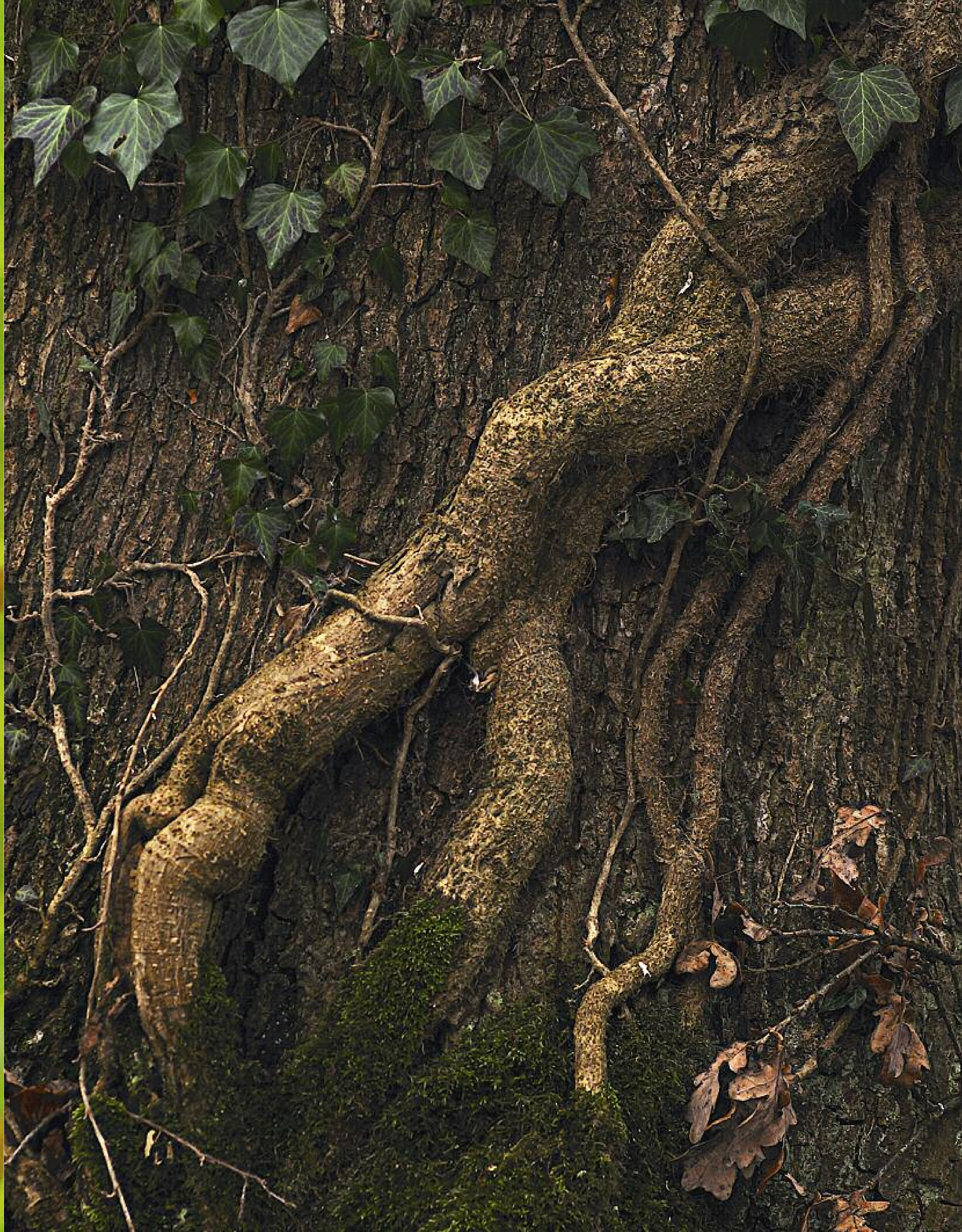
2008/09 Annual Report

Your Specialist for Hazardous Reactions.

2008/09 Annual Report

Dottikon ES Holding AG





"Everything, what is against nature, will not last for long."
– Charles Darwin

This year marks not only the 200th anniversary of his birth but also the 150th anniversary of the publication of his groundbreaking work on the theory of evolution: "The Origin of Species". The British naturalist Charles Darwin set out the following principles of his theory of evolution: (i) variation: individuals in a population vary significantly from one another; (ii) selection: there is a natural process of selection. Individuals more suited to the environment are more likely to survive and reproduce ("survival of the fittest"); (iii) inheritability: some inheritable traits are left to future generations; and finally (iv) adaptation: future generations are very likely to have more suitable traits. Therefore there is a constant adjustment to the environment.

DOTTIKON EXCLUSIVE SYNTHESIS pursues a strategy of differentiation as specialist for hazardous reactions. This is built on the proven experience and qualities we have acquired over nearly a century, as well as our constant adaptation to a wide range of different environments – in particular by making use these very qualities. More than four years ago, the spin-off marked the beginning of our transition from an industrial manufacturer of intermediates to performance leader and specialist for hazardous reactions in the exclusive synthesis and production of active pharmaceutical ingredients. As a major step in the implementation of our strategy, two years ago we prepared to decommission facilities for redundant product lines by making an extraordinary write-off. In the current business year the decommissioning of these redundant facilities will be completed simultaneously with the commissioning of our production facilities with highly specialized multipurpose pharmaceutical capacity, which were expanded in the year under review.

In times of economic difficulty it is more important than ever to concentrate on core strengths. That means the qualities that determine success in a given environment. In terms of process development for exclusive synthesis and the production of active pharmaceutical ingredients, these qualities include: profound experience, rapid adaptability, innovative process technologies, as well as reliability in terms of quality and delivery. As performance leader and specialist for hazardous reactions, we are ready to face up to the big challenges – both with and on behalf of our pharmaceutical clients. Such an environment harbors opportunities for our core technology platform of hazardous reactions. This technology enables production processes to be adapted and so 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 high quality standards. As in the previous year, investments were maintained at a high level in close relation to the market demand. In line with our strategy, we will again continue specific expansion in high-quality, technologically advanced capacity in the coming business year.

Apart from a solid balance sheet, the company is presenting an increased net income and free cash flow in comparison to the previous years. The basis for determining the dividend policy – always taking into account the respective situation – is to distribute any surplus liquidity only when

it is not required for internal growth and related investments. Against the backdrop of continued high investment, the Board of Directors will consequently propose to this year's Annual General Meeting that no dividend be paid, the entire retained earnings be allocated to other reserves, and therefore used for capacity expansion purposes.

Dottikon, May 14, 2009
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 business year from April 1, 2008, to March 31, 2009. Sales and profitability increased in the business year under review. In line with the economic environment, a high degree of importance was attached to cash management. There was consequently a significant increase in free cash flow and ultimately the cash position in the business year under review, despite sharply intensified investment activity. Net income rose as a direct result of the higher sales, improved product mix and an extraordinary effect of a divesture of property.

Business year 2008/09

Worldwide recession

As a consequence of the financial crisis and the associated credit crunch, manufacturing companies responded by applying the brakes with a degree of intensity not seen in more than 30 years. This culminated in a near-simultaneous recession in North America, Europe, and Asia. To defend the liquidity necessary for their survival, inventories of commodities as well as semi-finished and finished goods were massively scaled back. This in turn provoked extreme turmoil on the commodity markets, thus exacerbating the global recession. The slump in sales volume at the back end of the value chain caused by this destocking process was often more pronounced than the

KEY FIGURES, APRIL–MARCH

CHF million	2007/08	2008/09	Change
Net sales	142.0	150.3	5.8%
EBITDA	32.4	38.6	19.3%
EBITDA margin (in % of net sales)	22.8%	25.7%	
EBIT	21.2	25.9	22.2%
EBIT margin (in % of net sales)	14.9%	17.2%	
Net income	20.2	22.1	9.4%
Net income margin (in % of net sales)	14.2%	14.7%	
Operating cash flow	9.9	46.9	374.7%
Employees (FTEs, annual average)	446	473	6.1%

actual fall in demand at the front end, driven by the end-consumer market. This imbalance between reduced production and lower consumption has brought about a mild stabilization – at least in the short term. The sharp drop in sales at many firms will continue to trigger cost-cutting measures, which will primarily be achieved through reductions in personnel expenses. This will result in a rise in unemployment rates, uncertainty, and the savings ratio – and consequently a fall in end-consumer demand. The timing of the nadir of this recession – and therefore the basis for establishing a new equilibrium between supply, inventories, production volumes and demand – is crucially dependent on the intensity of the current collapse in end-consumer demand.

Rise in government spending, intervention, and regulation

To reduce the risks to which the entire financial system is exposed due to the financial crisis, measures have been taken by several governments at the expense of substantial financial resources. Government budgets in many Western countries – which were already stretched – together with interventionist, supposedly stabilizing additional spending, and the prospect of dwindling tax receipts going forward, culminated in tougher rhetoric, posturing, and a new regulatory drive. These harbingers in the economic battle to secure national economic interests and government income will slow the progress of globalization, may even repress it in individual areas, and will further increase global and national regulatory density. The consequent direct and indirect costs will place a heavy burden on the economy – and ultimately the taxpayer – for a long time to come.

