



2014/15 Condensed Annual Report

Your Specialist
for Hazardous
Reactions.

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Laura Widmer
Chemical Technician

Employed since 2011
Apprenticeship at DOTTIKON
Chemical Technician

Georg Huber
Laboratory Supervisor

Employed since 1970
Apprenticeship at DOTTIKON
Laboratory Technician
Lead Laboratory Technician
Laboratory Supervisor

Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Condensed Annual Report 2014/15 for the period from April 1, 2014, to March 31, 2015. Given our position as strategic development and manufacturing partner for our customers, we dedicate this Condensed Annual Report to our production employees.

The employees in our development and production facilities represent the vocational education, the first part of the Swiss educational system – a system that has proven to be very successful in the past. This dual-pillar educational system is made up of a vocational education at an enterprise in combination with classroom teaching on the one hand, and a theoretical education in the form of higher studies at a university or the Federal Institute of Technology (ETH) with practical trainings either at the university or ETH or in companies on the other hand, together with bridging options for further development or transition from a vocational to a university or ETH education.

The majority of the employees portrayed in this Condensed Annual Report has received a sound vocational education as chemical or laboratory technicians or is currently undergoing this apprenticeship. Over the course of the years, these employees have further developed their skills, gained experience and assumed more responsibilities or leadership roles. Patients around the globe would have no access to our clients' innovative or life-saving high-quality medication without our employees' daily dedicated commitment and high willingness to perform, combined

with in-depth, valuable know-how, and long-standing practical experience in chemical process development and the production of active pharmaceutical ingredients.

At this point, a great thank you to all these employees.

Because of you, the engine is running!

In a time of academic overeducation, the value of a solid vocational education cannot be emphasized strongly enough. It is the technical practice/theory training in combination with a technical/scientific theory/practice education at a university or the ETH, combined with a healthy, down-to-earth, dedicated, and modest attitude that allows for an effective, efficient, and high-quality output. Switzerland would be well advised to strengthen these two pillars of its educational system again rather than to weaken them by strengthening the bridging and transition options to align its system to neighboring countries. If we rest on the laurels of these recently weakened pillars, successful as they were in the past, mediocrity will be the result.

DOTTIKON ES is committed to: (i) a practical vocational education with classroom teaching or a scientific education at a university or the ETH in combination with practical training; (ii) knowledge enrichment and the gaining of new experience by fundamental research at a university or the ETH without justification and verification of immediate commercial use; and (iii) commercial, market-oriented, and innovative research and development by enterprises themselves. DOTTIKON ES takes this responsibility by corresponding actions in its field.

Assessment of situation

Despite a moderate recovery of the global economy, economic uncertainties persist and geopolitical risks continue to rise.

The economy is expected to stabilize its recovery, above all in the United States and in parts of Europe, mainly supported by the expansive fiscal policies as well as a sharp drop in oil and gas prices. The eurozone benefits from a devalued euro and lower interest rates. The outlook, however, remains uncertain. Economic, fiscal, and military conflicts have increased around the world, resulting in a surge of migration and in significant changes in cultural values. In addition, the long-term impact of the expansive fiscal policy and its approaching end remain largely unforeseeable.

With globalization swinging back and the rise of regionalization, values such as trust, reliability, and sustainability – along with cultural and regional proximity – become increasingly important. In this process, the United States and Europe will come closer together again on a political, economic and military level.

For many large-size companies, the growth potential from value capture based on economy of scales in a global market, specialization and the consolidation of value chains and their segments is exhausted. Ongoing cost-saving efforts that involve the outsourcing and reduction of research, development, and production have ultimately resulted in a negligence of product innovation. Mergers, acquisitions, and swaps of entire business segments are used with the objective of expanding monopoly premiums through successive price hikes. This form of value

generation increasingly calls antitrust and competition authorities and consumer representatives into action and results in more bureaucratic, inefficient regulation. Amid this short-term profit maximization characterized by fiscal and tax optimization – which jeopardizes social stability and thwarts democratic forms of government – long-term investments in innovation are neglected: (i) enriching knowledge and gaining new experience through education and fundamental research; (ii) industrial, practice-oriented research and development, as well as (iii) development and production infrastructure for a sustainable and long-term realization of the created value. Instead, many help themselves to corporate-driven public-sector subsidies for research and development cooperations with universities and public institutions.

The investments of many global large-sized companies have for years remained below the level of depreciation and are often lower than the amount spent on their share buyback programs. The loss of innovative power as a consequence of year-long cost savings and the resulting stagnation increasingly forces companies to return to the traditional long-term perspective of research and development and causes them to no longer view the respective expenditures as mere costs, but rather as investments in future product innovation.

The demographic trend in developed and emerging economies ensures long-term volume growth in the pharmaceutical market. Aging populations based on rising life expectancies, population growth, and an increase in wealth result in an increase in chronic illnesses and the respective demand for effective treatments. The average life expectancy is estimated to increase by one year every five years. Governments around the globe strive to contain the inevitable increase

in health costs. In their efforts, they apply measures to boost the market penetration of generics, followed by price cuts through benchmarking and tendering procedures, as well as the demand for efficiency improvements and evidence of effectiveness. Patent expiries in the pharmaceutical market have peaked, but remain an important factor even at a lower level. Most recently, due to a simplification in legal proceedings, hedge funds have joined the field and act as financially driven players that challenge drug patents. Government-driven competitive and price pressures have resulted in intensified cost and innovation pressure among pharmaceutical companies and have changed the existing demand and supply structures.

