-1'976	-755	-85
Other liabilities	-96	-903	0
Foreign exchange forwards	-22'393	-23'644	0
Expected cash flows from trade receivables	14'125	12'006	0
Total currency exposure	**2'174**	**-3'461**	**315**

A change in exchange rates as of March 31, 2008, of 5 percent versus EUR and of 10 percent versus USD and GBP (previous year: 5 percent versus EUR, USD and GBP) would have an increased or decreased net income by the amounts shown adjoining.
The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged. Substantially larger effects on the income statement can be caused by exchange rate changes to business transactions during the year, which do not lie in the scope of application of IFRS 7.

The method of determining the realistically conceivable rate changes is derived from the maximum rate fluctuation in the reporting year as well as previous year divided by two. This is used as basis.

Sensitivity analysis:

31.03.2007	CHF/EUR	CHF/USD	CHF/GBP
Change +/-	5 %	5 %	5 %
Positive impact on income statement in CHF thousand	173	7	0
Negative impact on income statement in CHF thousand	-173	-7	0
Positive impact on equity in CHF thousand	271	552	0
Negative impact on equity in CHF thousand	-271	-552	0

31.03.2008	CHF/EUR	CHF/USD	CHF/GBP
Change +/-	5 %	10 %	10 %
Positive impact on income statement in CHF thousand	87	277	25
Negative impact on income statement in CHF thousand	-87	-277	-25
Positive impact on equity in CHF thousand	565	960	0
Negative impact on equity in CHF thousand	-565	-960	0

The table "Total foreign exchange forwards (sales)" below presents the total of all hedges per balance sheet date and includes hedges which have an underlying business transaction figuring as an asset or liability on the balance sheet as well as cash flow hedges. The difference between the amounts in the table "Total foreign exchange forwards (sales)" and in the table "Total foreign exchange forwards to hedge cash flows" represents the total of hedges to which the corresponding business transaction has been recognized as an asset or liability at market value on the balance sheet as of March 31.

Total foreign exchange forwards (sales):

CHF thousand/31.03.	2006/07	2007/08
Market value	28'021	46'037
Negative replacement value[A]	-251	0
Positive replacement value[B]	169	2'189
Contract value	**27'939**	**48'226**

[A] Is equal to the recognized fair value (within the balance sheet position other current liabilities)
[B] Is equal to the recognized fair value (within the balance sheet position other receivables)

Total foreign exchange forwards in currencies:

CHF thousand/31.03.	2006/07	2007/08
USD	18'800	25'106
EUR	9'139	23'120
Total	**27'939**	**48'226**

Total foreign exchange forwards to hedge cash flows:

CHF thousand/31.03.	2006/07	2007/08
Market value	20'572	26'131
Negative replacement value[A]	-242	0
Positive replacement value[B]	161	1'432
Contract value	**20'491**	**27'563**

[A] Is equal to the recognized fair value (within the balance sheet position other current liabilities)
[B] Is equal to the recognized fair value (within the balance sheet position other receivables)

Cash flow hedge: Changes in fair value of derivatives to hedge cash flows are recognized in equity. If an expected transaction or firm commitment results in the recognition of an asset or a liability, the gains or losses previously recognized in equity are included in the initial measurement of the asset or liability.

Interest-rate risk

The interest-rate risk may involve either changes in future interest payments owing to fluctuations in market interest rates or the risk of a change in market value, i.e. the risk that the market value of a financial instrument will change owing to fluctuations in market interest rates.
The interest-bearing financial assets held by the Group relate to cash and cash equivalents. Changes are made to the interest on cash and cash equivalents at short notice, after a maximum of three months. The Group holds no interest-bearing financial liabilities.
Market value sensitivity analysis for fixed-rate financial instruments: DOTTIKON ES Group does not hold any fixed-rate financial assets or liabilities.
Cash flow sensitivity analysis for variable-rate financial instruments: DOTTIKON ES Group is exposed to an interest-related cash flow risk in variable-rate cash and cash equivalents. An increase in the interest rate by 1 percent would

have increased the consolidated net income by CHF 122 thousand (previous year: CHF 284 thousand). An equivalent reduction in the interest rate would have had an equivalent downward impact. This analysis assumes that all other factors of influence remain the same (particularly foreign exchange rates).

21 CAPITAL MANAGEMENT

The capital managed by the Group consists of the consolidated equity.
The Group has set the following goals for the management of its capital:

- Maintaining a healthy and sound balance sheet structure based on continuing values in order to ensure the continuation of the operating activities
- Ensuring the necessary financial scope in order to be able to make investments in the future
- Achieving a return for investors that is appropriate for the risk

DOTTIKON ES Group employs two ratios to monitor equity: the equity ratio and return on equity. The equity ratio equates to shareholders' equity as a percentage of total capital. Return on equity is obtained by measuring net income as a percentage of average shareholders' equity. These ratios are reported to the Board of Directors and the Senior Management at regular intervals by internal financial reporting. The equity ratio on March 31, 2008, was 80.5 percent (previous year: 79.9 percent). In the medium-term, DOTTIKON ES Group strives furthermore to have a strong balance sheet with a high portion of equity.

CHF thousand/31.03.	2006/07	2007/08
Shareholders' equity of DOTTIKON ES Group (no minority interests)	265'184	277'020
Total capital	332'054	343'966
Equity ratio in %	**79.9**	**80.5**

Average shareholders' equity	261'365	271'102
Net income	17'081	20'206
Return on equity in %	**6.5**	**7.5**

The Board of Directors proposes the appropriation of retained earnings to the Annual General Meeting. The Group's dividend policy intends to distribute excess liquidity in the amount not required for internal growth and related investments under consideration of the respective profitability. For maintenance and adjustments of the capital structure, DOTTIKON ES Group can adapt dividend payments, return capital to the shareholders, issue new shares or dispose of assets that are not necessary for operating activities.
The Board of Directors is proposing to the Annual General Meeting, that no dividend will be paid for the business year 2007/08 (previous year: CHF 8 per registered share).