Pharmaceutical industry under pressure

Over the coming four years, pharmaceutical sales in excess of a cumulative USD 120 billion will be affected by the expiration of patent protection and almost completely crowded out by generic competitors. By way of contrast, the annual number of new drugs approved in the USA has remained at an absolute low of around 20 since 2005. Increasing longevity and the ageing population of industrialized countries has resulted in health care costs more than quadrupling over the past 25 years, i.e. the annual increase over this period was more than 6 percent. In the absence of extraordinary measures, this trend will continue unchecked. In the hunt for rapid success in stemming rapidly rising health care costs, government regulatory bodies are training their sights on

drug prices. These account however for only 10 to 15 percent of total costs, but from the viewpoint of price regulation are easier to tackle. Cost/benefit analyses are increasingly requested, and price caps are being set as a partial condition for obtaining market approval. Other measures are targeted at parallel imports, volume discounts, quality-related cost reimbursement models, and finally simplified approval processes for generics when the innovator drug loses its patent protection. In saturated markets, this is in turn sharply increasing competitive pressures among generics companies themselves. The inevitable resulting pricing and margin pressures are leading to a fusion and blending of pharmaceutical and generics strategies. But in the hunt for additional sales and higher margins, pharmaceutical companies from saturated markets with existing innovator drugs are also increasingly taking generic products to unsaturated and growing generic markets. Conversely, generics companies in the same markets are attempting to gain market share, however more and more also with innovator drugs. Under the weight of rising pressure on prices, margins and costs, activities and the attendant costs are also being switched from early to later clinical development stages – in particular process development for the production of multiton volumes, simultaneously with efforts to reduce time-to-market by an average of 20 percent. This is inevitably resulting in greater financial risks in the approval and launch phase. Owing to reduced process experience, scale-up-related quality problems will increasingly emerge – inappropriate during the production of larger volumes for late clinical stages or even market launch – thus rendering approval processes more difficult.

Drug regulators under strain – increasing risks for the end consumer

The number of Chinese and Indian pharmaceutical and generics producers that supply drugs to the USA has grown tenfold, from 170 in 2001 to 1'682 in 2007. By contrast, the number of inspections by the US health care authority – the FDA – was unchanged in the same period. In China, for instance, only 10 to 20 manufacturers have been inspected on an annual basis in recent years. The inspection rate for foreign production facilities fell again by more than 50 percent in 2008. The globalization of drugs manufacturing – that is, the growing trend to the outsourcing of production, sharp increase in foreign manufacturers and imported volumes from countries with weak or unreliable government regulatory systems and the resultant increased complexity of the supply chain have significantly boosted opportunities for financial fraud. This challenge is putting a strain on drug regulators, who have not yet adapted to this new set of circumstances. Several major cases of fraud in 2008 dramatically raised public awareness of the ensuing risks and their ramifications.

Credit crunch leading to consolidation of pharmaceutical pipelines

The financial crisis has essentially dried up the traditional sources of financing for the biotech industry. Biotechnology firms in North America and Europe, for instance, raised about 45 percent less capital in 2008 than in the previous year. Around 40 percent of the companies have insufficient cash resources to last them a full year. This situation is firstly forcing biotech firms to revise their business and financing models and has secondly strengthened the negotiating position of pharmaceutical companies blessed with high cash flow – including in relation to competition from pure financial investors. This newly achieved negotiating strength, coupled with weaker pipelines, is prompting pharmaceutical companies to review their project pipelines – including from the viewpoint of replacements with or addition of external opportunities. We are consequently seeing acquisitions, as well as cross-licensing and in-licensing deals. This is resulting in a reduction in the number of active projects on the market as a whole, and to higher process- and quality-related financial risks at the approval and launch stage. Here too, process experience – having been reduced by additional interfaces and friction losses – will increasingly lead to scale-up-related quality problems at market launch, and delay the approval process.

Success factors are experience, agility, process technology, and reliability

In light of the aforementioned tensions – the shift in development costs to later stages and simultaneous efforts to reduce time-to-market, as well as consolidation of pharmaceutical pipelines through project acquisitions, cross-licensing and in-licensing deals on projects – complexity is increasing, as are the financial risks involved in process development and exclusive synthesis for pharmaceutical companies. Proven experience, rapid adaptability, innovative process technology, and reliability when it comes to quality and supply are proving to be the key determinants of success in such an environment. The pharmaceutical companies will increasingly concentrate on their core competencies of clinical research and development, patenting and distribution, and

intensifying the strategic cooperation with experienced, innovative and reliable partners in process development and production.

Investment in development, production capacity, and quality

To meet the expected growth in demand for high-quality, sophisticated process development and exclusive synthesis, DOTTIKON EXCLUSIVE SYNTHESIS continued to expand its process development and production capacity, as well as its quality-related activities, and brought some of these on stream during the past business year. Around CHF 40 million was invested in this capacity expansion. Infrastructure for research and process development was expanded and brought on stream. In medium-scale production, corrosion-resistant Hastelloy hydration and autoclave capacity was expanded and brought on stream, while work also began on the installation of API separator capacity. In large-volume production, we expanded our corrosion-resistant glass-lined steel and Hastelloy multipurpose reactor capacity, low-temperature capacity and API separator capacity. All this capacity is expected to be brought on stream in the first half of the current business year. Capacity for method validation and stability analysis was also expanded considerably and brought on stream. At the same time, preparatory work was completed on the decommissioning of facilities for redundant product lines, as announced in the 2006/07 business year and now slated for the current business year.

Outlook

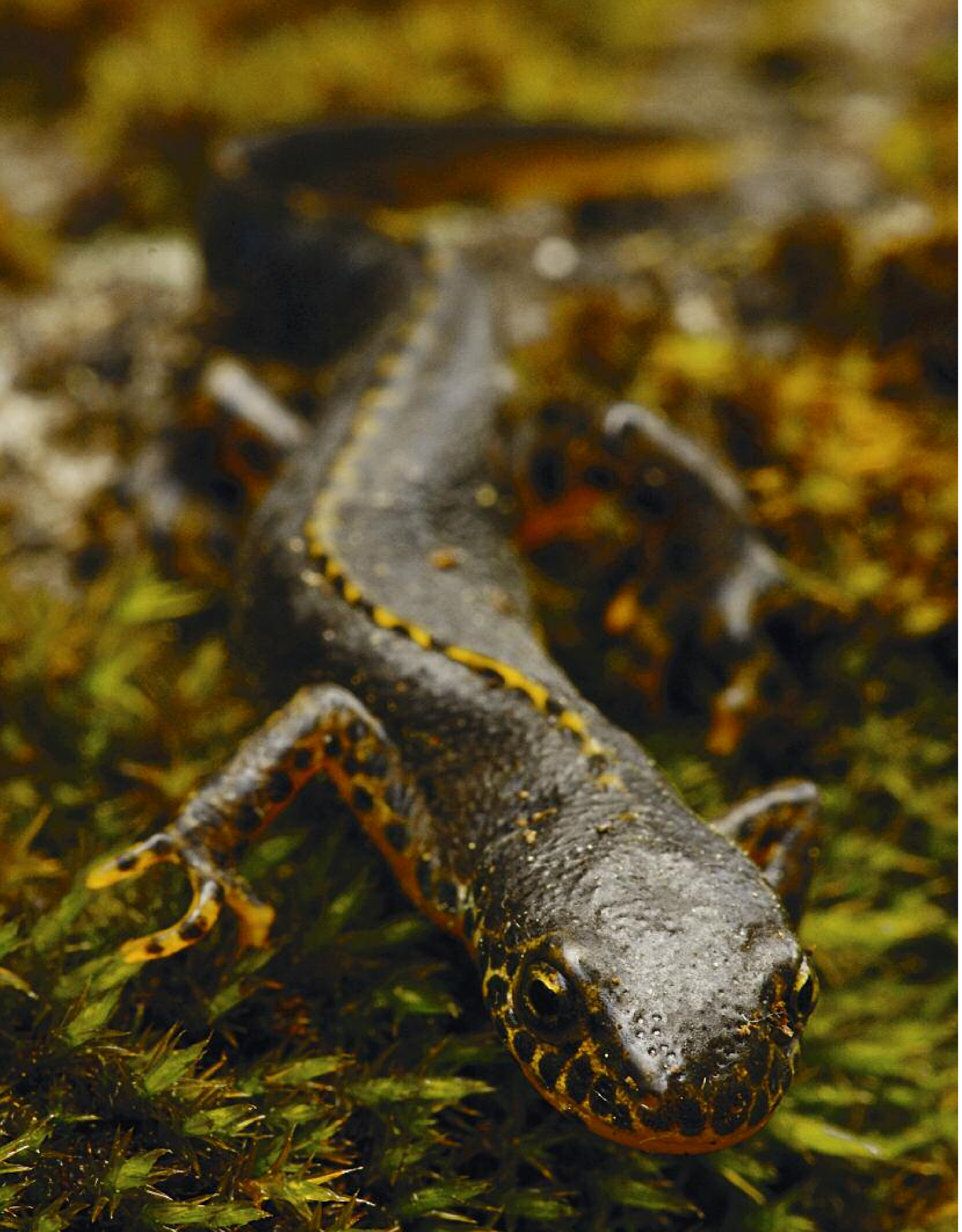
The commissioning of the new production facilities with highly specialized multipurpose pharmaceutical capacity and simultaneous decommissioning of redundant facilities mark a further important step in the transformation from an industrial intermediates manufacturer to the performance leader in exclusive synthesis and production of active pharmaceutical ingredients, and therefore the implementation of our strategy.

In the business year 2009/10, we are continuing the strategy of performance leadership as specialist in hazardous reactions. We build on a single production site and therefore 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. By means of this strategy, we add value over the entire product life cycle by using hazardous reactions. We utilize the environment of the safety culture created over the last 100 years to use hazardous reactions innovatively in order to shorten conventional chemical synthesis routes, improve impurity profiles of products and make new, potentially bioactive chemical structures commercially available for future active pharmaceutical ingredients.
In the current business year 2009/10, we will continue to invest in high-quality, technologically advanced capacity expansion. Owing to the previously announced elimination of redundant product lines, we expect lower net sales versus the previous year on an enhanced product mix.