The effect can be seen when the historical averages of expected annual growth rates are compared to the clearly lower expected growth rates for the coming five years in Europe (1 to 3 percent), Japan (1 to 4 percent), and – albeit at a higher level in a global comparison – China (approximately 10 percent). The United States are the exception to the rule. So far, apart from the governmental Medicare and Medicaid programs, they have not regulated the drug prices. As a result, drug expenditures in the United States have risen by 13 percent, or 10 percent per capita, in 2014. Half of the increase was attributable to new, innovative and high-price drugs, while the other half was due to massive price hikes for existing branded drugs. These price excesses have triggered the reaction of US politicians and payers, and some already call for the implementation of price regulation similar to Japanese or European models. In addition, a delay in the introduction of generics for some large-volume branded drugs after FDA quality complaints at generics manufacturers prevented the 4 percentage-point drop in drug expenditures growth expected

for 2014. Over the coming five years, an average annual growth rate of 6 to 8 percent is expected in the United States. With a market share of more than 40 percent, the United States with their high prices remain the most important pharmaceuticals market for innovative drugs. In 2014, the FDA approved 41 new drugs in the United States – a figure that has not been reached since the mid-90s. 30 of these drugs were low molecular-weight compounds (new molecular entities, NME), the remaining 11 were so-called high molecular-weight compounds, often of biotechnological origin (new biological entities, NBE). More than 40 percent of the approved drugs were "First-in-Class" applications with new modes of action for the targeted treatment of illnesses or to treat rare diseases. The FDA granted "Breakthrough" status to more than 20 percent of these approved drugs and thus gave them access to an accelerated approval process. More than three out of five new drugs were first filed and approved in the United States. Over the coming five years, around 200 new drugs are expected to receive market approval. Cost and innovation pressure related to higher demand for drugs as populations become older and wealthier, the disproportionate increase in demand for generics compared to patent-protected branded drugs, patent expiries, and the demand for new innovative drugs for a more effective and efficient treatment of illnesses and rare diseases are the main drivers of the current financing and consolidation wave in the pharmaceutical industry.

The disproportionate growth in the generics segment has attracted a vast number of new local market participants and has intensified the ongoing price battle. The market underwent further fragmentation despite very lively M&A activity as companies try to find ways for economies of

scale and to optimize their taxes. The market share of the top 10 generics manufacturers has fallen from 29 to 25 percent over the last five years.

The large pharmaceutical companies focus on special indication areas and acquire market shares and innovation. Overall, the market share of the top 20 pharmaceutical companies has fallen by 10 percentage points from 65 percent some ten years ago, with a further 10 percentage-point drop expected for the coming six years. In 2014, biotechs received the largest financing volume in history, roughly twice the amount compared to the average of the last ten years. Since 2001, biotech IPOs have reached new highs in terms of number and volumes, both in the United States and in Europe. Pharmaceutical companies purchase biotechs with promising fast-track development projects or new technology platforms in order to make up for their low research productivity. With such transactions, they create added value by applying their market approval, commercialization and distribution competence to the value realization of the purchased biotech innovations. In order to secure fast market access at low production costs and with the required high quality levels, and thus to justify their expensive acquisitions, pharmaceutical companies struggle with the challenge of securing chemical synthesis routes and subsequent process development in short times, as both areas had been neglected in the early phases. The timely availability of active pharmaceutical ingredients (APIs) in sufficient quantity and quality becomes a critical success factor. Given that many pharmaceutical companies have drastically reduced their own chemical development capacity and that many of them or their suppliers face difficulties with regulatory authorities for non-compliance with cGMP, such tasks are

increasingly outsourced to reliable and trustworthy strategic development and manufacturing partners that are able to deliver the required quality.

They tend to prefer partners that are able to provide the full range of services from chemical synthesis routefinding, the development of chemical processes and analytical methods, and multi-step API production, including validation and stability studies. On the one hand, the partners should possess cutting-edge development and production infrastructure, an impeccable quality track record, and a broad technology platform, while on the other hand having profound experience in the development of chemical processes and the production of APIs. Pharmaceutical companies are interested in maintaining a very limited number of interfaces and are interested in cooperating closely with a select group of strategic partners throughout all stages from development up to market introduction.

The conditions set out above reinforce the need for trustworthy business partners that offer cultural and regional proximity and are innovative, reliable, and fast when it comes to implementation.

Review

In comparison with the previous year, net sales once again increased by 7 percent to CHF 96.5 million. The growth was more broad-based, with the top 3 products making up around 18 percent of net sales, compared to approximately 33 percent a year earlier. The increase was achieved through an expansion of the existing business and a broadening of the customer, project, and product base through new project acquisitions. The broadening of the base is also reflected in higher expenses for research and development, which increased by 11 percent compared to the previous year to around CHF 11.9 million. These expenses made up more than 12 percent of net sales in the period under review. The improved product and services mix with higher added value as well as a slight reduction in inventory compared to the increase reported a year earlier resulted in a 24 percent decrease in material expenses. Compared to the previous year, personnel expenses were up by 5 percent due to the fact that the workforce increased by 4 percent, with a greater ratio of high-skill employees. Other operating expenses increased by CHF 0.6 million compared to the previous year mainly due to public fees related