22 OTHER NON-CASH TRANSACTIONS

Non-cash transactions with impact on the income statement (excluding depreciation and amortization) are corrected in the cash flow statement that is prepared using the indirect method. In the reporting year 2007/08, these mainly consist of employer contributions to the pension plan, which were mainly financed by the existent employer contribution reserves, so that there was no outflow of funds (previous year: mainly from losses of disposals of property, plant and equipment).

23 RELATED PARTY TRANSACTIONS

Members of the Senior Management, Board of Directors, and important shareholders as well as entities controlled by these are considered related parties.

As in the previous year, DOTTIKON ES HOLDING AG has investments in the following companies:

- DOTTIKON EXCLUSIVE SYNTHESIS AG
  Domicile in Dottikon/share capital CHF 102'000
  Investment share of 100 percent/fully consolidated
  Branch/purpose: chemicals/production and sale of chemical intermediates and active pharmaceutical ingredients
- DOTTIKON ES MANAGEMENT AG
  Domicile in Dottikon/share capital CHF 100'000
  Investment share of 100 percent/fully consolidated
  Branch/purpose: chemicals/management of investment companies
- SYSTAG, System Technik AG
  Domicile in Rüschlikon/share capital CHF 410'000
  Investment share of 33.9 percent/equity method
  Branch/purpose: automated process technology/development and fabrication of integrated solutions for automated chemical process development

A basis compensation of CHF 85 thousand was paid to the members of the Board of Directors (previous year: CHF 85 thousand). As in the previous year, the members of the Board of Directors did not receive any registered shares.
In the reporting year, the members of the Senior Management received 970 registered shares of DOTTIKON ES HOLDING AG that had a fair value of CHF 251 thousand (previous year: 715 registered shares of DOTTIKON ES HOLDING AG, fair value of CHF 205 thousand). Additionally, the members of the Senior Management received a cash compensation of CHF 1'589 thousand (previous year: CHF 1'494 thousand). The total compensation without the bonus in registered shares of the Board of Directors and the members of the Senior Management was CHF 1'941 thousand (previous year: CHF 1'847 thousand).

Total compensation includes pension plan contributions of CHF 153 thousand and CHF 114 thousand social security contributions (previous year: CHF 151 thousand pension plan contributions and CHF 117 thousand social security contributions). The total compensation of the Board of Directors and of the members of the Senior Management is included in personnel expenses (see notes 4 "Personnel Expenses").
Loans to employees are included in notes 17 "Other Receivables" in the previous year 2006/07. The same conditions have been applied to all employees. The amount outstanding to two members of the Senior Management of CHF 144 thousand was repaid in the previous year as of November 30, 2006. The loans had an interest rate of 2 percent from April 1, 2006, to November 30, 2006. During the reporting year 2007/08, no guarantees, loans, advances or credit facilities were granted to the members of the Board of Directors or the Senior Management or related parties.
For transactions with pension plans refer to notes 13 "Employee Benefits".
The overview of significant shareholders is presented on page 58, notes 4 "Significant Shareholders".
Apart from those above, there weren't any further receivables or liabilities or transactions with related parties in the reporting and the previous year.
The detailed disclosure of compensation and participations of the members of the Board of Directors and the Senior Management according to Swiss law is presented in the financial statements of DOTTIKON ES HOLDING AG on pages 59 and 60.

24 CONTINGENT LIABILITIES

The existing guarantees as of March 31, 2007, of DOTTIKON ES HOLDING AG to third parties in the amount of CHF 11'000 thousand for a possible bank loan to DOTTIKON EXCLUSIVE SYNTHESIS AG were completely cancelled in the reporting year 2007/08. No other guarantees or collaterals existed as of March 31, 2008, or March 31, 2007.

25 EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for issue by the Board of Directors on May 15, 2008. They are subject to approval by the Annual General Meeting. No events have occurred between March 31, 2008, and May 15, 2008, that would require an adjustment of the Group's carrying amounts of assets and liabilities.
On April 30, 2008, lic. iur. Emanuel Tschannen was appointed as Head of Legal & Human Resources. Emanuel Tschannen will act in this position as member of the Senior Management of DOTTIKON ES Group starting October 1, 2008. No further events have occurred that need to be disclosed.

26 DIVIDENDS

The Board of Directors recommends to the Annual General Meeting of July 4, 2008, that no dividend will be paid for the business year 2007/08 (see "Proposal for the Appropriation of Available Earnings" on page 62). Therefore, there is no outflow of funds expected. The dividend paid out in the reporting year 2007/08 for the business year 2006/07 was CHF 8 per share. The outflow of funds in 2007/08 was CHF 9'889 thousand (previous year: CHF 9'865 thousand).

Report of the Group Auditors to the Annual General Meeting of DOTTIKON ES HOLDING AG, Dottikon

KPMG

As group auditors, we have audited the consolidated financial statements presented on pages 15 to 48 (income statement, balance sheet, cash flow statement, statement of changes in equity and notes) of DOTTIKON ES HOLDING AG for the year ended March 31, 2008.

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

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

KPMG Ltd

Hanspeter Stocker	Thomas Keusch
Auditor in Charge	

Zurich, May 15, 2008

Financial Statements DOTTIKON ES HOLDING AG

Income Statements DOTTIKON ES HOLDING AG

April–March
CHF thousand

	2006/07	2007/08
Income from investments	20'000	15'000
Financial income	3'807	4'995
Compensation from Group companies	2'272	1'880
Other income	619	493
Income	**26'698**	**22'368**
Financial expenses	-5	-23
Compensation to Group companies	-291	-331
External expenses	-237	-200
Income taxes	-561	-502
Expenses	**-1'094**	**-1'056**
Net income	**25'604**	**21'312**