Dottikon, May 14, 2009

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	2007/08	%	2008/09	%
Net sales	(1, 2, 6)	**141'953**	**100.0**	**150'253**	**100.0**
Changes in semi-finished and finished goods		9'365		-279	
Other operating income	(3)	3'643		8'666	
Material expenses	(6)	-57'136		-50'762	
Personnel expenses	(4, 13)	-47'350		-49'587	
Other operating expenses	(5)	-18'097		-19'660	
EBITDA		**32'378**	**22.8**	**38'631**	**25.7**
Depreciation and amortization	(1, 9, 10)	-11'197		-12'754	
EBIT	(1)	**21'181**	**14.9**	**25'877**	**17.2**
Financial income		2'316		2'088	
Financial expenses		-476		-1'535	
Financial result	(6)	**1'840**		**553**	
Result from associated companies	(11)	**40**		**0**	
Net income before taxes		**23'061**	**16.2**	**26'430**	**17.6**
Income taxes	(7)	-2'855		-4'321	
Net income	(22)	**20'206**	**14.2**	**22'109**	**14.7**
Basic earnings per share in CHF[A]	(8)	**16.35**		**17.88**	

Consolidated Balance Sheets

CHF thousand and %

	Notes	31.03.2008	%	31.03.2009	%
Intangible assets	(9)	106		47	
Property, plant and equipment	(10)	194'974		222'872	
Investments in associated companies	(11)	1'068		1'068	
Financial assets	(12, 13)	18'949		17'454	
Non-current assets		**215'097**	**62.5**	**241'441**	**66.8**
Non-current assets held for sale	(14)	3'985		0	
Inventories	(15)	62'896		54'395	
Trade receivables	(16, 21)	39'683		32'590	
Other receivables	(17, 21)	6'997		2'511	
Cash and cash equivalents	(21)	15'308		30'395	
Current assets		**128'869**	**37.5**	**119'891**	**33.2**
Assets	(1, 2)	**343'966**	**100.0**	**361'332**	**100.0**
Share capital		6'363		6'363	
Share premium		60'321		60'406	
Own shares		-7'296		-7'426	
Retained earnings		217'632		238'554	
Shareholders' equity	(22)	**277'020**	**80.5**	**297'897**	**82.4**
Deferred tax liabilities	(18)	39'151		38'300	
Non-current liabilities		**39'151**	**11.4**	**38'300**	**10.6**
Trade payables	(21)	11'738		6'396	
Income tax liabilities		3'286		5'018	
Other current liabilities	(19, 21)	12'421		13'721	
Prepayments related to non-current assets held for sale	(14)	350		0	
Current liabilities		**27'795**	**8.1**	**25'135**	**7.0**
Liabilities	(1)	**66'946**	**19.5**	**63'435**	**17.6**
Shareholders' equity and liabilities	(22)	**343'966**	**100.0**	**361'332**	**100.0**

Consolidated Cash Flow Statements

April–March
CHF thousand

[A] Cash and bank accounts:
CHF 30'395 thousand (previous year: CHF 15'308 thousand)
Fixed deposits:
CHF 0 thousand (previous year: CHF 0 thousand)

	Notes	2007/08	2008/09
Net income before taxes		23'061	26'430
Financial result	(6)	-1'840	-553
Depreciation of property, plant and equipment	(1, 10)	11'042	12'666
Amortization of intangible assets	(1, 9)	155	88
Result from associated companies	(11)	-40	0
Other non-cash income and expenses	(23)	4'134	-388
Interest received	(6)	586	484
Dividends received	(6)	6	0
Interest paid	(6)	-32	-22
Income taxes paid		-6'923	-3'118
Changes in			
Trade receivables		-6'847	6'340
Other receivables		-475	2'430
Inventories	(15)	-17'206	8'501
Trade payables		2'723	-5'590
Other current liabilities		1'537	-358
Cash flow from operating activities		**9'881**	**46'910**
Additions to			
Intangible assets		0	0
Property, plant and equipment	(1, 2, 10)	-20'580	-39'768
Financial assets		0	0
Disposals of			
Intangible assets		0	0
Property, plant and equipment		0	4
Financial assets	(6)	0	160
Payment receipt related to non-current assets held for sale	(14)	350	8'150
Cash flow from investing activities		**-20'230**	**-31'454**
Dividends paid	(27)	-9'889	0
Purchase of own shares		0	-369
Disposal of own shares		0	0
Cash flow from financing activities		**-9'889**	**-369**
Currency translation effect on cash and cash equivalents		-22	0
Net change in cash and cash equivalents		**-20'260**	**15'087**
Cash and cash equivalents at the beginning of the reporting period		35'568	15'308
Cash and cash equivalents at the end of the reporting period[A]	(21)	**15'308**	**30'395**

Consolidated Statement of Changes in Equity

CHF thousand

[A] Changes in own shares in the reporting year 2008/09:
purchase of 1'800 shares
disposal of 1'272 shares within the shareholding program for employees
net addition of 528 shares
(previous year: disposal of 1'170 shares within the shareholding program
for employees; net disposal of 1'170 shares)
[B] For detailed information regarding own shares and other retained
earnings refer to the notes to the financial statements of DOTTIKON
ES HOLDING AG, notes 2 "Own Shares" and notes 3 "Equity", page 72

	Share capital	Share premium	Own shares[A,B]	Changes in fair value of foreign exchange forwards (including tax impact)	Other retained earnings[B]	Shareholders' equity
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**
Balance 01.04.2008	**6'363**	**60'321**	**-7'296**	**1'122**	**216'510**	**277'020**
Realized result of foreign exchange forwards				-1'122		-1'122
Changes in fair value of foreign exchange forwards				-65		-65
Net income recognized directly in equity				**-1'187**		**-1'187**
Net income					22'109	22'109
Total recognized income and expense for the period				**-1'187**	**22'109**	**20'922**
Dividends paid					0	0
Changes in own shares		85	-130			-45
Balance 31.03.2009	**6'363**	**60'406**	**-7'426**	**-65**	**238'619**	**297'897**

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 2000, 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 1 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 costs, which generally equals the nominal value.

Research and 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 and can be realized at the same time.

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 certified actuary 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.
Surpluses are only capitalized if they are actually available to the Group in the form of future contribution repayments or reductions. They are disclosed under financial assets.

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, 2008, DOTTIKON ES Group initially applied the following new or revised standards and interpretations issued by the IASB: Amendments to IAS 39 and IFRS 7 "Reclassification of Assets", IFRIC 12 "Service Concession Arrangements" and IFRIC 14 (IAS 19) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".
Those revised and new standards and interpretations did not have a significant impact on equity, result and cash flow of the Group.

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 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 notes 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
Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives	A, D	June 30, 2009	Business year 2009/10
IFRIC 13 – Customer Loyalty Programmes	A	July 1, 2008	Business year 2009/10
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	A	October 1, 2008	Business year 2009/10
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements	A	January 1, 2009	Business year 2009/10
Amendment to IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations	A	January 1, 2009	Business year 2009/10
IFRS 8 – Operating Segments	C	January 1, 2009	Business year 2009/10
Improvements to IFRSs	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
Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	A	January 1, 2009	Business year 2009/10
IFRIC 15 – Agreements for the Construction of Real Estate	A	January 1, 2009	Business year 2009/10
IFRIC 18 – Transfers of Assets from Customers	A	July 1, 2009	Transactions on or after July 1, 2009
IFRS 1 revised – First-time Adoption of International Financial Reporting Standards – Restructuring of Format	A	July 1, 2009	Business year 2010/11
IFRS 3 revised – Business Combinations	C	July 1, 2009	Business year 2010/11
Improvements to IFRSs	C	July 1, 2009	Business year 2010/11
IAS 27 revised – Consolidated and Separate Financial Statements	C	July 1, 2009	Business year 2010/11
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	A	July 1, 2009	Business year 2010/11
IFRIC 17 – Distributions of Non-cash Assets to Owners	A	July 1, 2009	Business year 2010/11

[A] No impact or no significant impact is expected on the consolidated financial statements of DOTTIKON ES Group
[B] The impact on the consolidated financial statements of DOTTIKON ES Group is expected to result in additional disclosures or changes in presentation
[C] The impact on the consolidated financial statements of DOTTIKON ES Group cannot yet be determined with sufficient reliability
[D] Applicable for business years ending after June 30, 2009

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 2007/08	Net sales with other segments 2008/09	Net sales with third parties 2007/08	Net sales with third parties 2008/09	Net sales total 2007/08	Net sales total 2008/09	EBIT 2007/08	EBIT 2008/09 [A]
Fine Chemicals	**0**	**0**	**135'770**	**144'168**	**135'770**	**144'168**	**19'570**	**24'261**
Recycling & Waste Treatment	**13'435**	**14'429**	**6'183**	**6'085**	**19'618**	**20'514**	**1'611**	**1'616**
Subtotal segments	13'435	14'429	141'953	150'253	155'388	164'682	21'181	25'877
./. Internal net sales	-13'435	-14'429			-13'435	-14'429		
Total	**0**	**0**	**141'953**	**150'253**	**141'953**	**150'253**	**21'181**	**25'877**

[A] Earnings from disposal of "property which is being held for sale" can be allocated to the business segment Fine Chemicals

CHF thousand	Assets [A, B] 2007/08	Assets [A, B] 2008/09	Liabilities [A, B] 2007/08	Liabilities [A, B] 2008/09	Capital expenditure [C, D] 2007/08	Capital expenditure [C, D] 2008/09	Depreciation/amortization [D] 2007/08	Depreciation/amortization [D] 2008/09
Fine Chemicals	**281'777**	**287'809**	**23'457**	**19'302**	**20'257**	**41'135**	**9'469**	**10'933**
Recycling & Waste Treatment	**26'864**	**24'606**	**1'052**	**815**	**323**	**349**	**1'728**	**1'821**
Subtotal segments	308'641	312'415	24'509	20'117	20'580	41'484	11'197	12'754
Not allocated	35'325	48'917	42'437	43'318				
Total	**343'966**	**361'332**	**66'946**	**63'435**	**20'580**	**41'484**	**11'197**	**12'754**