KEY FIGURES, APRIL–MARCH				
CHF million	2013/14	2014/15	Changes	
^ Change to absolute previous-year amount	Net sales	89.9	96.5	7.3%
	EBITDA	10.3	15.9	54.3%
	EBITDA margin (in % of net sales)	11.5%	16.5%	
	EBIT^	−3.8	1.4	137.2%
	EBIT margin (in % of net sales)	−4.3%	1.5%	
	Net income (net loss)^	−2.6	1.3	151.0%
	Net income (net loss) margin (in % of net sales)	−2.9%	1.4%	
	Operating cash flow	8.4	11.4	36.2%
	Employees (FTEs, annual average)	440	458	4.1%

to a conversion from debt into equity at a subsidiary in an effort to maintain the holding privilege. EBITDA increased by around CHF 5.6 million compared to the previous year to CHF 15.9 million, with an EBITDA margin of 16.5 percent (previous year: 11.5 percent). After slightly higher depreciation, DOTTIKON ES again reports an operating income of CHF 1.4 million and net income of CHF 1.3 million after four years. The EBIT margin rose to 1.5 percent (previous year: –4.3 percent). The net income margin was 1.4 percent (previous year: –2.9 percent).

At 11.4 million, the operating cash flow was CHF 3.0 million higher than in the year-earlier period, primarily due to the net income compared to a net loss a year before. Together with the CHF 4.5 million increase in investments and a reduction of share capital of CHF 6.1 million in the reporting period, cash and cash equivalents amounted to CHF 29.1 million at the end of the business year, down around CHF 4.9 million compared to a year before. The equity ratio remains at a solid 86.4 percent.

Outlook

In the current pharmaceutical environment described above, DOTTIKON ES remains well positioned. The corporate strategy – strategic partner and specialist for hazardous reactions – therefore remains: By using enabling technology, we develop and manufacture high-quality, demanding chemical products safely and efficiently. We assess the risks properly and steadily minimize their potential impact and/or probability of occurrence. We collaborate closely with our customers and cultivate an integrated partnership. By applying our full development and manufacturing capabilities, we support our customers in the successful execution of their strategy. In doing so, we create more value for our customers than our competitors.

The pharmaceutical market is and remains the main market in which growth in net sales – the main driver for higher profitability – will be achieved. Amid this effort, capacity utilization of the existing infrastructure will be increased. In order to achieve the expected net sales growth in the medium term, the API drying and multipurpose production capacities will be increased and the construction of a new facility for laboratories and offices will be prepared. As a result, investments in the coming three years will be clearly higher than in the business year 2014/15.

We continue to focus on safety, reliability, high flexibility, and speed, thus reaffirming our position as strategic development and manufacturing partner.

Our one-site strategy allows for reduced decision and communication pathways. This ensures rapid and efficient project development as well as clear and transparent communication with customers. Amid the safety culture created over the last 100 years, we make innovative use of hazardous reactions, low-temperature and high-pressure chemistry, as well as continuous processes in order to challenge, streamline or shorten conventional chemical synthesis routes, to improve yields, selectivities, and purities, and to reduce waste. The versatile technology and equipment portfolio is used to design, develop and optimize chemical processes, and rapidly scale up from kilograms to multi-tons. In order to ensure long-term growth, the independent Performance Chemicals project team will develop new own innovative products to satisfy currently unmet market needs.

For the full business year 2015/16, we expect to extend our project pipeline and anticipate a further increase in net sales and net income compared to the previous year.

Dottikon, May 13, 2015

A handwritten signature in black ink, appearing to be 'M. Blocher', with a stylized flourish at the end.

Dr. Markus Blocher
Chairman of the Board of Directors



Adrian Caluori
Deputy Head of Safety
Captain of Fire Brigade

Employed since 1981
Apprenticeship at DOTTIKON
Chemical Technician
Deputy Plant Supervisor
Plant Supervisor
Deputy Head of Safety

Roman Kuhn
Plant Manager
Division Commander of Fire Brigade

Employed since 2008
Plant Manager Assistant
Deputy Plant Manager
Plant Manager

Group Financial Statements DOTTIKON ES Group

Consolidated Income Statements

April–March
CHF thousand and %
(condensed)

	Notes	2013/14	%	2014/15	%
Net sales	(1)	89'927	100.0	96'493	100.0
Changes in semi-finished and finished goods		3'263		–1'077	
Other operating income		2'945		2'940	
Material expenses		–26'126		–19'830	
Personnel expenses		–45'976		–48'306	
Other operating expenses		–13'734		–14'329	
EBITDA		10'299	11.5	15'891	16.5
Depreciation and amortization	(2, 3)	–14'144		–14'460	
EBIT		–3'845	–4.3	1'431	1.5
Financial income		281		273	
Financial expenses		–138		–202	
Financial result		143		71	
Result from associated companies		–163		–177	
Net income (net loss) before taxes		–3'865	–4.3	1'325	1.4
Income taxes		1'259		4	
Net income (net loss)		–2'606	–2.9	1'329	1.4
Basic earnings (loss) per share in CHF		–2.09		1.07	
Weighted average number of shares		1'244'335		1'245'513	

Consolidated Statements of Comprehensive Income

April–March
CHF thousand
(condensed)

	2013/14	2014/15
Net income (net loss)	–2'606	1'329
Foreign exchange forwards		
Realized gains (losses) on foreign exchange forwards	22	33
attributable income taxes	–4	–6
Changes in fair value of foreign exchange forwards	–30	3'052
attributable income taxes	6	–579
Items that will be reclassified subsequently to the income statement	–6	2'500
Employee benefits		
Actuarial gains (losses)	–2'006	–17'757
attributable income taxes	369	3'302
Limitation of the asset ceiling in accordance with IAS 19.64	1'376	14'627
attributable income taxes	–253	–2'731
Interest on the effect of the asset ceiling	280	256
attributable income taxes	–52	–49
Items that will not be reclassified subsequently to the income statement	–286	–2'352
Other comprehensive income, net of taxes	–292	148
Total comprehensive income	–2'898	1'477

