



Key figures

The CPH Group

in CHF thousand	2014	2013	2012	2011	2010
Net sales	492 463	481 303	488 691	520 932	417 396
Earnings before interest, taxes, depreciation					
and amortization (EBITDA)	50835	30 933	38 102	46 816	28 858
in % of net sales	10.3	6.4	7.8	9.0	6.9
Earnings before interest and taxes (EBIT)					
before impairment	16 037	-26636	-22234	-19977	-30 660
in % of net sales	3.3	-5.5	-4.5	-3.8	-7.3
Earnings before interest and taxes (EBIT)	16 037	-277 557	-22 234	-19977	-30 660
in % of net sales	3.3	-57.7	-4.5	-3.8	-7.3
Financial result	-5621	-3883	-6108	-12141	-9382
Earnings before taxes and extraordinary items	10 416	-281 440	-24 265	-50 848	-40 042
Net result for the year	10502	-271 480	8 0 6 1	-17991	-20010
in % of net sales	2.1	-56.4	1.6	-3.5	-4.8
in % of equity	2.4	-62.5	1.1	-2.5	-2.8
in % of total capital	1.5	-39.8	0.8	-1.8	-1.8
Cash flow	40 795	27 275	28812	29 921	22 008
Investments in tangible assets (gross)	19170	18 201	10942	24 405 ¹⁾	196 013
Free cash flow	430	13652	63 649	33 573	-116702
Balance sheet total	688 388	681 788	972 381	992 134	1 106 475
Fixed assets	455 987	467 264	752 397	798 538	883 902
in % of balance sheet total	66.2	69.0	77.0	80.0	80.0
Equity	442 003	434 263	709764	706 308	710 186
in % of balance sheet total	64.2	64.0	73.0	71.0	64.0
Net cash	-75 380	-66 657	-80 286	-137 021	-164748
Personnel at year-end	860	859	849	853	941

CPH Chemie + Papier Holding AG

in CHF thousand	2014	2013	2012	2011	2010
Net result for the year	-295	-216 375	12763	6329	34880
Equity	431 055	435 366	655 641	646777	640 448

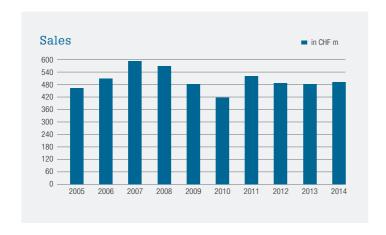
Per-share statistics

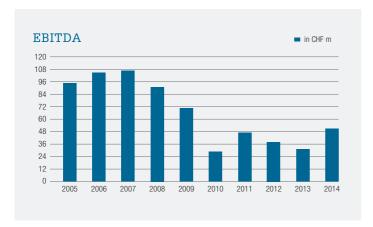
in CHF thousand		2014	2013	2012	2011	2010
Share price	high	1 276	1 349	1 470	1 700	1 800
	low	1119	1184	985	950	1 222
	on 31 December	1129	1 230	1 300	1010	1700
Equity per share 2)		1 473	1 447	2366	2354	2366
Net result per share 2)		35	-905	27	-60	-67
Cash flow per share 2)		136	91	96	100	20
Dividend per share 3)		13	13	13	13	0

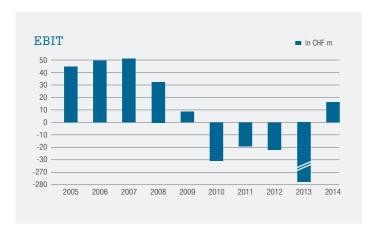
¹⁾ excluding divestiture of fine chemistry operations 2) based on consolidated financial statements

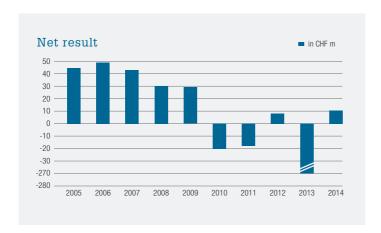
³⁾ for 2014: Board's recommendation to the Ordinary General Meeting