[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 (without consideration of cash outflow)
[D] During the period April to March

2 SECONDARY SEGMENT REPORTING

CHF thousand/April–March	Net sales with third parties [A] 2007/08	Net sales with third parties [A] 2008/09
Europe and others	80'564	71'274
Switzerland	37'154	43'142
America	21'814	31'192
Asia	2'421	4'645
Total	**141'953**	**150'253**

[A] Production site in Switzerland

CHF thousand	Assets [A, B] 2007/08	Assets [A, B] 2008/09	Capital expenditure [A, C, D] 2007/08	Capital expenditure [A, C, D] 2008/09
Europe and others	0	0	0	0
Switzerland	343'966	361'332	20'580	41'484
America	0	0	0	0
Asia	0	0	0	0
Total	**343'966**	**361'332**	**20'580**	**41'484**

[A] Production site in Switzerland
[B] As of 31.03.
[C] During the period April to March
[D] Capital expenditure reflects cost of acquired property, plant and equipment, and intangible assets (without consideration of cash outflow)

3 OTHER OPERATING INCOME

CHF thousand/April–March	2007/08	2008/09
Capitalized own production	2'416	2'776
Various other operating income [A]	1'227	5'890
Other operating income	**3'643**	**8'666**

[A] Reporting year 2008/09: includes extraordinary effect of the disposal of "property which is being held for sale" (earnings: CHF 4'515 thousand)

4 PERSONNEL EXPENSES

CHF thousand/April–March	2007/08	2008/09
Wages and salaries	40'338	42'401
Employee benefits	2'767	2'941
Social security	3'453	3'620
Other personnel expenses	792	625
Personnel expenses	**47'350**	**49'587**

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 2008/09, 1'600 such shares (previous year: 1'433 shares) were issued and are recognized within personnel expenses at their fair value of CHF 356 thousand (previous year: CHF 370 thousand).

The average number of full-time equivalents of DOTTIKON ES Group was 473 for the reporting year 2008/09 (previous year: 446).

5 OTHER OPERATING EXPENSES

CHF thousand/April–March	2007/08	2008/09
Rent	251	185
Repair and maintenance	7'468	7'636
Insurance, duties, and fees	1'494	1'519
Administration and promotion	2'327	2'373
Loss on disposal of non-current assets	329	887
Supplies	3'384	3'782
Various other operating expenses [A]	2'844	3'278
Other operating expenses	**18'097**	**19'660**

[A] Mainly consisting of selling and waste disposal expenses

6 FINANCIAL RESULT

Financial income includes the following:

CHF thousand/April–March	2007/08	2008/09
Interest income	586	484
Income from foreign currency valuation	1'724	1'444
Gain on securities	6	160
Financial income	**2'316**	**2'088**

Financial expenses include the following:

CHF thousand/April–March	2007/08	2008/09
Bank charges, interest expenses	32	22
Expenses from foreign currency valuation	444	1'513
Financial expenses	**476**	**1'535**

Foreign exchange gain recognized in the income statement amounts to CHF 1'877 thousand during the reporting year 2008/09 (previous year: foreign exchange gain of CHF 3'330 thousand) and is allocated to the following positions of the income statement ("+" foreign exchange gain; "-" foreign exchange loss):

- Net sales CHF +1'826 thousand (previous year: CHF +1'344 thousand)
- Material expenses CHF +120 thousand (previous year: CHF +706 thousand)
- Financial income CHF +1'444 thousand (previous year: CHF +1'724 thousand)
- Financial expenses CHF -1'513 thousand (previous year: CHF -444 thousand)

7 INCOME TAXES

Income taxes can be analyzed as follows:

CHF thousand/April–March	2007/08	2008/09
Net income before taxes	23'061	26'430
Expected income tax at tax rate of 16.3% (previous year: 16.9%)[A]	3'897	4'308
Debit/credit adjustments recognized for previous period, net	-57	23
Effect of deferred tax rate adjustment[B]	-990	0
Other effects	5	-10
Recognized income tax expenses	**2'855**	**4'321**

[A] Effect of Group-internal transactions and lower tax rate at the domicile due to changes in the tax law as of January 1, 2009
[B] Previous year: lower tax rate at the domicile due to changes in the tax basis effective as of January 1, 2008

CHF thousand/April–March	2007/08	2008/09
Attributable to the following positions:		
Current tax	2'426	5'172
Deferred tax	429	-851
Recognized income tax expenses	**2'855**	**4'321**

In the reporting year 2008/09 CHF 322 thousand (previous year: minus CHF 331 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 carryforwards.

8 EARNINGS PER SHARE

Earnings per share amount to CHF 17.88 (previous year: CHF 16.35) and are calculated from the Group's net income and the weighted average number of shares outstanding (shares issued less own shares). In the reporting year 2008/09, the amount of these shares was 1'236'499 (previous year: 1'236'051). There are no options or similar that have a dilutive effect.

9 DEVELOPMENT OF INTANGIBLE ASSETS

CHF thousand		Software	Total
	Cost		
	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**
	Balance 01.04.2008	**2'654**	**2'654**
	Additions	0	0
	Disposals	-45	-45
	Reclassifications	29	29
	Balance 31.03.2009	**2'638**	**2'638**
	Amortization, accumulated		
	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**
	Balance 01.04.2008	**-2'548**	**-2'548**
	Additions	-88	-88
	Disposals	45	45
	Reclassifications	0	0
	Balance 31.03.2009	**-2'591**	**-2'591**
	Carrying amounts		
	01.04.2007	**265**	**265**
	31.03.2008	**106**	**106**
	31.03.2009	**47**	**47**

No development costs were capitalized in the reporting and the previous year since no capitalization criteria were met. Expenses for research and development of CHF 8'219 thousand (previous year: CHF 7'791 thousand) were charged to the income statement. As in the previous year, there were no capital commitments for intangible assets. There was no impairment on intangible assets in the reporting and the previous year. 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 01.04.2007	**12'684**	**113'863**	**243'103**	**12'432**	**13'553**	**395'635**
Additions A	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 B	-3'985	0	0	0	0	-3'985
Balance 31.03.2008	**8'699**	**116'505**	**256'734**	**12'226**	**14'488**	**408'652**
Balance 01.04.2008	**8'699**	**116'505**	**256'734**	**12'226**	**14'488**	**408'652**
Additions A	0	3'663	4'401	90	33'330	41'484
Disposals	0	-1'410	-4'357	-219	0	-5'986
Reclassifications	0	1'502	4'384	89	-6'004	-29
Balance 31.03.2009	**8'699**	**120'260**	**261'162**	**12'186**	**41'814**	**444'121**
Depreciation, accumulated						
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**
Balance 01.04.2008	**0**	**-55'140**	**-149'108**	**-9'430**	**0**	**-213'678**
Additions C	0	-2'615	-9'610	-441	0	-12'666
Disposals	0	1'319	3'587	189	0	5'095
Reclassifications	0	0	0	0	0	0
Balance 31.03.2009	**0**	**-56'436**	**-155'131**	**-9'682**	**0**	**-221'249**
Carrying amounts						
01.04.2007	**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**
31.03.2009	**8'699**	**63'824**	**106'031**	**2'504**	**41'814**	**222'872**

A Capital expenditure reflects cost of acquired property, plant and equipment (without consideration of cash outflow)
B Previous year: reclassifications of assets to the balance sheet line "non-current assets held for sale" in the current assets
C Reporting year 2008/09: includes effect of CHF 900 thousand due to decreased useful lives of several technical plant and machinery

The insurance value of property, plant and equipment amounts to CHF 523'577 thousand (previous year: CHF 474'127 thousand). Capital commitments for property, plant and equipment amount to CHF 11'250 thousand (previous year: CHF 11'561 thousand). There was no impairment on property, plant and equipment in the reporting and the previous year. 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 0 thousand (previous year: share of profit CHF 40 thousand).

Associated companies:

CHF thousand/31.03.	2007/08	2008/09
Balance sheet A		
Assets	5'181	4'579
Liabilities	2'077	1'475
Shareholders' equity	**3'104**	**3'104**

A Amounts at 100%

CHF thousand/April–March	2007/08	2008/09
Income statement A		
Income	6'555	4'505
Expenses	-6'437	-4'505
Result	**118**	**0**

A Amounts at 100%

12 FINANCIAL ASSETS

CHF thousand/31.03.	2007/08	2008/09
Surplus of pension assets	18'949	17'454
Financial assets	**18'949**	**17'454**

Financial assets include a surplus of pension assets in the amount of CHF 17'454 thousand (previous year: CHF 18'949 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 certified actuary. The last review was as of March 31, 2009. 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	2007/08	2008/09
Present value of defined benefit obligations 01.04.	-140'571	-130'371
Current service cost	-5'835	-5'752
Interest cost	-4'392	-4'424
Curtailments and settlements	6'069	0
Benefits paid	5'697	10'092
Actuarial gains (losses) on obligations	8'661	3'551
Present value of defined benefit obligations 31.03.	**-130'371**	**-126'904**

CHF thousand	2007/08	2008/09
Fair values of plan assets 01.04.	167'989	167'988
Expected return on plan assets	6'216	6'216
Employer contributions[A]	226	1'446
Employees' contributions	2'121	2'208
Benefits paid	-5'697	-10'092
Actuarial gains (losses) on plan assets	-2'867	-5'769
Fair values of plan assets 31.03.	**167'988**	**161'997**

[A] In the first half-year of the reporting year 2008/09, employer contributions for the pension plan were financed by the existent employer contribution reserves, in the second half-year they were charged to DOTTIKON ES Group (previous year: mainly financed by the existent employer contribution reserves)

The balance sheet shows the following:

CHF thousand/31.03.	2007/08	2008/09
Fair values of plan assets	167'988	161'997
Present value of defined benefit obligations	-130'371	-126'904
Surplus of pension assets (liabilities)	**37'617**	**35'093**
Adjustments for article IAS 19.58	-18'590	-19'779
Unrecognized actuarial (gains) losses	-78	2'140
Pension assets in the balance sheet of the Group (notes 12 "Financial Assets")	**18'949**	**17'454**