Balance Sheets DOTTIKON ES HOLDING AG

CHF thousand

	Notes	31.03.2007	31.03.2008
Loans to Group companies		80'000	95'000
Investments	(1)	6'100	6'100
Investments in associated companies	(1)	848	848
Own shares	(2)	7'523	7'296
Non-current assets		**94'471**	**109'244**
Current loans to Group companies		5'311	3'582
Other receivables from third parties		12	7
Prepaid expenses and accrued income		254	251
Cash and cash equivalents		1'753	405
Current assets		**7'330**	**4'245**
Assets		**101'801**	**113'489**
Share capital		6'363	6'363
Legal reserves		8'450	8'569
Other reserves		60'216	75'812
Retained earnings			
Profit brought forward		0	0
Net income		25'604	21'312
Shareholders' equity	(3)	**100'633**	**112'056**
Non-current liabilities		**0**	**0**
Other liabilities due to Group companies		215	370
Other liabilities due to third parties		799	933
Accrued expenses and deferred income		154	130
Current liabilities		**1'168**	**1'433**
Liabilities		**1'168**	**1'433**
Shareholders' equity and liabilities		**101'801**	**113'489**

Statement of Changes in Equity DOTTIKON ES HOLDING AG

CHF thousand

	Share capital	General reserves	Reserves for own shares	Other reserves	Retained earnings	Shareholders' equity
Balance 01.04.2006	**6'363**	**0**	**7'723**	**52'277**	**18'531**	**84'894**
Transfer to reserves		927		7'739	-8'666	0
Dividends paid					-9'865	-9'865
Net income					25'604	25'604
Reclassifications			-200	200		0
Balance 31.03.2007	**6'363**	**927**	**7'523**	**60'216**	**25'604**	**100'633**
Balance 01.04.2007	**6'363**	**927**	**7'523**	**60'216**	**25'604**	**100'633**
Transfer to reserves		346		15'369	-15'715	0
Dividends paid					-9'889	-9'889
Net income					21'312	21'312
Reclassifications			-227	227		0
Balance 31.03.2008	**6'363**	**1'273**	**7'296**	**75'812**	**21'312**	**112'056**

Notes DOTTIKON ES HOLDING AG

Notes to the Financial Statements DOTTIKON ES HOLDING AG

1 INVESTMENTS/INVESTMENTS IN ASSOCIATED COMPANIES

As in the previous year, DOTTIKON ES HOLDING AG holds 100 percent of DOTTIKON EXCLUSIVE SYNTHESIS AG with a share capital of CHF 102 thousand, and 100 percent of DOTTIKON ES MANAGEMENT AG with a share capital of CHF 100 thousand. The investments are measured at cost. As in the previous year, investments in associated companies include SYSTAG, System Technik AG, with a share capital of CHF 410 thousand. The interest in the investment is 33.9 percent and is measured at cost. Information regarding purpose and domicile of listed companies are shown on page 47, notes 23 "Related Party Transactions".

2 OWN SHARES

	Number of shares in circulation[A]	Number of own shares[A]	Value in CHF thousand of own shares[B]
Balance 31.03.2006	**1'233'676**	**38'968**	**7'723**
Purchases	-1'900	1'900	422
Disposals	1'900	-1'900	-379
Shareholding program for employees	1'251	-1'251	-243
Balance 31.03.2007	**1'234'927**	**37'717**	**7'523**
Purchases	0	0	0
Disposals	0	0	0
Shareholding program for employees	1'170	-1'170	-227
Balance 31.03.2008	**1'236'097**	**36'547**	**7'296**

[A] Not weighted
[B] At average cost

3 EQUITY

By reason of the approved proposal for appropriation of available earnings at the Annual General Meeting on July 6, 2007, available earnings from 2006/07 and changes in own shares and reserves have been booked in the reporting year 2007/08. By reason of the approved proposal for appropriation of available earnings at the Annual General Meeting on August 18, 2006, available earnings from 2005/06 and changes in own shares and reserves have been booked in the previous year 2006/07.
The share capital of DOTTIKON ES HOLDING AG is fully paid-in, amounts to CHF 6'363 thousand, and consists of 1'272'644 registered shares with a nominal value of CHF 5.

4 SIGNIFICANT SHAREHOLDERS

The following shareholders hold more than 3 percent of the registered share capital:

In % of total share capital of DOTTIKON ES HOLDING AG	31.03.2007	31.03.2008
Markus Blocher, Wilen b. Wollerau[A]	63.6	63.7
Peter Grogg, Bubendorf[B]	5.0	7.0
Miriam Blocher, Rheinfelden	5.1	5.1
UBS Fund Management (Switzerland) AG, Basel[C]	–	3.6

[A] Thereof 50.1% (previous year: 50.1%) through EVOLMA Holding AG, Freienbach
[B] Through Ingro Finanz AG, Bubendorf
[C] As of March 31, 2007, there were no shareholder positions required to be disclosed

5 CONTINGENT LIABILITIES

The existing guarantees as of March 31, 2007, of DOTTIKON ES HOLDING AG to third parties in the amount of CHF 11'000 thousand for a possible bank loan to DOTTIKON EXCLUSIVE SYNTHESIS AG were completely cancelled in the reporting year 2007/08. No other guarantees or collaterals existed as of March 31, 2008, or March 31, 2007. In addition, DOTTIKON ES HOLDING AG is part of the value-added tax group (VAT) of DOTTIKON ES Group and therefore guarantees in solidarity for all liabilities against Swiss Federal Tax Administration in connection with the VAT.

6 COMPENSATION AND PARTICIPATIONS

Compensation paid to the Board of Directors	Cash compensation[A] in CHF thousand	Social security expenses in CHF thousand	Total compensation 2007/08 in CHF thousand
Heinz Boller Chairman of the Board of Directors	35	2	37
Peter Grogg Deputy Chairman of the Board of Directors	25	1	26
Robert Hofer Member of the Board of Directors	25	1	26
Total non-executive members of the Board of Directors	**85**	**4**	**89**

[A] The members of the Board of Directors did not receive any registered shares of DOTTIKON ES HOLDING AG

Compensation paid to the Senior Management	Fixed salary in cash in CHF thousand	Bonus in cash[A] in CHF thousand	Pieces	Bonus in registered shares[A, B] in CHF thousand	Pension plan and social security expenses[C] in CHF thousand	Total compensation 2007/08[D] in CHF thousand
Total Senior Management	1'015	574	970	251	263	2'103
Thereof Markus Blocher CEO/Managing Director (highest individual salary)	212	200	386	100	62	574

[A] The bonus is based on a bonus plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of DOTTIKON ES Group. The bonus for the business year 2007/08 was approved by the Board of Directors on May 8, 2008. The payment and the allocation of registered shares of DOTTIKON ES HOLDING AG respectively, will be made in the business year 2008/09
[B] The amount of the registered shares is calculated on the basis of the full fair value of the registered shares
[C] The pension plan and social security expenses include employer contributions to pension plan of CHF 153 thousand and to social security of CHF 110 thousand
[D] The total compensation comprises of fixed salary, bonus in cash, bonus in registered shares of DOTTIKON ES HOLDING AG, as well as the pension plan and social security expenses

Participations of members of the Board of Directors, Senior Management or persons related to them

Members of the Senior Management, Board of Directors, and important shareholders as well as entities controlled by these are considered related parties.