Consolidated Balance Sheets

CHF thousand and %
(condensed)

	Notes	31.03.2014	%	31.03.2015	%
Intangible assets	(2)	772		783	
Property, plant and equipment	(3)	200'029		195'200	
Investments in associated companies		670		753	
Pension surplus		33'367		31'582	
Non-current assets		234'838	70.9	228'318	68.8
Inventories	(4)	37'288		40'197	
Trade receivables	(5)	23'677		28'179	
Other receivables		1'352		6'210	
Current financial assets		0		0	
Cash and cash equivalents		33'945		29'075	
Current assets		96'262	29.1	103'661	31.2
Assets		331'100	100.0	331'979	100.0
Share capital		6'363		127	
Share premium		60'544		60'706	
Own shares		–5'714		–5'418	
Retained earnings		229'826		231'303	
Shareholders' equity		291'019	87.9	286'718	86.4
Deferred tax liabilities		25'836		25'478	
Non-current liabilities		25'836	7.8	25'478	7.7
Trade payables		2'869		4'522	
Income tax liabilities		557		385	
Other current liabilities		10'819		14'876	
Current liabilities		14'245	4.3	19'783	5.9
Liabilities		40'081	12.1	45'261	13.6
Shareholders' equity and liabilities		331'100	100.0	331'979	100.0

Consolidated Cash Flow Statements

April–March
CHF thousand
(condensed)

	Notes	2013/14	2014/15
Net income (net loss)		–2'606	1'329
Income taxes		–1'259	–4
Financial result		–143	–71
Depreciation of property, plant and equipment	(3)	13'956	14'289
Amortization of intangible assets	(2)	188	171
Result from associated companies		163	177
Other non-cash income and expenses		–306	–2'100
Interest received		27	6
Interest paid		–10	–10
Income taxes paid		–613	–589
Changes in			
Trade receivables		1'870	–4'320
Other receivables		259	–539
Inventories	(4)	–3'448	–2'909
Trade payables		–930	1'806
Other current liabilities		1'203	4'137
Cash flow from operating activities		8'351	11'373
Outflows of			
Intangible assets	(2)	–120	–175
Property, plant and equipment	(3)	–5'585	–9'788
Investments in associated companies		0	–260
Current financial assets		0	0
Inflows of			
Intangible assets	(2)	0	0
Property, plant and equipment	(3)	27	92
Current financial assets		10'000	0
Cash flow from investing activities		4'322	–10'131
Dividends paid		–4'978	0
Reduction of share capital by reduction of the nominal value		0	–6'104
Purchase of own shares		0	0
Disposal of own shares		0	0
Cash flow from financing activities		–4'978	–6'104
Currency translation effect on cash and cash equivalents		–25	–8
Net change in cash and cash equivalents		7'670	–4'870
Cash and cash equivalents at the beginning of the reporting period		26'275	33'945
Cash and cash equivalents at the end of the reporting period		33'945	29'075

Consolidated Statements of Changes in Equity

CHF thousand (condensed)	^ Changes in own shares in the reporting year 2014/15: disposal of 1'476 shares within the shareholding program for employees net disposal of 1'476 shares (previous year: disposal of 1'389 shares within the shareholding program for employees; net disposal of 1'389 shares)					
	Share capital	Share premium	Own shares^	Changes in fair value of foreign exchange forwards	Other retained earnings	Shareholders' equity
Balance 01.04.2013	6'363	60'550	−5'992	−18	237'720	298'623
Net income (net loss)					−2'606	−2'606
Foreign exchange forwards						
Realized gains (losses) on foreign exchange forwards				22		22
Changes in fair value of foreign exchange forwards				−30		−30
Employee benefits						
Actuarial gains (losses)				−2'006		−2'006
Limitation of the asset ceiling in accordance with IAS 19.64				1'376		1'376
Interest on the effect of the asset ceiling				280		280
Income taxes on other comprehensive income				2	64	66
Other comprehensive income, net of taxes				−6	−286	−292
Total comprehensive income				−6	−2'892	−2'898
Dividends paid				−4'978		−4'978
Changes in own shares		−6	278			272
Balance 31.03.2014	6'363	60'544	−5'714	−24	229'850	291'019
Balance 01.04.2014	6'363	60'544	−5'714	−24	229'850	291'019
Net income (net loss)					1'329	1'329
Foreign exchange forwards						
Realized gains (losses) on foreign exchange forwards				33		33
Changes in fair value of foreign exchange forwards				3'052		3'052
Employee benefits						
Actuarial gains (losses)				−17'757		−17'757
Limitation of the asset ceiling in accordance with IAS 19.64				14'627		14'627
Interest on the effect of the asset ceiling				256		256
Income taxes on other comprehensive income				−585	522	−63
Other comprehensive income, net of taxes				2'500	−2'352	148
Total comprehensive income				2'500	−1'023	1'477
Reduction of share capital by reduction of the nominal value	−6'236	132				−6'104
Changes in own shares		30	296			326
Balance 31.03.2015	127	60'706	−5'418	2'476	228'827	286'718

Notes to the Group Financial Statements (condensed)

1 SEGMENT REPORTING

DOTTIKON ES Group manufactures high-quality performance chemicals, intermediates and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical and pharmaceutical industry. DOTTIKON ES Group is specialized in hazardous reactions and is positioning itself as strategic development and manufacturing partner. DOTTIKON ES Group uses its versatile technology and equipment portfolio to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons.