The income statement shows the following:

CHF thousand/April–March	2007/08	2008/09
Current service cost	-5'835	-5'752
Interest cost	-4'392	-4'424
Expected return on plan assets[A]	6'216	6'216
Amortization of actuarial gains (losses)	5'794	0
Adjustments for article IAS 19.58	-12'740	-1'189
Gains (losses) from curtailments and settlements	6'069	0
Net pension cost in period	**-4'888**	**-5'149**
Employees' contributions	2'121	2'208
Net defined benefit expenses	**-2'767**	**-2'941**

[A] The effective realized return on assets in the reporting year 2008/09 is approximately 0.3% (previous year: approximately 2.0%)

Changes in the balance sheet of the Group:

CHF thousand	2007/08	2008/09
Pension assets in the balance sheet of the Group 01.04.	21'490	18'949
Net defined benefit expenses	-2'767	-2'941
Employer contributions[A,B]	226	1'446
Pension assets in the balance sheet of the Group 31.03.	**18'949**	**17'454**

[A] In the first half-year of the reporting year 2008/09, employer contributions for the pension plan were financed by the existent employer contribution reserves, in the second half-year they were charged to DOTTIKON ES Group (previous year: mainly financed by the existent employer contribution reserves)
[B] The expected outflow of funds for employer contributions in 2009/10 will be approximately CHF 2'916 thousand

Actuarial assumptions:

	2007/08	2008/09
Discount rate	3.3%	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	BVG 2005	BVG 2005
Average age of retirement	65/64	65/64
Average expectation of life for a retired person at retirement age		
Female	21.85	21.85
Male	17.90	17.90

Asset allocation:

31.12.[A]	2007/08	2008/09
Cash and cash equivalents	58.2%	96.4%
Debt securities	35.1%	1.5%
Equity securities	5.0%	0.0%
Real estate	0.0%	0.0%
Others	1.7%	2.1%
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	2008/09
Fair values of plan assets	167'989	167'988	161'997
Present value of defined benefit obligations	-140'571	-130'371	-126'904
Surplus of pension assets (liabilities)	**27'418**	**37'617**	**35'093**
Experience adjustments on plan liabilities/gains (losses)	4'918	3'896	3'551
Adjustments on plan liabilities arising from changes in actuarial assumptions/gains (losses)	0	4'765	0
Experience adjustments on plan assets/gains (losses)	-3'985	-2'867	-5'769

14 NON-CURRENT ASSETS HELD FOR SALE

In the reporting year 2008/09, "property which is being held for sale" was disposed. In the previous year, the "property which is being held for sale" was reclassified with a carrying amount of CHF 3'985 thousand from non-current assets to current assets in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

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.

The position under notes 3 "Other Operating Income" increased in the reporting year 2008/09, mainly as a result of the extraordinary effect of the disposal of "property which is being held for sale" by CHF 4'515 thousand. In the previous year, DOTTIKON ES Group received a prepayment of CHF 350 thousand for the "property which is being held for sale" which was included in current liabilities. The disposal of "property which is being held for sale" generated an inflow of CHF 8'150 thousand in cash and cash equivalents in the reporting year 2008/09. In the previous year, the non-current asset held for sale and its assignable prepayment are allocated to the business segment Fine Chemicals as well as earnings from disposal of "property which is being held for sale", which is disclosed in the reporting year 2008/09.

15 INVENTORIES

CHF thousand/31.03.	2007/08	2008/09
Raw materials	15'115	7'898
Supplies	5'119	4'051
Trading goods	193	256
Semi-finished goods	18'100	10'820
Finished goods	24'369	31'370
Inventories	**62'896**	**54'395**

Value adjustments deducted from inventory balances amount to CHF 4'032 thousand (previous year: CHF 867 thousand).

16 TRADE RECEIVABLES

Trade receivables are value adjusted as follows:

CHF thousand/31.03.	2007/08	2008/09
Trade receivables, gross	39'720	32'687
Individual value adjustments	-32	-39
Overall value adjustments	-5	-58
Trade receivables, net	**39'683**	**32'590**

Trade receivables are allocated to the following currencies:

CHF thousand/31.03.	2007/08	2008/09
CHF	19'761	24'019
EUR	10'554	4'173
USD	9'368	4'398
Trade receivables, net	**39'683**	**32'590**

Trade receivables are allocated to the following regions:

CHF thousand/31.03.	2007/08	2008/09
Europe and others	19'444	10'485
Switzerland	8'950	13'850
America	9'460	6'317
Asia	1'829	1'938
Trade receivables, net	**39'683**	**32'590**

Value adjustments on trade receivables have changed as follows:

CHF thousand	2007/08	2008/09
Individual value adjustments		
Balance 01.04.	32	32
Increase (decrease)	0	7
Balance 31.03.	**32**	**39**

CHF thousand	2007/08	2008/09
Overall value adjustments		
Balance 01.04.	5	5
Increase (decrease)	0	53
Balance 31.03.	**5**	**58**

The individual value adjustments amounted to CHF 39 thousand (previous year: CHF 32 thousand). In the reporting year 2008/09 additional individual value adjustments of CHF 7 thousand were composed (previous year: none).

For further information on credit management and trade receivables, see notes 21 "Financial Risk Management".

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.	2007/08	2007/08	2008/09	2008/09
Not yet due	33'608	0	20'885	0
1 to 30 days overdue	5'074	2	8'025	40
31 to 60 days overdue	258	1	2'778	14
61 to 90 days overdue	734	2	431	2
More than 90 days overdue	14	0	529	2
Total	**39'688**	**5**	**32'648**	**58**

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.

17 OTHER RECEIVABLES

CHF thousand/31.03.	2007/08	2008/09
Receivables from social security and other public fees	4'127	1'666
Prepaid expenses and accrued income	264	226
Derivative financial instruments	2'189	134
Other receivables and accruals qualifying as financial instruments	417	485
Other receivables	**6'997**	**2'511**

18 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following items:

CHF thousand/31.03.	2007/08	2008/09
Property, plant and equipment	25'909	26'658
Inventories	5'006	4'330
Provisions	3'245	3'245
Surplus of pension assets	3'776	3'482
Other balance sheet positions	1'215	585
Deferred tax liabilities	**39'151**	**38'300**

19 OTHER LIABILITIES

CHF thousand/31.03.	2007/08	2008/09
Liabilities from social security and other public fees	1'082	895
Current liabilities due to pension plan	183	1'630
Prepayments from clients	2'400	895
Derivative financial instruments	0	183
Other liabilities and deferrals qualifying as financial instruments	8'756	10'118
Other liabilities	**12'421**	**13'721**

20 RISK MANAGEMENT

Both, the Board of Directors and the Senior Management, deal with issues concerning risk management. The Board of Directors has the overall responsibility for the risk management, the Senior Management is responsible for its operational implementation.

DOTTIKON ES Group applies various instruments of risk management. Together with the provision for comprehensive and effective insurance coverage, risk management involves the systematic identification, assessment, cause and action analysis and implementation of the actions defined to strategic, operational and financial risks. Also included are regular audits of clients, regulators, and insurance companies.

Risk management reporting is done during the ordinary meetings of the Board of Directors by the CEO. The results are discussed with the departments concerned and, when necessary, appropriate actions to reduce the risks are defined and implemented.

21 FINANCIAL RISK MANAGEMENT

General

Financial risk management is based on guidelines issued by the Board of Directors 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.	2007/08[A]	2008/09[A]
Cash and cash equivalents	15'308	30'395
Trade receivables	39'683	32'590
Other receivables and accruals qualifying as financial instruments	417	485
Loans and receivables	**55'408**	**63'470**
Other receivables (foreign exchange forwards)	757	60
Financial investments held for trading	**757**	**60**
Trade payables	11'738	6'396
Other liabilities and deferrals qualifying as financial instruments	8'756	10'118
Financial liabilities valued at amortized cost	**20'494**	**16'514**
Other liabilities (foreign exchange forwards)	0	28
Financial liabilities held for trading	**0**	**28**
Receivables from foreign exchange forwards (cash flow hedge according to IAS 39)	1'432	74
Liabilities from foreign exchange forwards (cash flow hedge according to IAS 39)	0	155

[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 and bank accounts.

Cash and cash equivalents are current account balances with special interest as well as fixed deposits. The Group only has relationships with major 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 major, credit-worthy commercial institutes.

Transactions involving derivative financial instruments are also entered into only with major 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.	2007/08	2008/09
Cash and cash equivalents	15'308	30'395
Trade receivables	39'683	32'590
Other receivables and accruals qualifying as financial instruments	417	485
Other receivables (foreign exchange forwards)	2'189	134
Total	**57'597**	**63'604**

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	1 to 2 years[A]
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**	**0**
Derivative financial instruments					
Foreign exchange forwards	0				
Outflow	0	0	0	0	0
Inflow		0	0	0	0
Total	**20'494**	**20'494**	**20'407**	**87**	**0**
2008/09					
Non-derivative financial liabilities					
Trade payables	6'396	6'396	6'396		
Other liabilities and deferrals qualifying as financial instruments	10'118	10'118	9'310	808	
Subtotal	**16'514**	**16'514**	**15'706**	**808**	**0**
Derivative financial instruments					
Foreign exchange forwards	183				
Outflow	183	40'435	12'275	10'796	17'364
Inflow		-40'137	-12'119	-10'753	-17'265
Total	**16'697**	**16'812**	**15'862**	**851**	**99**

[A] In the reporting year 2008/09, there are no liabilities that release cash flows after 2 years (previous year: no liabilities that release cash flows after 1 year)

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	1 to 2 years[A]
2007/08					
Derivative financial instruments					
Assets	1'432	1'335	1'018	317	0
Liabilities	0	0	0	0	0
Total	**1'432**	**1'335**	**1'018**	**317**	**0**
2008/09					
Derivative financial instruments					
Assets	74	77	77	0	0
Liabilities	-155	-270	-128	-43	-99
Total	**-81**	**-193**	**-51**	**-43**	**-99**

[A] There are no impacts to the income statement in the reporting year 2008/09 after 2 years (previous year: no impacts to the income statement after 1 year)

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/31.03.2008	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**

CHF thousand/31.03.2009	EUR	USD	GBP
Trade receivables	4'173	4'398	0
Other receivables	15	6	4
Cash and cash equivalents	255	321	2
Trade payables	-979	-237	0
Other liabilities	0	0	0
Foreign exchange forwards	-45'342	-3'114	0
Expected cash flows from trade receivables	42'918	0	0
Expected cash flows from trade payables	0	-568	0
Total currency exposure	**1'040**	**806**	**6**

A change in exchange rates as of March 31, 2009, of 5 percent versus EUR, 10 percent versus USD as well as 15 percent versus GBP (previous year: 5 percent versus EUR and 10 percent versus USD and GBP) would have an increased or decreased net income by the amounts shown on the right. 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 the previous year divided by two. This is used as basis.