Apart from the compensation paid to the Board of Directors and Senior Management as well as the regular employer contributions to pension plan and social security, no transactions with related persons or companies took place.

The three non-executive members of the Board of Directors and their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2008:

Participations of the Board of Directors	Number of registered shares 31.03.2008
Heinz Boller Chairman of the Board of Directors	400
Peter Gropp[A] Deputy Chairman of the Board of Directors	89'449
Robert Hofer Member of the Board of Directors	80
Total non-executive members of the Board of Directors	**89'929**

[A] Through Ingro Finanz AG, Bubendorf

The six members of the Senior Management and their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2008:

Participations of the Senior Management	Number of registered shares 31.03.2008
Markus Blocher[A] CEO/Managing Director	811'155
Marlene Born CFO	136
Max Bachmann Head of Business Development	1'171
Bruno Eugster Head of Production	329
Knut Hildebrandt Head of Quality Management	296
Alexander Ernst Head of Purchasing	70
Total Senior Management	**813'157**

[A] Thereof 637'500 registered shares through EVOLMA Holding AG, Freienbach

Neither DOTTIKON ES HOLDING AG nor its corporate subsidiaries granted any guarantees, loans, advances or credit facilities to the members of the Board of Directors or the Senior Management or related parties in the reporting year 2007/08.

DOTTIKON ES HOLDING AG did not make any severance payments or other payments to the members of the Board of Directors or the Senior Management who left the company in the period under review or earlier.

7 EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between March 31, 2008, and May 15, 2008, that would require an adjustment of the holding's carrying amounts of assets and liabilities.

On April 30, 2008, lic. iur. Emanuel Tschannen was appointed as Head of Legal & Human Resources. Emanuel Tschannen will act in this position as member of the Senior Management of DOTTIKON ES Group starting October 1, 2008. No further events have occurred that need to be disclosed.

Proposal of the Board of Directors for Appropriation of Available Earnings

CHF/31.03.	2007/08
Net income	21'311'662
Balance brought forward[A]	0
Available earnings	**21'311'662**

[A] After the dividend payment and the allocation of legal reserves, the rest of last years' available earnings has been transferred to the other reserves

Proposal of the Board of Directors:

CHF/31.03.	2007/08
Transfer to legal reserves[A]	0
Transfer to other reserves[B]	21'311'662
Balance to be carried forward	**0**

[A] The legal reserve amounts to 20 percent of the paid-in share capital. Art. 671 § 1 CO has been met. Holding companies are exempt from the second allocation according to Art. 671 § 4 CO

[B] No dividend will be paid for the business year 2007/08

Dottikon, May 15, 2008
For the Board of Directors

Heinz Boller
Chairman of the Board of Directors

Report of the Statutory Auditors to the Annual General Meeting of DOTTIKON ES HOLDING AG, Dottikon

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet, statement of changes in equity and notes on pages 51 to 62) of DOTTIKON ES HOLDING AG for the year ended March 31, 2008.

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

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

KPMG Ltd

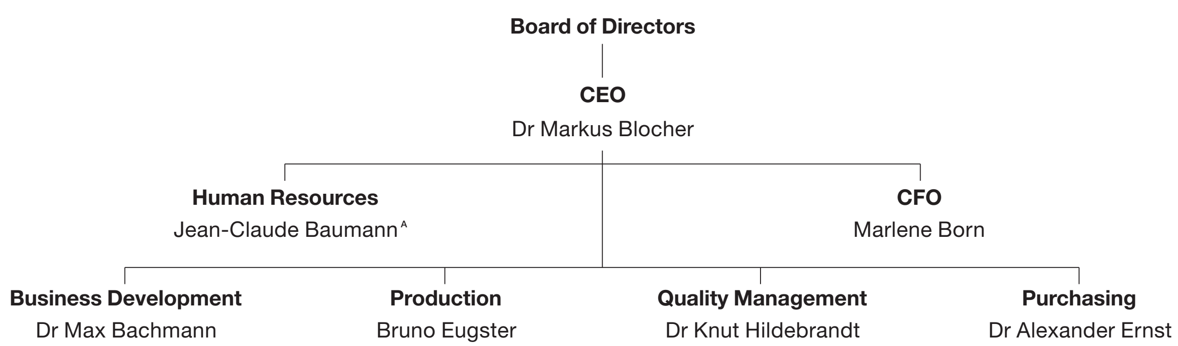
Hanspeter Stocker
Auditor in Charge

Thomas Keusch

Zurich, May 15, 2008

Corporate Governance

Corporate Governance



[A] On April 30, 2008, lic. iur. Emanuel Tschannen was appointed as Head of Legal & Human Resources. Emanuel Tschannen will act in this position as member of the Senior Management of DOTTIKON ES Group starting October 1, 2008

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 Group structure

As in the previous year, the Group comprises the two business segments Fine Chemicals and Recycling & Waste Treatment. The operating management structure is organized by functions according to the illustration above.

DOTTIKON ES HOLDING AG, holding company of DOTTIKON ES Group, has its domicile in Dottikon and is listed at the SWX Swiss Exchange (DESN; security number 2073900; ISIN CH0020739006). As in the previous year, the share capital amounts to CHF 6'363'220, the market capitalization as of March 31, 2008, is CHF 310'143'343 (previous year: CHF 357'612'964). As in the previous year, there are no further listed companies in the Group.