According to IFRS 8 "Operating Segments", the reportable operating segments are determined using the management approach. External segment reporting is thus based on the Group's internal organization and management structure as well as internal financial reporting to the Chief Operating Decision Maker. DOTTIKON ES Group's Chief Operating Decision Maker is the Board of Directors. In addition to its statutory tasks, the Board of Directors is responsible for the strategic focus and management of the Group. Strategic and important operational decisions of DOTTIKON ES Group are taken by the Board of Directors.

DOTTIKON ES Group builds on one single production site with the strategy of performance leadership as specialist for hazardous reactions. DOTTIKON ES Group mainly executes projects with focus on the exclusive synthesis of fine chemicals which are strongly heterogeneous. Therefore, a differentiation in several operating segments is not informative.

The financial reporting to the Board of Directors as Chief Operating Decision Maker is prepared in a single segment. DOTTIKON ES Group allocates resources and assesses their performance on entity level.

The segment reporting is compiled according to IFRS 8.31 ff. as one single reportable segment on entity level. The valuation principles applied for segment reporting purposes are consistent with those applied in the preparation of the Group Financial Statements.

Entity-wide disclosures are as follows:

Net sales by product lines:

CHF thousand/April–March	2013/14	2014/15
Pharma Products	73'616	79'072
Performance Chemicals	12'369	13'641
Recycling & Waste Treatment	3'942	3'780
Net sales	89'927	96'493

Net sales by regions:

CHF thousand/April–March	2013/14	2014/15
Switzerland	49'237	37'687
Northern Europe	24'825	29'273
Southern Europe and others	1'511	10'142
America	13'150	17'385
Asia	1'204	2'006
Net sales	89'927	96'493

Share of sales by customers:

CHF thousand/April–March	2013/14	2014/15
Customers with more than 10% of net sales^	50'039	39'297
Customers with less than 10% of net sales	39'888	57'196
Net sales	89'927	96'493

^ Reporting year 2014/15: two customers with more than 10% of net sales
(previous year: three customers)

2 DEVELOPMENT OF INTANGIBLE ASSETS

CHF thousand	Cost	Software	Total
	Balance 01.04.2013	3'276	3'276
	Additions ^A	120	120
	Disposals	–134	–134
	Reclassifications	0	0
	Balance 31.03.2014	3'262	3'262
	Balance 01.04.2014	3'262	3'262
	Additions ^A	100	100
	Disposals	–245	–245
	Reclassifications	82	82
	Balance 31.03.2015	3'199	3'199
	Amortization, accumulated		
	Balance 01.04.2013	–2'436	–2'436
	Additions	–188	–188
	Disposals	134	134
	Reclassifications	0	0
	Balance 31.03.2014	–2'490	–2'490
	Balance 01.04.2014	–2'490	–2'490
	Additions	–171	–171
	Disposals	245	245
	Reclassifications	0	0
	Balance 31.03.2015	–2'416	–2'416
	Carrying amounts		
	01.04.2013	840	840
	31.03.2014	772	772
	31.03.2015	783	783

^A Capital expenditure reflects cost of acquired intangible assets (without consideration of cash outflow)

No development costs were capitalized in the reporting year 2014/15 and the previous year since no capitalization criteria were met. Expenses for research and development of CHF 11'876 thousand (previous year: CHF 10'715 thousand) were charged to the income statement. Capital commitments for intangible assets amount to CHF 43 thousand as of March 31, 2015 (previous year: CHF 15 thousand). There was no impairment on intangible assets in the reporting year 2014/15 and the previous year. No interests were capitalized in the reporting and the previous year.

3 DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

CHF thousand	Cost	Land	Buildings	Technical plant and machinery	Other property, plant and equipment	Plants under construction	Total
	Balance 01.04.2013	8'699	133'710	310'774	12'601	5'696	471'480
	Additions ^A	0	545	1'709	572	3'434	6'260
	Disposals	0	–125	–2'135	–687	0	–2'947
	Reclassifications	0	524	2'313	336	–3'173	0
	Balance 31.03.2014	8'699	134'654	312'661	12'822	5'957	474'793
	Balance 01.04.2014	8'699	134'654	312'661	12'822	5'957	474'793
	Additions ^A	0	1'916	3'335	491	4'182	9'924
	Disposals	0	–71	–1'907	–310	0	–2'288
	Reclassifications	0	118	1'945	343	–2'488	–82
	Balance 31.03.2015	8'699	136'617	316'034	13'346	7'651	482'347
	Depreciation, accumulated						
	Balance 01.04.2013	0	–66'269	–187'154	–10'067	0	–263'490
	Additions	0	–2'548	–10'955	–453	0	–13'956
	Disposals	0	124	1'911	647	0	2'682
	Reclassifications	0	16	–16	0	0	0
	Balance 31.03.2014	0	–68'677	–196'214	–9'873	0	–274'764
	Balance 01.04.2014	0	–68'677	–196'214	–9'873	0	–274'764
	Additions	0	–2'624	–11'081	–584	0	–14'289
	Disposals	0	55	1'648	203	0	1'906
	Reclassifications	0	0	0	0	0	0
	Balance 31.03.2015	0	–71'246	–205'647	–10'254	0	–287'147
	Carrying amounts						
	01.04.2013	8'699	67'441	123'620	2'534	5'696	207'990
	31.03.2014	8'699	65'977	116'447	2'949	5'957	200'029
	31.03.2015	8'699	65'371	110'387	3'092	7'651	195'200

^A Capital expenditure reflects cost of acquired property, plant and equipment (without consideration of cash outflow)

The insurance value of property, plant and equipment amounts to CHF 523'303 thousand (previous year: CHF 519'359 thousand). Capital commitments for property, plant and equipment amount to CHF 2'721 thousand as of March 31, 2015 (previous year: CHF 4'207 thousand). There was no impairment on property, plant and equipment in the reporting year 2014/15 and the previous year. No interests were capitalized in the reporting and the previous year.