Sensitivity analysis

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

31.03.2009	CHF/EUR	CHF/USD	CHF/GBP
Change +/-	5%	10%	15%
Positive impact on income statement in CHF thousand	42	64	1
Negative impact on income statement in CHF thousand	-42	-64	-1
Positive impact on equity in CHF thousand	1'717	45	0
Negative impact on equity in CHF thousand	-1'717	-45	0

The following tables show the contract values as well as the replacement values of the foreign exchange forwards per balance sheet date:

Foreign exchange forwards (sales) are allocated to the following currencies:

CHF thousand/31.03.	2007/08	2008/09
USD	25'106	3'739
EUR	23'120	45'114
Contract values	**48'226**	**48'853**

Foreign exchange forwards (purchases) are allocated to the following currencies:

CHF thousand/31.03.	2007/08	2008/09
USD	0	560
EUR	0	0
Contract values	**0**	**560**

Total replacement values:

CHF thousand/31.03.	2007/08	2008/09
Positive replacement values [A]	2'189	134
Negative replacement values [B]	0	-183

[A] Is equal to the recognized fair value (within the balance sheet position "Other Receivables", notes 17)
[B] Is equal to the recognized fair value (within the balance sheet position "Other Liabilities", notes 19)

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 243 thousand (previous year: CHF 122 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).

22 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 sharesholders' 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, 2009, was 82.4 percent (previous year: 80.5 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.	2007/08	2008/09
Shareholders' equity of DOTTIKON ES Group (no minority interests)	277'020	297'897
Total capital	343'966	361'332
Equity ratio in %	**80.5**	**82.4**
Average shareholders' equity	271'102	287'459
Net income	20'206	22'109
Return on equity in %	**7.5**	**7.7**

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 2008/09 (previous year: no dividend).

23 OTHER NON-CASH TRANSACTIONS

Non-cash transactions with impact on the income statement (excluding depreciation and amortization) are adjusted in the cash flow statement that is prepared using the indirect method.

In the reporting year 2008/09, mainly the following non-cash transactions with impact on the income statement were adjusted in the cash flow statement: earnings from disposal of "property which is being held for sale"; employer contributions to the pension plan, which were financed by the existent employer contribution reserves, so that there was no outflow of funds as well as not realized foreign exchange effects (previous year: mainly employer contributions to the pension plan, which were financed by the existent employer contribution reserves).

24 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 2008/09, the members of the Senior Management received 1'199 registered shares of DOTTIKON ES HOLDING AG that had a fair value of CHF 273 thousand (previous year: 970 registered shares of DOTTIKON ES HOLDING AG, fair value of CHF 251 thousand). Additionally, the members of the Senior Management received a cash compensation of CHF 1'721 thousand (previous year: CHF 1'589 thousand). The total compensation without the bonus in registered shares of the Board of Directors and the members of the Senior Management was CHF 2'111 thousand (previous year: CHF 1'941 thousand). Total compensation includes pension plan contributions of CHF 177 thousand and CHF 128 thousand social security contributions (previous year: CHF 153 thousand pension plan contributions and CHF 114 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").

During the reporting year 2008/09 and the previous year, 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 in the notes to the financial statements of DOTTIKON ES HOLDING AG, notes 4 "Significant Shareholders", page 72.

Apart from those above, there weren't any further receivables or liabilities or transactions with related parties in the reporting year 2008/09 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 notes to the financial statements of DOTTIKON ES HOLDING AG, notes 6 "Compensation and Participations", pages 73 and 74.

25 CONTINGENT LIABILITIES

In the reporting year 2008/09 and in the previous year, no guarantees or collaterals in favor of third parties existed.

26 EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for issue by the Board of Directors on May 14, 2009. They are subject to approval by the Annual General Meeting. No events have occurred between March 31, 2009, and May 14, 2009, that would require an adjustment of the Group's carrying amounts of assets and liabilities or that would need to be disclosed under this heading.

27 DIVIDENDS

The Board of Directors recommends to the Annual General Meeting of July 2, 2009, that no dividend will be paid for the business year 2008/09 (see "Proposal for the Appropriation of Available Earnings" in the notes to the financial statements of DOTTIKON ES HOLDING AG, page 76). Therefore, there is no outflow of funds expected. No dividend was paid out in the reporting year 2008/09 for the business year 2007/08. The outflow of funds in 2008/09 was CHF 0 thousand (previous year: CHF 9'889 thousand).

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of DOTTIKON ES HOLDING AG, Dottikon

KPMG

As statutory auditor, we have audited the consolidated financial statements of DOTTIKON ES HOLDING AG, presented on pages 27 to 61, which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes for the year ended March 31, 2009.

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

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

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

1/2

KPMG

Opinion
In our opinion, the consolidated financial statements for the year ended March 31, 2009, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards and comply with Swiss law.

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

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

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

KPMG AG

Thomas Keusch
Licensed Audit Expert
Auditor in Charge

Hanspeter Stocker
Licensed Audit Expert

Zurich, May 14, 2009

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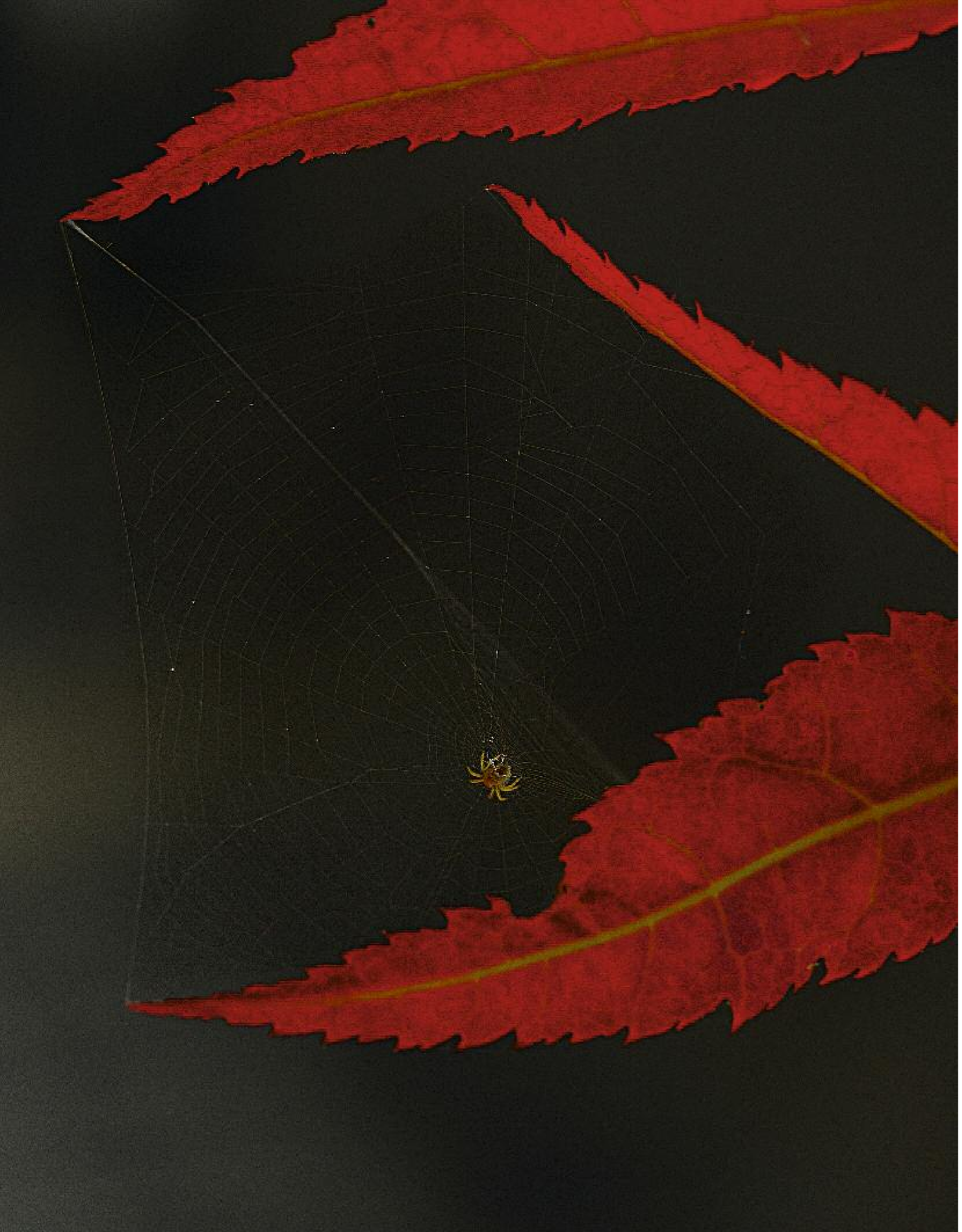