The investments of DOTTIKON ES HOLDING AG are disclosed on page 47, notes 23 "Related Party Transactions", of this Annual Report and include the following detailed information:

- Name of the company
- Domicile
- Amount of share capital
- Participation in percent
- Consolidation method
- Branch and purpose

1.2 Significant shareholders

Shareholders with voting rights of more than 3 percent as of March 31, 2008, or March 31, 2007, are shown on page 58, notes 4 "Significant Shareholders". As in the previous year, there are no shareholder-binding agreements.

1.3 Cross-shareholdings

As in the previous year, there are no cross-shareholdings with other companies.

2 CAPITAL STRUCTURE

2.1 Capital

The fully paid-in share capital of DOTTIKON ES HOLDING AG amounts to CHF 6'363'220 as of March 31, 2008 (previous year: CHF 6'363'220), and is divided in shares with a nominal value of CHF 5. Each share has one voting right at the Annual General Meeting.

2.2 Authorized and conditional capital in particular

As in the previous year, there is no authorized or conditional capital.

2.3 Capital changes

The changes in equity positions in the business years 2007/08 and 2006/07 are shown on page 19. The changes in equity positions in the business year 2005/06 are shown on page 21 as well as on page 61 of the Annual Report 2006/07.

2.4 Shares and participation certificates

As of March 31, 2008, 1'272'644 registered shares (previous year: 1'272'644) with a nominal value of CHF 5 were issued and fully paid-in. Each share includes one voting right, provided the shareholder with voting rights is registered in the share ledger (see notes 2.6 "Limitation on Transferability and Nominee Registrations"). All shares are unconditionally entitled to dividends except for the own shares held by the Group. As in the previous year, there are no participation certificates.

2.5 Profit-sharing certificates

As in the previous year, there are no profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

The registered shares of DOTTIKON ES HOLDING AG can be transferred without restriction. The only requirement for being registered in the share ledger is a declaration of the acquirers that the shares are acquired in their own name and for their own account. Apart from that, there are no registration restrictions. Persons holding shares for third parties (so-called nominees) are entered in the share ledger without voting rights.

2.7 Convertible bonds and options

As in the previous year, there are no convertible bonds or options.

3 BOARD OF DIRECTORS

3.1 Members of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS OF DOTTIKON ES HOLDING AG — As of March 31, 2008

Name	Nationality	Age	Position	Title	Term of office
Heinz Boller	Swiss	66	Chairman, non-executive	Eidg. dipl. Buchhalter	2005–2008
Peter Grogg	Swiss	66	Deputy Chairman, non-executive	Dr. h.c.	2005–2008
Robert Hofer	Swiss	68	Member, non-executive	Dipl. Ing. Chem. ETH, Dr. sc. techn. ETH	2005–2008

Heinz Boller

Professional background/career

Since 2005	Chairman of the Board of Directors of DOTTIKON ES Group
2000–2004	Head of Novartis Switzerland
1996–2000	Country HEAD Novartis Italy
1971–1996	Several leading positions at Ciba-Geigy, lastly as Head of Ciba-Geigy Spain

Other activities and binding interests:

- Member of the Board of Directors of SV Group

Peter Grogg

Professional background/career

Since 2005	Deputy Chairman of the Board of Directors of DOTTIKON ES Group
1971–2002	Founder and CEO of Bachem AG, Switzerland

Other activities and binding interests:

- Chairman of the Board of Directors of Bachem Holding AG, Pevion Biotech AG, and Ingro Finanz AG
- Member of the Board of Directors of Polyphor AG and Tillotts Pharma AG

Robert Hofer

Professional background/career

Since 2005	Member of the Board of Directors of DOTTIKON ES Group
Since 2001	Independent consultant
1984–2001	Several leading positions at Ciba-Geigy and later at Ciba Specialty Chemicals, lastly as Global Head Technical Operations of the Textile Effects Division

Other activities and binding interests:

- None

No member of the Board of Directors had an executive function within the DOTTIKON ES Group in the past three years. Neither a member of the Board of Directors nor any related party had significant business relations with DOTTIKON ES Group in the past three years.

3.2 Other activities and binding interests

See notes 3.1 "Members of the Board of Directors".

3.3 Cross-involvement

Appointments of members of the Board of Directors in the Board of other public companies are disclosed in notes 3.1 "Members of the Board of Directors".

3.4 Election and term of office

The members of the Board of Directors are elected by the Annual General Meeting for a one-year term of office from one Annual General Meeting to the next. Members of the Board of Directors are individually elected and may be re-elected. Members newly elected during a term of office are elected for the remaining part of the current term. Members of the Board of Directors are not nominated for reelection at the Annual General Meeting after having reached the age of 70. The year of initial election and the remaining term of office are presented in the table in notes 3.1 "Members of the Board of Directors".

3.5 Internal organization

The Board of Directors is self-constituting and annually elects the Chairman and Deputy Chairman from its own ranks. To constitute a quorum, half of the members of the Board of Directors must be present. It adopts resolutions and conducts its elections by a majority of the votes represented. In the event of a tie, the Chairman has the casting vote, except for a tie at elections, where the result is assigned by lot. No presence quorum is required on capital increase reports and other decisions that need to be notarized. The Board of Directors approves the minutes on its negotiations and resolutions.

The Board of Directors holds at least four meetings a year under the lead of the Chairman. The meetings usually last half a day. The dates of these ordinary Board meetings are determined early in advance, so that all members can join personally. Four meetings took place in the reporting year 2007/08 (previous year: four meetings). As in the previous year, all members of the Board of Directors attended all meetings. In addition, all members of the Board of Directors visited DOTTIKON EXCLUSIVE SYNTHESIS AG in order to assess and approve the planned future investments. The Board of Directors did not call in any external advisors in the reporting year or in the previous year.

The duties and responsibilities of the Audit Committee, Compensation Committee, and the Nomination Committee are performed by all members of the Board of Directors. Due to the size of the Board of Directors of three persons, no fixed committees were founded. For this reason, it is unnecessary to disclose the limitation of competencies.

The tasks of the Audit Committee are supervising accounting, financial reporting, financial planning, and external audits, as well as assessing the effectiveness of internal controls with support from risk management and legal compliance.