4 INVENTORIES

CHF thousand/31.03.	2013/14	2014/15
Raw materials	4'550	6'636
Supplies^	5'089	7'095
Trading goods	309	203
Semi-finished goods	10'674	10'171
Finished goods	16'666	16'092
Inventories	37'288	40'197

^ Mainly includes precious metals for production purposes

Value adjustments deducted from inventory balances amount to CHF 1'580 thousand (previous year: CHF 1'291 thousand).

5 TRADE RECEIVABLES

Trade receivables are value adjusted as follows:

CHF thousand/31.03.	2013/14	2014/15
Trade receivables, gross	23'711	28'217
Individual value adjustments	0	0
Overall value adjustments	-34	-38
Trade receivables, net	23'677	28'179

Trade receivables are allocated to the following currencies:

CHF thousand/31.03.	2013/14	2014/15
CHF	22'161	21'067
EUR	636	6'932
USD	880	180
Trade receivables, net	23'677	28'179

Trade receivables are allocated to the following regions:

CHF thousand/31.03.	2013/14	2014/15
Switzerland	18'109	8'940
Northern Europe	2'581	8'087
Southern Europe and others	535	6'714
America	2'099	3'973
Asia	353	465
Trade receivables, net	23'677	28'179

Value adjustments on trade receivables have changed as follows:

CHF thousand	2013/14	2014/15
Individual value adjustments		
Balance 01.04.	0	0
Increase (decrease)	0	0
Balance 31.03.	0	0

CHF thousand	2013/14	2014/15
Overall value adjustments		
Balance 01.04.	40	34
Increase (decrease)	-6	4
Balance 31.03.	34	38

At the balance sheet date, as in the previous year, there were no individual value adjustments. Furthermore, no individual value adjustments had to be made in the reporting year 2014/15 and the previous year.

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

	Receivables	Value adjustments	Receivables	Value adjustments
CHF thousand/31.03.	2013/14	2013/14	2014/15	2014/15
Not yet due	22'123	0	25'116	0
1 to 30 days overdue	1'149	25	3'090	38
31 to 60 days overdue	439	9	11	0
61 to 90 days overdue	0	0	0	0
More than 90 days overdue	0	0	0	0
Total	23'711	34	28'217	38

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

6 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Group Financial Statements were approved for issue by the Board of Directors on May 13, 2015. They are subject to approval by the Annual General Meeting. No significant events have occurred between March 31, 2015, and May 13, 2015, 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.



Joel Sterki
Apprentice
Chemical Technician

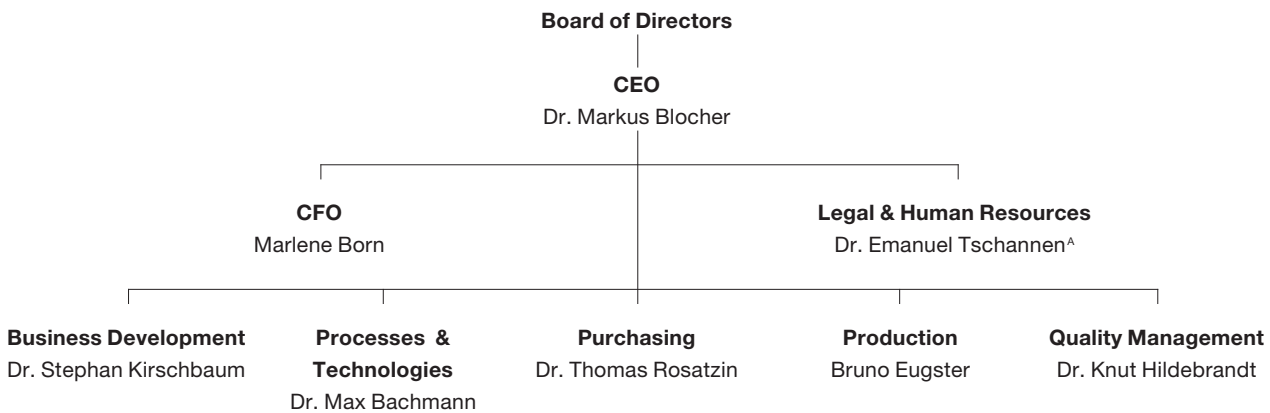
Employed since 2014

Mauro Pascolin
Shift Leader

Employed since 2001
Shift Worker
Deputy Shift Leader
Shift Leader

Corporate Governance

Corporate Governance (condensed)



^ Until June 2015

GROUP STRUCTURE AND SHAREHOLDERS

Group structure

DOTTIKON ES Group manufactures high-quality performance chemicals, intermediates and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical and pharmaceutical industry. DOTTIKON ES Group is specialized in hazardous reactions and is positioning itself as strategic development and manufacturing partner. DOTTIKON ES Group uses its versatile technology and equipment portfolio to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons.

The operating management structure of the Group is organized by functions according to the illustration on the left. 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). The share capital amounts to CHF 127'264.40 as of March 31, 2015 (previous year: CHF 6'363'220). The market capitalization as of March 31, 2015, is CHF 251'983'512 (previous year: CHF 287'617'544). As in the previous year, there are no further listed companies in the Group.