Financial Statements DOTTIKON ES HOLDING AG

Income Statements DOTTIKON ES HOLDING AG

April–March
CHF thousand

	Notes	2007/08	2008/09
Income from investments		15'000	5'000
Financial income		4'995	5'727
Compensation from Group companies		1'880	2'234
Other income		493	457
Income		**22'368**	**13'418**
Financial expenses	(2)	-23	-585
Compensation to Group companies		-331	-361
External expenses		-200	-186
Income taxes		-502	-591
Expenses		**-1'056**	**-1'723**
Net income		**21'312**	**11'695**

Balance Sheets DOTTIKON ES HOLDING AG

CHF thousand

	Notes	31.03.2008	31.03.2009
Loans to Group companies		95'000	100'000
Investments	(1)	6'100	6'100
Investments in associated companies	(1)	848	848
Own shares	(2)	7'296	6'859
Non-current assets		**109'244**	**113'807**
Current loans to Group companies		3'582	11'382
Other receivables from third parties		7	1
Prepaid expenses and accrued income		251	250
Cash and cash equivalents		405	23
Current assets		**4'245**	**11'656**
Assets		**113'489**	**125'463**
Share capital		6'363	6'363
Legal reserves	(2)	8'569	8'699
Other reserves		75'812	96'994
Retained earnings			
Profit brought forward		0	0
Net income		21'312	11'695
Shareholders' equity	(3)	**112'056**	**123'751**
Non-current liabilities		**0**	**0**
Other liabilities due to Group companies		370	873
Other liabilities due to third parties		933	712
Accrued expenses and deferred income		130	127
Current liabilities		**1'433**	**1'712**
Liabilities		**1'433**	**1'712**
Shareholders' equity and liabilities		**113'489**	**125'463**

Statement of Changes in Equity DOTTIKON ES HOLDING AG

CHF thousand

A Regarding reserves for own shares refer to the notes to the financial statements of DOTTIKON ES HOLDING AG, notes 2 "Own Shares", page 72

	Share capital	General reserves	Reserves for own shares[A]	Other reserves	Retained earnings	Shareholders' equity
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**
Balance 01.04.2008	**6'363**	**1'273**	**7'296**	**75'812**	**21'312**	**112'056**
Transfer to reserves				21'312	-21'312	0
Dividends paid					0	0
Net income					11'695	11'695
Reclassifications			130	-130		0
Balance 31.03.2009	**6'363**	**1'273**	**7'426**	**96'994**	**11'695**	**123'751**

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 in the notes to the consolidated financial statements, notes 24 "Related Party Transactions", page 60.

2 OWN SHARES

	Number of shares in circulation[A]	Number of own shares[A]	Carrying amount of own shares CHF thousand
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**
Purchases	-1'800	1'800	369
Disposals	0	0	0
Shareholding program for employees	1'272	-1'272	-239
Value adjustments[B]			-567
Balance 31.03.2009	**1'235'569**	**37'075**	**6'859**

[A] Not weighted
[B] Valuation at lower of cost or market (financial expenses)

The reserves for own shares amount to CHF 7'426 thousand and correspond to the acquisition cost of the acquired shares.

3 EQUITY

By reason of the approved proposal for appropriation of available earnings at the Annual General Meeting on July 4, 2008, available earnings from 2007/08 and changes in own shares and reserves have been booked in the reporting year 2008/09. 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 previous year 2007/08.

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	31.03.2008	31.03.2009
Markus Blocher, Wilen b. Wollerau[A]	63.7	66.3
Peter Grogg, Bubendorf[B]	7.0	7.0
Miriam Blocher, Rheinfelden	5.1	5.1
UBS Fund Management (Switzerland) AG, Basel	3.6	4.7

[A] Thereof 50.1% (previous year: 50.1%) through EVOLMA Holding AG, Freienbach
[B] Through Ingro Finanz AG, Bubendorf

5 CONTINGENT LIABILITIES

In the reporting year 2008/09 and in the previous year, no guarantees or collaterals in favor of third parties existed. 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] CHF thousand	Social security expenses CHF thousand	Total compensation 2008/09[B] CHF thousand	Total compensation 2007/08[B] CHF thousand
Heinz Boller Chairman of the Board of Directors	35	1	36	37
Peter Grogg Deputy Chairman of the Board of Directors	25	1	26	26
Robert Hofer Member of the Board of Directors	25	1	26	26
Total non-executive members of the Board of Directors	**85**	**3**	**88**	**89**

[A] The members of the Board of Directors did not receive any registered shares of DOTTIKON ES HOLDING AG
[B] The total compensation comprises of cash compensation and the social security expenses

Compensation paid to the Senior Management	Fixed salary in cash CHF thousand	Bonus in cash[A] CHF thousand	Bonus in registered shares[A,B] Pieces	Bonus in registered shares[A,B] CHF thousand	Pension plan and social security expenses[C] CHF thousand	Total compensation 2008/09[D] CHF thousand	Total compensation 2007/08[D] CHF thousand
Total Senior Management	1'114	607	1'199	273	302	2'296	2'103
Thereof Markus Blocher CEO/Managing Director (highest individual salary)	212	200	439	100	66	578	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 2008/09 was approved by the Board of Directors as of May 5, 2009. The payment and the allocation of registered shares of DOTTIKON ES HOLDING AG respectively, will be made in the business year 2009/10
[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 177 thousand and social security of CHF 125 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 the 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, 2009 (previous year: March 31, 2008):

Participations of the Board of Directors	Number of registered shares 31.03.2008	Number of registered shares 31.03.2009
Heinz Boller Chairman of the Board of Directors	400	700
Peter Grogg[A] Deputy Chairman of the Board of Directors	89'449	89'449
Robert Hofer Member of the Board of Directors	80	80
Total non-executive members of the Board of Directors	**89'929**	**90'229**

[A] Through Ingro Finanz AG, Bubendorf

The seven members of the Senior Management (previous year: six members) and their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2009 (previous year: March 31, 2008):

Participations of the Senior Management	Number of registered shares 31.03.2008	Number of registered shares 31.03.2009
Markus Blocher[A] CEO/Managing Director	811'155	843'277
Marlene Born CFO	136	265
Emanuel Tschannen[B] Head Legal & Human Resources	–	0
Max Bachmann Head of Business Development	1'171	1'300
Alexander Ernst Head of Purchasing	70	199
Bruno Eugster Head of Production	329	354
Knut Hildebrandt Head of Quality Management	296	418
Total Senior Management	**813'157**	**845'813**

[A] Thereof 637'500 registered shares through EVOLMA Holding AG, Freienbach
[B] As of March 31, 2008, no disclosure was required

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 2008/09.

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

7 RISK MANAGEMENT

The specific business activities and risks of DOTTIKON ES HOLDING AG are fully integrated into the Group-wide risk management process of DOTTIKON ES Group. Both, the Board of Directors and the Senior Management, deal with issues concerning risk management. The Board of Directors has the overall responsibility for the risk management, the Senior Management is responsible for its operational implementation.

DOTTIKON ES Group applies various instruments of risk management. Together with the provision for comprehensive and effective insurance coverage, risk management involves the systematic identification, assessment, cause and action analysis and implementation of the actions defined to strategic, operational and financial risks. Also included are regular audits of clients, regulators, and insurance companies.

Risk management reporting is done during the ordinary meetings of the Board of Directors by the CEO. The results are discussed with the departments concerned and, when necessary, appropriate actions to reduce the risks are defined and implemented.

8 EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between March 31, 2009, and May 14, 2009, that would require an adjustment of the holding's carrying amounts of assets and liabilities or that would need to be disclosed under this heading.

Proposal of the Board of Directors for Appropriation of Available Earnings

CHF/31.03.	2008/09
Net income	11'694'949
Balance brought forward[A]	0
Available earnings	**11'694'949**

[A] Last years' available earnings have been completely transferred to the other reserves

Proposal of the Board of Directors:

CHF/31.03.	2008/09
Transfer to legal reserves[A]	0
Transfer to other reserves[B]	11'694'949
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 2008/09

Dottikon, May 14, 2009
For the Board of Directors

Heinz Boller
Chairman of the Board of Directors

Report of the Statutory Auditor on the Financial Statements to the General Meeting of DOTTIKON ES HOLDING AG, Dottikon

KPMG

As statutory auditor, we have audited the financial statements of DOTTIKON ES HOLDING AG, presented on pages 65 to 76, which comprise the income statement, balance sheet, statement of changes in equity and notes for the year ended March 31, 2009.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

1/2

KPMG

Opinion
In our opinion, the financial statements for the year ended March 31, 2009, comply with Swiss law and the company's articles of incorporation.

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

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

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

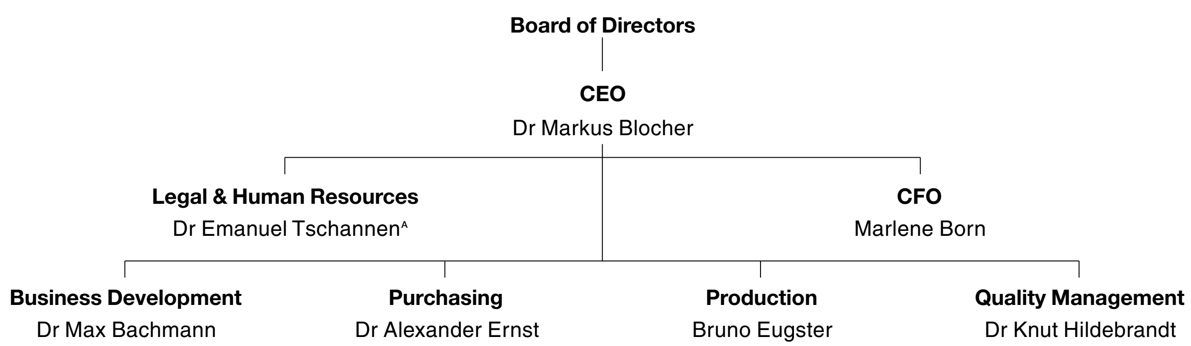
KPMG AG

Thomas Keusch Licensed Audit Expert Auditor in Charge	Hanspeter Stocker Licensed Audit Expert

Zurich, May 14, 2009

Corporate Governance

Corporate Governance



[A] Since October 2008 Dr Emanuel Tschannen, until August 2008 Jean-Claude Baumann, Head of Human Resources

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 SIX 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, 2009, is CHF 243'711'326 (previous year: CHF 310'143'343). As in the previous year, there are no further listed companies in the Group.