The tasks of the Compensation Committee are determining the form and amount of yearly compensation payable to the members of the Board of Directors and Senior Management.

The tasks of the Nomination Committee include succession planning for the Board of Directors and Senior Management and the selection and assessment of applications for Senior Management positions or for the Board of Directors.

These above-mentioned duties and tasks are performed during the ordinary meetings of the Board of Directors by all Board members. Thereby, these three committees held four meetings in total (previous year: four meetings), which each lasted half a day.

3.6 Competencies

The Board of Directors is the highest management organ and supervises and controls the Senior Management of DOTTIKON ES Group. It elects and supervises the Senior Management and is responsible for strategic decisions and determination of accounting and financing principles.
The Board of Directors has the following non-delegable and indefeasible duties assigned according to legal statutory regulations and the Organizational Regulations:

- Management of the Group and issue of required instructions
- Definition of general organization
- Definition of guidelines for the set-up of accounting, financial control, and financial planning
- Decisions on operations with strategic significance
- Nomination and dismissal of persons entrusted with the management and representation of the Group
- Determination of compensation of the CEO and the members of the Senior Management
- Supervision of persons entrusted with the executive management
- Preparation of Annual Report and Annual General Meeting and execution of decisions
- Notification of judge in case of over-indebtedness

The Board of Directors has delegated the management of daily operations to the members of the Senior Management in line with the Organizational Regulations. The competencies and the interaction between the Board of Directors and members of the Senior Management are defined in the Organizational Regulations of DOTTIKON ES Group. The Organizational Regulations can be seen free of charge locally in Dottikon.
The Chairman of the Board of Directors and the CEO regularly inform each other and discuss all important issues that are fundamental or highly significant.

3.7 Information and control instruments with regard to Senior Management

Senior Management provides the Board of Directors with information and documents in an open and timely manner. At each meeting of the Board, members of the Senior Management inform the Board of Directors about the course of business, the most-important business transactions, the completion of tasks assigned to it, and the Group's accounts. The Board periodically receives the numbers of the consolidated financial statements with previous-year and plan comparatives and with key figures to assess the financial situation of the Group. The Management Information System (MIS) of DOTTIKON ES Group has the following features: Every month, an income statement, balance sheet, cash flow statement, statement of changes in equity, and various key figures of the Group are prepared on a consolidated level. Every quarter, the Board receives a forecast of the expected year-end accounts, and twice a year the Board receives mid-term planning results for the following three years. At the Board meetings, the financial statements and the course of the business are discussed. Additionally, the Chairman of the Board regularly meets with the members of the Senior Management to discuss the course of the business, the status of projects and important events (e.g. planned investments or internal controls). Further, individual members of the Senior Management attend the meetings of the Board of Directors on a regular basis. Once a year, the Board of Directors deals with the Group's strategy.
DOTTIKON ES Group applies various instruments of risk management. Together with the provision for comprehensive and effective insurance coverage, enterprise risk management involves the systematic identification, assessment and reporting of strategic, operative, and financial risks. Also included are regular audits of clients, regulators, and insurers. Risk management reporting is done during the meetings of the Board of Directors by the CEO. The results are discussed with the sites concerned and, when necessary, measures are agreed upon and implemented. The dealings with financial risks are explained on pages 40 to 46 under notes 20 "Financial Risk Management".

4 SENIOR MANAGEMENT

4.1 Members of the Senior Management

MEMBERS OF THE SENIOR MANAGEMENT OF DOTTIKON ES GROUP — As of March 31, 2008

Name	Nationality	Age	Function	Title	Member since
Markus Blocher	Swiss	37	CEO/Managing Director	Dipl. Chem. ETH, Dr. sc. nat. ETH	2003
Marlene Born	Swiss	32	CFO	Eidg. dipl. Expertin in Rechnungslegung/Controlling	2006
Max Bachmann	Swiss	53	Head of Business Development	Dipl. Chem. ETH, Dr. sc. nat. ETH	1999
Bruno Eugster	Swiss	52	Head of Production	Chemiker HTL	1997
Knut Hildebrandt	German	49	Head of Quality Management	Dipl. Chem., Dr. rer. nat.	1999
Alexander Ernst	Swiss	40	Head of Purchasing	Dipl. Chem. ETH, Dr. sc. nat. ETH, MBA	2007

Markus Blocher

Professional background/career:

Since 2003	CEO of today's DOTTIKON ES Group
2002–2003	Responsible for special projects in the EMS Group
2000–2002	Consultant for McKinsey&Company, Zurich
1997–2000	Scientist and doctorate at ETH, Zurich

Other activities and binding interests:

- Chairman of the Board of Directors of EVOLMA Holding AG
- Deputy Chairman of the Board of Directors of SYSTAG, System Technik AG (see page 35, notes 11 "Investments in Associated Companies")
- President of the foundation board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Marlene Born

Professional background/career:

Since 2006	CFO of DOTTIKON ES Group
2005–2006	Controller at DOTTIKON ES Group
2000–2005	Head of Accounting of Migros Verteilzentrum Suhr AG
2000	Controller at ABB Normelec
1995–2000	Accountant at Treuhandbüro Deragisch

Other activities and binding interests:

- Member of the foundation board of the pension plan of DOTTIKON ES Group
- Vice president of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Max Bachmann

Professional background/career:

Since 2003	Head of Business Development of today's DOTTIKON ES Group
1999–2003	Head of Research & Development of today's DOTTIKON ES Group
1989–1999	Several leading positions at today's DOTTIKON ES Group, lastly as Head of Production Facilities

Other activities and binding interests:

- None

Knut Hildebrandt

Professional background/career:

Since 1999	Head of Quality Management of today's DOTTIKON ES Group
1989–1999	Several leading positions at today's DOTTIKON ES Group, lastly as Project Manager Production

Other activities and binding interests:

- None

Bruno Eugster

Professional background/career:

Since 1999	Head of Production of today's DOTTIKON ES Group
1997–1999	Head of Technical Services of today's DOTTIKON ES Group
1979–1997	Several leading positions at today's DOTTIKON ES Group, lastly as Head of Production Facilities

Other activities and binding interests:

- Member of the Board of Directors of Messer Schweiz AG

Alexander Ernst

Professional background/career:

Since 2007	Head of Purchasing of DOTTIKON ES Group
2005–2007	Member of the Senior Management for the business unit "Small Molecules" of Polyphor AG, Allschwil
2003–2005	Head of Research & Development of Polyphor AG, Allschwil
2000–2003	Research Scientist and Project Manager for Bayer Schering AG, Berlin DE
1998–2000	Academic position at Harvard University, Cambridge USA
1993–1998	Doctorate at ETH, Zurich

Other activities and binding interests:

- None

4.2 Other activities and binding interests
See notes 4.1 "Members of the Senior Management".

4.3 Management contracts
As in the previous year, there are no management contracts.

5 COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 Content and method of determining the compensation and shareholding programmes
The Board of Directors, who performs the duties of the Compensation Committee, is responsible for compensation policy at the level of the Board of Directors and the Senior Management. The priority objective of the compensation policy is to recruit, retain, and motivate the persons most qualified to secure the success of DOTTIKON ES Group.
The members of the Board of Directors receive a basic salary. None of the Members of the Board receive remuneration in form of shares of DOTTIKON ES HOLDING AG.
The members of the Senior Management receive a fair remuneration according to their skills, experience, and performance. Composition and amount of compensation depends on the situation in the industry and the employment market, and are reviewed regularly.
The remuneration is based on a fixed salary, a performance-driven bonus in cash and bonus in registered shares of DOTTIKON ES HOLDING AG. Shares of DOTTIKON ES HOLDING AG are assigned to the Senior Management as a long-term financial incentive calculated on the basis of the full fair value. The bonus level (cash and compensation in shares) depends on the achievement of personal and company goals that are determined in advance.
At the end of the business year, the achievement of the individual, personal, quantitative and qualitative goals as well as the business success of the DOTTIKON ES Group are assessed by all members of the Board of Directors – within the Compensation Committee – by using a number of financial indicators.
There is no contractual entitlement to severance payments by the members of the Board of Directors or the Senior Management. In the reporting year 2007/08, no severance payments were made to persons who left governing bodies in the year under review or earlier.
The members of the Board of Directors and the Senior Management or related parties did not receive any fees or other remuneration for additional services to DOTTIKON ES Group in the reporting year 2007/08.
Neither DOTTIKON ES HOLDING AG nor its corporate subsidiaries granted any guarantees, loans, advances or credit facilities to members of the Board of Directors or the Senior Management or related parties in the reporting year 2007/08.
The remunerations to the Board of Directors and the Senior Management are disclosed in the financial statements of DOTTIKON ES Group in notes 23 "Related Party Transactions" on pages 47 and 48, as well as in the financial statements of DOTTIKON ES HOLDING AG in notes 6 "Compensation and Participations" on pages 59 and 60.

5.2 Transparency of compensation, shareholdings, and loans pertaining to issuers domiciled abroad
Irrelevant for DOTTIKON ES Group.

6 SHAREHOLDER PARTICIPATION RIGHTS

6.1 Restrictions of voting rights and representation
All shareholders that are registered in the share ledger as shareholders with voting rights are allowed to attend the Annual General Meeting (see notes 2.6 "Limitation on Transferability and Nominee Registrations"). A registered shareholder may only be represented at the Annual General Meeting by his/her legal representative, by another shareholder who has voting rights, by the representative of the executive bodies, by an independent proxy, or by a proxy holder of deposited shares. The Chairman finally concludes on the acceptance of a written authorization.

6.2 Statutory quorum
Except where the law provides otherwise, decisions taken by the Annual General Meeting are passed by an absolute majority of the voting rights represented. In the event of a tie, the Chairman has the casting vote.

6.3 Convocation of the Annual General Meeting
The ordinary Annual General Meeting is convened in accordance with legal requirements and articles of incorporation of DOTTIKON ES HOLDING AG. It is convened by a single publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) and by written invitations sent to the addresses of the shareholders and beneficiaries entered in the share ledger. Extraordinary General Meetings are held in the cases prescribed by law and as required.

6.4 Agenda
Shareholders representing more than CHF 1 million of the nominal value of the company's share capital may request that a particular item be added to the agenda (Art. 699 § 3 CO). Such a request must be submitted at least 60 days in advance of the Annual General Meeting, specifying the subject to be discussed and the proposals.

6.5 Entry in the share ledger
The Board of Directors determines a cut-off date, when shareholders must be entered into the share ledger at the latest in order to attend the Annual General Meeting, and includes this appointed date in the invitation to the shareholders. The cut-off is one week before the Annual General Meeting. There is no exception to get around this cut-off date.

7 CHANGES IN CONTROL AND DEFENSE MEASURES

7.1 Obligation to submit a purchase offer
An acquirer of shares of DOTTIKON ES HOLDING AG is not obligated to make a public offer in accordance to Art. 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading.

7.2 Clauses on changes of control
As in the previous year, there are no clauses on changes of control.

8 AUDITORS

8.1 Duration of mandate, term of office of auditor in charge

KPMG Ltd, Zurich, have acted as external auditors of today's DOTTIKON EXCLUSIVE SYNTHESIS AG since the business year 2004. Since DOTTIKON ES HOLDING AG and the new Group structure have been founded as of February 16, 2005, KPMG Ltd is in charge for the external audit of DOTTIKON ES HOLDING AG and DOTTIKON ES Group. Hanspeter Stocker has been the auditor in charge since the business year 2004. The auditor in charge changes every seven years. The ordinary Annual General Meeting elects the statutory and Group auditor for a period of one year. Reelection is possible.

8.2 Audit fees

DOTTIKON ES Group paid CHF 87 thousand (previous year: CHF 85 thousand) for services relating to the audit of the financial statements 2007/08 of the Group, DOTTIKON ES HOLDING AG, and the Group companies audited by KPMG Ltd.