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/process development, manufacturing, 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, as well as review and assessment to evaluate their strategies
- DOTTIKON ES AMERICA, Inc.
Domicile in Delaware USA/share capital CHF 0
Investment share of 100 percent/fully consolidated
Branch/purpose: chemicals/business development, marketing, and consulting services for investment companies
- SYSTAG, System Technik AG
Domicile in Rüschlikon/share capital CHF 410'000
Investment share of 47.1 percent as of March 31, 2015 (previous year: 33.9 percent)/equity method
Branch/purpose: automated process technology/development and manufacturing of integrated solutions for automated chemical process development

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	31.03.2014	31.03.2015
Markus Blocher, Wollerau ^A	68.6	72.0
Peter Grogg, Hergiswil NW ^B	7.0	7.0
Miriam Blocher, Rheinfelden	5.1	5.1
UBS Fund Management (Switzerland) AG, Basel	4.8	4.8
Sarasin Investmentfonds AG, Basel ^C	3.4	–

^A Thereof 53.8% (previous year: 50.5%) through EVOLMA Holding AG, Wollerau

^B Through Ingro Finanz AG, Bubendorf

^C There were no shareholder positions to be disclosed as of March 31, 2015; media release from January 9, 2015, regarding the fall below 3% threshold

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

Members of the Board of Directors and Senior Management as well as their related parties hold the following registered shares of DOTTIKON ES HOLDING AG as of March 31, 2015 (previous year: March 31, 2014):

Participations of the members of the Board of Directors and Senior Management	Number of registered shares 31.03.2014	Number of registered shares 31.03.2015
Markus Blocher ^A Chairman of the Board of Directors CEO/Managing Director	873'658	916'904
Thomas Früh Deputy Chairman of the Board of Directors non-executive	50	50
Alfred Scheidegger Member of the Board of Directors non-executive	5	5
Marlene Born CFO	891	852
Emanuel Tschannen ^B Head of Legal & Human Resources	299	291
Stephan Kirschbaum Head of Business Development	644	765
Max Bachmann Head of Processes & Technologies	448	591
Alexander Ernst ^C Head of Purchasing	440	–
Bruno Eugster Head of Production	355	395
Knut Hildebrandt Head of Quality Management	1'045	1'066
Total members of the Board of Directors and Senior Management	877'835	920'919

^A Thereof 685'236 registered shares (previous year: 642'186 registered shares) through EVOLMA Holding AG, Wollerau

^B Until June 2015

^C Until March 2014, there were no participation positions to be disclosed as of March 31, 2015

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS OF DOTTIKON ES HOLDING AG					
As of March 31, 2015					
Name	Nationality	Born	Position	Title	Term of office
Markus Blocher	Swiss	1971	Chairman, executive ^A	Dipl. Chem. ETH, Dr. sc. nat. ETH	2010–2015
Thomas Früh	Swiss	1957	Deputy Chairman, non-executive	Dipl. Chem. ETH, Dr. sc. nat. ETH	2012–2015
Alfred Scheidegger	Swiss	1957	Member, non-executive	Dr. phil. II	2011–2015

^A CEO/Managing Director

Markus Blocher

Professional background/career	
Since 2012	Chairman of the Board of Directors of DOTTIKON ES HOLDING AG
2010–2012	Member of the Board of Directors of DOTTIKON ES HOLDING AG
Since 2003	CEO of today's DOTTIKON ES Group ^A
2002–2003	Responsible for special projects in the EMS Group
2000–2002	Consultant for McKinsey&Company, Zurich

^A See notes "Senior Management"

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 and frugan Holding AG as well as of its subsidiaries agrofrucht-Inn AG, agrocult AG, and cultivport AG
- President of the foundation board of the pension plan of DOTTIKON ES Group and of the social welfare foundation of DOTTIKON EXCLUSIVE SYNTHESIS AG

Thomas Früh

Professional background/career	
Since 2012	Deputy Chairman of the Board of Directors of DOTTIKON ES HOLDING AG
Since 2012	CEO of Bachem Group and Bachem Holding AG
2001–2012	COO of Bachem AG, Switzerland
1998–2000	COO of Bachem Bioscience, Inc., King of Prussia, Pennsylvania USA
1997–1998	Head of Production Department, Bachem AG, Switzerland
1994–1997	Department Head in Crop Protection Research, Ciba, Basel
1990–1994	Project Leader Pharma Research Ciba, Japan

Other activities and binding interests

- Board member of the business association scienceindustries

Alfred Scheidegger

Professional background/career	
Since 2011	Member of the Board of Directors of DOTTIKON ES HOLDING AG
Since 1998	Founder and CEO of Nextech Invest AG
1995–1998	Administrative Director and member of the Board of ETH Zurich
1992–1995	CEO Swiss Scientific Computing Center (CSCS), Manno
1987–1991	Project Leader Ciba-Geigy in Basel and Japan

Other activities and binding interests

- Chairman of the Board of Directors of Nextech Holding AG and Nextech Invest AG
- Member of the Board of Directors of Nextech III GP AG and ImVisioN Therapeutics Holding AG (in liquidation)

The two members of the Board of Directors, Thomas Früh and Alfred Scheidegger, did not have any executive function with- in the DOTTIKON ES Group in the past three years before the reporting year 2014/15. Neither of them nor any related party had significant business relations with DOTTIKON ES Group in the past years since being elected to the Board of Directors of DOTTIKON ES HOLDING AG.