The investments of DOTTIKON ES HOLDING AG are disclosed in the notes to the consolidated financial statements, notes 24 "Related Party Transactions", page 60, 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, 2009, or March 31, 2008, are shown in the notes to the financial statements of DOTTIKON ES HOLDING AG, notes 4 "Significant Shareholders", page 72. 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, 2009 (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 2008/09 and 2007/08 are shown in the financial report of DOTTIKON ES Group in this Annual Report on page 31. The changes in equity positions in the business year 2006/07 are shown in the financial report of DOTTIKON ES Group on page 19 of the Annual Report 2007/08.

2.4 Shares and participation certificates

As of March 31, 2009, 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 Limitation 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, 2009

Name	Nationality	Age	Position	Title	Term of office
Heinz Boller	Swiss	67	Chairman, non-executive	Eidg. dipl. Buchhalter	2005–2009
Peter Grogg	Swiss	67	Deputy Chairman, non-executive	Dr. h.c.	2005–2009
Robert Hofer	Swiss	69	Member, non-executive	Dipl. Ing. Chem. ETH, Dr. sc. techn. ETH	2005–2009

Heinz Boller

Professional background/career

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

Other activities and binding interests:

- Chairman of the Board of Directors of Bachem Holding AG, Ingro Finanz AG and Pevion Biotech AG (until April 2009)
- Deputy Chairman of the Board of Directors of Sunstar-Holding AG (since February 12, 2009)
- Member of the Board of Directors of Polyphor AG

Robert Hofer

Professional background/career

Since 2005	Member of the Board of Directors of DOTTIKON ES HOLDING AG
Since 2001	Independent consultant
1984–2001	Several leading positions at Ciba-Geigy and later at Ciba Speciality 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 reelected. 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 deciding 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 2008/09 (previous year: four meetings). As in the previous year, all members of the Board of Directors attended all meetings. The Board of Directors did not call in any external advisors in the reporting year 2008/09 or in the previous year.
The duties and responsibilities of the Audit Committee, the 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 the 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 risk management, 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, the course of the business as well as the risk management 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.

The Board of Directors and Senior Management attach considerable importance to careful handling of strategic, operational and financial risks. The dealings with operating and financial risks are explained in the notes to the consolidated financial statements, notes 20 "Risk Management" and notes 21 "Financial Risk Management", pages 52 to 58.

4 SENIOR MANAGEMENT

4.1 Members of the Senior Management

MEMBERS OF THE SENIOR MANAGEMENT OF DOTTIKON ES GROUP — As of March 31, 2009

Name	Nationality	Age	Function	Title	Member since
Markus Blocher	Swiss	38	CEO/Managing Director	Dipl. Chem. ETH, Dr. sc. nat. ETH	2003
Marlene Born	Swiss	33	CFO	Eidg. dipl. Expertin in Rechnungslegung/Controlling	2006
Emanuel Tschannen	Swiss	33	Head of Legal & Human Resources	Dr. iur.	2008
Max Bachmann	Swiss	54	Head of Business Development	Dipl. Chem. ETH, Dr. sc. nat. ETH	1999
Alexander Ernst	Swiss	41	Head of Purchasing	Dipl. Chem. ETH, Dr. sc. nat. ETH, MBA	2007
Bruno Eugster	Swiss	53	Head of Production	Chemiker HTL	1997
Knut Hildebrandt	German	50	Head of Quality Management	Dipl. Chem., Dr. rer. nat.	1999

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 notes to the consolidated financial statements, notes 11 "Investments in Associated Companies", page 47)
- 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

Emanuel Tschannen

Professional background/career

Since 2008	Head of Legal & Human Resources of DOTTIKON ES Group
2006–2008	Lawyer education in Canton Zurich at Wenger & Vieli Rechtsanwälte, Zurich
2003–2006	Doctorate at the University of Berne
2002–2003	Trainee at Credit Suisse, Zurich
1996–2001	Study of law at the University of Berne

Other activities and binding interests:

- None

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

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

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

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

4.2 Other activities and binding interests
See notes 4.1 "Members of 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 programs
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 depend 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 a 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 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 2008/09, 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 2008/09.
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 2008/09.
The remunerations to the Board of Directors and the Senior Management are disclosed in the notes to the consolidated financial statements, notes 24 "Related Party Transactions", pages 60 and 61, as well as in the notes to the financial statements of DOTTIKON ES HOLDING AG, notes 6 "Compensation and Participations", pages 73 and 74.

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 exercised. In the event of a tie, the Chairman has the deciding 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 calendar 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 AG, 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 AG is in charge for the external audit of DOTTIKON ES HOLDING AG and DOTTIKON ES Group. Thomas Keusch has been the auditor in charge since the business year 2008/09 (until end of business year 2007/08: Hanspeter Stocker). The auditor in charge changes at the latest every seven years.
The ordinary Annual General Meeting elects the statutory auditor for a period of one year for the audit of the financial statements of DOTTIKON ES HOLDING AG as well as the consolidated financial statements of DOTTIKON ES Group. Reelection is possible.

8.2 Audit fees

DOTTIKON ES Group paid CHF 83 thousand (previous year: CHF 87 thousand) for services relating to the audit of the financial statements 2008/09 of the Group, DOTTIKON ES HOLDING AG, and the Group companies audited by KPMG AG.

8.3 Additional fees

As in the previous year, no additional fees were paid in the reporting year 2008/09 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 notes 3.5 "Internal Organization"). They also rely on documents developed by external auditors, such as the "Comprehensive Auditor's Reports to the Board of Directors", 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 SIX Swiss Exchange.
Relevant financial data for the business year 2009/10 are presented in the "Investor Relations" section of this Annual Report on page 95.
All updated information can be found via Internet (www.dottikon.com under "Investors"). 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 2008/09:
July 2, 2009

Issue Half-Year Report 2009/10:
November 27, 2009

Issue Annual Report 2009/10:
May 28, 2010

Annual General Meeting for the Business Year 2009/10:
July 2, 2010

DOTTIKON ES HOLDING AG is listed at the SIX Swiss Exchange.
Symbol: DESN
Security number: 2073900
ISIN: CH0020739006

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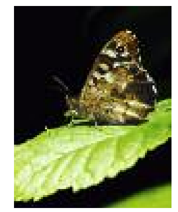
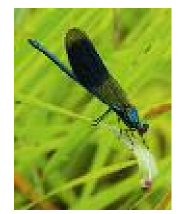
1
Hollow-Root
Corydalis cava
page 3

2
Hoarfrost
page 4



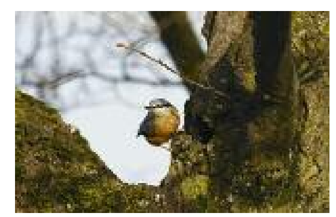
3
Speckled Wood
Pararge aegeria
page 5

4
Sand Lizard
Lacerta agilis
page 6 – 7

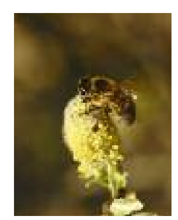


5
Banded Demoiselle
Calopteryx splendens
page 8

6
Common Ivy
Hedera helix
page 9



7
Eurasian Nuthatch
Sittea europaea
page 10 – 11



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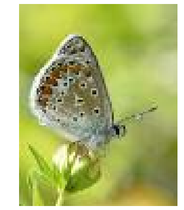
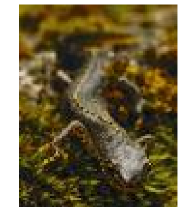
European Honeybee
Apis mellifera
page 12

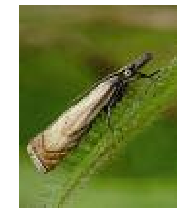


9
Common Blue
Polyommatus icarus
page 16

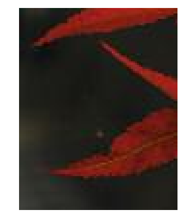
10
Sika Deer
Cervus nippon
page 18



11
Alpine Newt
Mesotriton alpestris
page 26



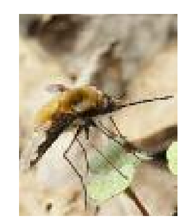
12
Crambus lathoniellus
page 32



13
Japanese Maple
Acer palmatum
page 64

14
Grey Heron
Ardea cinerea
page 70

15
Forest Bug
Pentatoma rufipes
page 80



16
Greater Bee Fly
Bombylius major
page 94

DOTTIKON ES Group, with its production site in Dottikon (Aargau, Switzerland), is spezialized 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.

DISCLAIMER

Statements on future events or developments, particularly on the estimation of future business, reflect the view of the management of DOTTIKON ES HOLDING AG in the moment of composition. Since these naturally contain uncertainties and risks, they are given without guarantee and any liability is denied. DOTTIKON ES HOLDING AG refuses to actualize any forward-looking statements. The Internet version of these financial statements is exposed to fraudulent manipulation possibilities that are within such a medium, and is therefore without guarantee. This Annual Report is available in German too. Only the printed version in German handed over to the SIX Swiss Exchange is legally binding.

IMPRESSUM

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