8.3 Additional fees

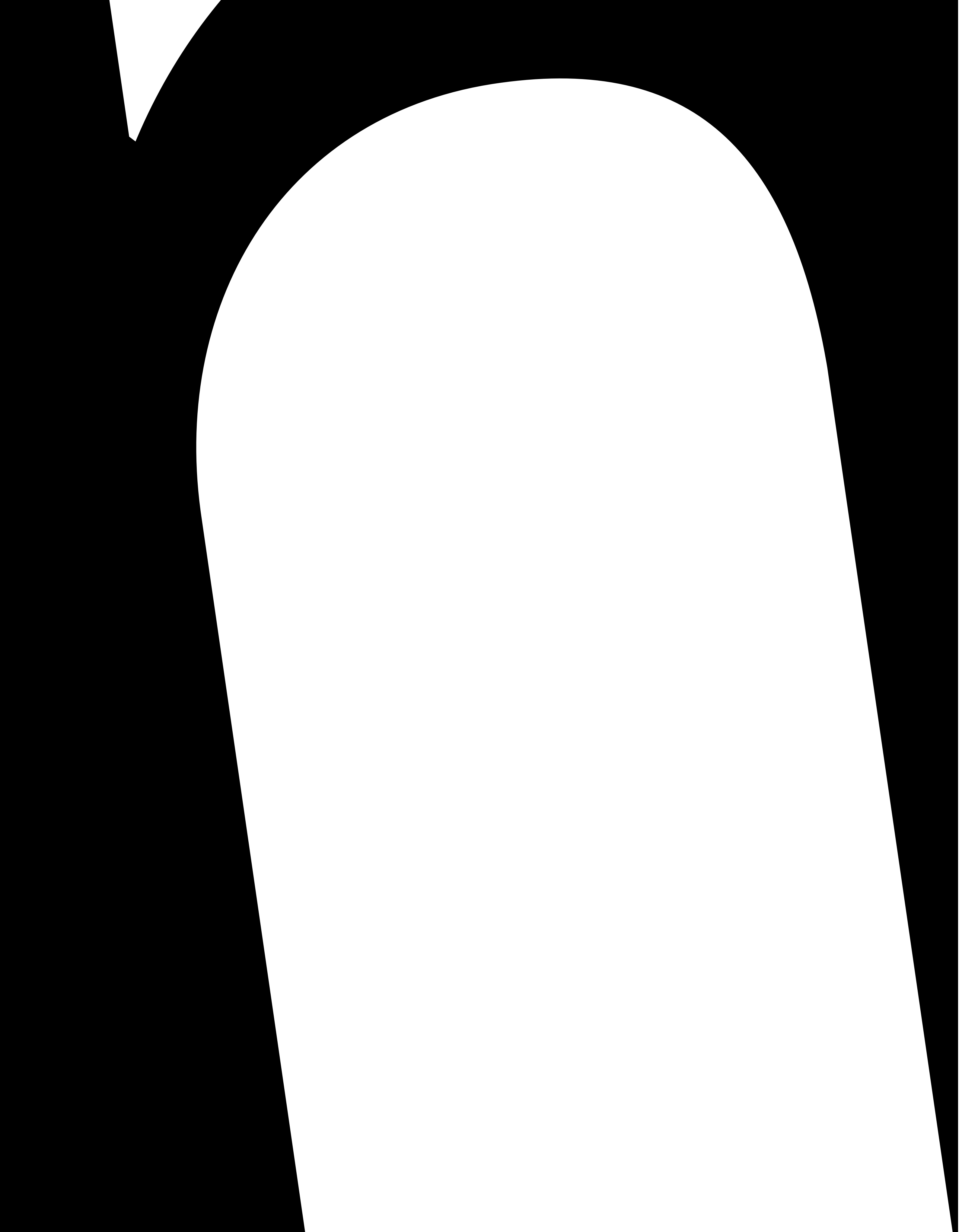
As in the previous year, no additional fees were paid in the reporting year 2007/08 to the audit company or its related parties.

8.4 Supervisory and control instruments with regard to the auditors

The Audit Committee regularly reviews and evaluates the effectiveness and independence of external auditors. For the evaluation, the members of the Audit Committee use first of all their knowledge and experience acquired as a result of similar functions at other companies. The duties of the Audit Committee are performed by all members of the Board of Directors (see page 69, notes 3.5 "Internal Organization"). They also rely on documents developed by external auditors, such as the management letter, as well as their verbal and written statements concerning individual aspects and pertinent questions relating to the financial statement and the audit.
Usually, there is one meeting a year between the external auditors and the members of the Board of Directors.
None of the past external auditors have decision-making roles in DOTTIKON ES Group, as well as vice versa. The external auditors do not hold any shares of DOTTIKON ES HOLDING AG. There are no further financial dependencies between the external auditors and DOTTIKON ES Group.

9 INFORMATION POLICY

DOTTIKON ES Group follows an active, open and up-to-date information policy with respect to all stakeholders.
DOTTIKON ES HOLDING AG publishes Annual Reports, Half-Year Reports, and regular media releases, in which it informs its shareholders on all important business events. DOTTIKON ES HOLDING AG also publishes all share-price-relevant matters in connection with the ad hoc publicity of SWX Swiss Exchange.
Relevant financial data for the business year 2008/09 are presented in the "Investors Relations" section of this Annual Report on page 79.
All updated information can be found via Internet (www.dottikon.com under "Investor Relations"). Interested persons can sign up for the "IR News Service" free of charge and receive all media releases per e-mail.



Investor Relations

Annual General Meeting for the Business Year 2007/08:
July 4, 2008

Issue Half-Year Report 2008/09:
November 28, 2008

Issue Annual Report 2008/09:
May 29, 2009

Annual General Meeting for the Business Year 2008/09:
July 2, 2009

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Contact:
Marlene Born, CFO
investor-relations@dottikon.com

DOTTIKON ES Group, with its production site in Dottikon (Aargau, Switzerland), is specialized in hazardous chemical reactions and focuses on the exclusive synthesis of fine chemicals for the pharmaceutical and chemical industry worldwide. The product range of DOTTIKON ES Group includes active pharmaceutical ingredients (APIs) and pharmaceutical intermediates as well as in-house-developed, high-value industrial chemicals.

IMPRESSUM

ART DIRECTION, GRAPHICS & TYPESETTING
Raffinerie AG für Gestaltung, Zurich
www.raffinerie.com

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