In the reporting year 2014/15, DOTTIKON EXCLUSIVE SYN- THESIS AG and Bachem AG signed a cooperation agreement for the development, manufacturing, and distribution of amino acids and their derivatives.

The composition of the Board of Directors of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGE- MENT AG is the same as the composition of DOTTIKON ES HOLDING AG.

SENIOR MANAGEMENT

MEMBERS OF THE SENIOR MANAGEMENT OF DOTTIKON ES GROUP					As of March 31, 2015
Name	Nationality	Born	Function	Title	Member since
Markus Blocher	Swiss	1971	CEO/Managing Director	Dipl. Chem. ETH, Dr. sc. nat. ETH	2003
Marlene Born	Swiss	1975	CFO	Eidg. dipl. Expertin in Rechnungslegung/Controlling	2006
Emanuel Tschannen	Swiss	1975	Head of Legal & Human Resources^	Dr. iur., MBA, Rechtsanwalt	2008
Stephan Kirschbaum	German	1967	Head of Business Development	Dipl. Chem., Dr. rer. nat.	2010
Max Bachmann	Swiss	1954	Head of Processes & Technologies	Dipl. Chem. ETH, Dr. sc. nat. ETH	1999
Thomas Rosatzin	Swiss	1962	Head of Purchasing	Dipl. mikrobiol., Dr. sc. nat. ETH, MBA	2014
Bruno Eugster	Swiss	1955	Head of Production	Chemiker HTL	1997
Knut Hildebrandt	German	1958	Head of Quality Management	Dipl. Chem., Dr. rer. nat.	1999

^ Until June 2015

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 DOTTIKON ES HOLDING AG (see notes "Board of Directors")
- CEO of DOTTIKON EXCLUSIVE SYNTHESIS AG, DOTTIKON ES HOLDING AG, and DOTTIKON ES MANAGEMENT AG
- Chairman of the Board of Directors of EVOLMA Holding AG

- Deputy Chairman of the Board of Directors of SYSTAG, System Technik AG and frugan Holding AG as well as of its subsidiaries agrofrucht-Inn AG, agrocult AG, and cultivport AG
- President of the foundation board of the pension plan of DOTTIKON ES Group and of the social welfare founda- tion 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, Suhr
2000	Controller at ABB Normelec, Zurich
1995–2000	Accountant at Treuhandbüro Deragisch, Baden

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG, DOTTIKON ES HOLDING AG, and DOTTIKON ES MANAGEMENT AG
- 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

[^] Until June 2015

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG until June 2015
- Member of the Board of Directors of DOTTIKON ES AMERICA, Inc. until June 2015

Stephan Kirschbaum

Professional background/career	
Since 2009	Head of Business Development of DOTTIKON ES Group
2005–2009	Head of Strategic Projects and Head of Management Support HR&E in Wealth Management & Swiss Bank for UBS AG, Zurich
1999–2005	Consultant and Engagement Manager for McKinsey&Company, Munich DE
1997–1999	Research Scientist at University of California, Santa Barbara USA
1994–1997	Doctorate at University of Karlsruhe DE

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Chairman of the Board of Directors and CEO of DOTTIKON ES AMERICA, Inc.

Max Bachmann

Professional background/career	
Since 2009	Head of Processes & Technologies of DOTTIKON ES Group
2003–2009	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

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG and DOTTIKON ES MANAGEMENT AG

Thomas Rosatzin

Professional background/career	
Since 2014	Head of Purchasing of DOTTIKON ES Group
2007–2013	CEO of RohnerChem (Rohner AG), Pratteln
2005–2007	COO of Induchem AG, Volketswil
2001–2005	Head Product Line Management at UNAXIS/ESEC, Steinhausen
1995–2001	Business Unit Manager Paper Processing Chemicals at Dr. W. Kolb AG, Hedingen

Other activities and binding interests

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG

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 Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG
- Member of the Board of Directors of Messer Schweiz AG
- Member of the Board of the Chamber of Aargauische Industrie- und Handelskammer (AIHK), therein president of the section Freiamt

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

- Member of the Senior Management of DOTTIKON EXCLUSIVE SYNTHESIS AG



Manuel Schmidt
Plant Supervisor

Employed since 1996
Apprenticeship at DOTTIKON
Chemical Technician
Plant Supervisor Assistant
Deputy Plant Supervisor
Plant Supervisor

Investor Relations

Annual General Meeting for the Business Year 2014/15
July 3, 2015

Issue Half-Year Report 2015/16
November 27, 2015

Issue Annual Report 2015/16
May 31, 2016

Annual General Meeting for the Business Year 2015/16
July 1, 2016

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

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

DOTTIKON ES manufactures high-quality performance chemicals, intermediates and exclusive active pharmaceutical ingredients (APIs) for the world's leading chemical and pharmaceutical industry. The company with its production site in Dottikon (Aargau, Switzerland) is specialized in hazardous reactions and is positioning itself as strategic development and manufacturing partner. Its safety culture created over the last 100 years guides innovative use of hazardous reactions, low-temperature and high-pressure chemistry, as well as continuous processing. This shortens conventional chemical synthesis routes, increases yields, selectivities and purities, and reduces waste. The versatile technology and equipment portfolio is used to design, develop and optimize chemical processes, and scale up from kilograms to multi-tons. DOTTIKON ES' one-site strategy allows reduced decision and communication pathways. This ensures rapid and efficient project development as well as clear and transparent communication with customers.

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. The comprehensive Annual Report is available in German. Only the comprehensive German version submitted to the SIX Swiss Exchange is legally binding.

IMPRESSUM

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