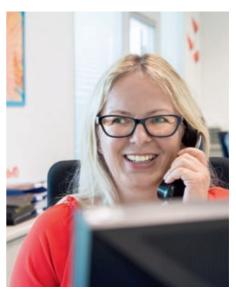
At a glance











The CPH Group

Business in 2014

- Group net sales raised 2.3%
- EBITDA increased 64.5%
- Positive EBIT of CHF 16.0 million
- First CHF 120 million bond issued on Swiss capital market
- Expansion to China

in CHF million	2014	2013
Net sales	492.5	481.3
EBITDA	50.8	30.9
EBIT before impairment	16.0	-26.6
EBIT after impairment	16.0	-277.6

Portrait

CPH is an internationally active and diversified industrial group that is headquartered in Switzerland. The CPH Group manufactures chemicals, paper and pharmaceutical packaging films at five production facilities in Switzerland, Germany and the USA, and markets these products worldwide.

CPH can draw on an industrial tradition dating back almost 200 years to 1818, when its Uetikon chemicals factory (the oldest still operating in Switzerland) was founded, while its Paper Division traces its roots back to 1873.



Chemistry

Business in 2014

Portrait

- Net sales slightly higher despite pricing pressures
- Solid demand from the shale gas sector
- Improved operating result
- Production of higher-margin products well utilized

in CHF million	2014	2013
Net sales	60.2	59.2
EBITDA	1.0	0.0
EBIT before impairment	-2.2	-5.3
EBIT after impairment	-2.2	-21.2

The CPH Group's Chemistry Division, which has production facilities in Switzerland and the USA, is active primarily in the silicate chemistry business. Trading under the Zeochem brand, its Silicate Chemistry operation is a leading global provider of molecular sieves (zeolites) and silica gels for industrial

applications and of high-value chromatography gels for the pharmaceuticals sector. The division also manufactures mineral fertilizers for the Swiss market and deuterated solvent products.

Paper

- Net sales increased through higher volumes sold
- Clear return to profit
- Market share gained
- Market overcapacities remain

in CHF million	2014	2013
Net sales	314.4	305.7
EBITDA	37.0	15.6
EBIT before impairment	12.5	-29.7
EBIT after impairment	12.5	-264.7



Packaging

- Slight increase in net sales for the year
- Modest growth in Europe's pharmaceuticals markets
- Results depressed by strategic project costs
- Decision taken to build new coatings plant in China

in CHF million	2014	2013
Net sales	117.8	116.4
EBITDA	10.7	12.9
EBIT	5.1	7.1

The Group's Paper Division, which trades under the Perlen Papier brand, is Switzerland's biggest producer of newsprint and its sole manufacturer of magazine paper. Long and well established in its markets, the division produces all its paper in Switzerland and exports 80% thereof, largely to the euro zone. The newsprint manufactured is a recycled product that consists more than 90% of recovered paper and waste woodchip from sawmill operations.

With production facilities in Switzerland, Germany and the USA (and China from 2016), the Group's Packaging Division manufactures a comprehensive range of PVC monofilms and high-barrier PVdC-coated films for the pharmaceuticals sector, and is the world's third-largest supplier of laminated films. The products, which are marketed under the Perlen Packaging brand, are used primarily in the manufacture of blister packs for medicinal applications.

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What drives us - what we drive

The visual theme for our 2014 Annual Report is inspired by three key value drivers of the CPH Group and its activities, and illustrates how CPH and its products and services help to meet and master the challenges concerned.

Report of the Board of Directors and Group Executive Management



Peter Schildknecht (left) and Peter Schaub

Dear shareholder, dear reader

The broad economic conditions in Europe's markets experienced sideways trends in 2014. And the sales performance of the CPH Group — which is largely active within Europe — was correspondingly modest. At the same time, however, CPH achieved an impressive improvement in its net results for the year, thanks primarily to its Paper Division.

The CPH Group has raised its efficiency by between CHF 20 million and CHF 30 million a year over the last few years, through a combination of enhanced processes, productivity increases and cost optimizations. In the past, however, these endeavours were nullified by falling paper prices and the net negative impact of currency movements, to a point where they were hardly reflected at all in bottom-line results. This changed last year: 2014 saw both paper prices and the relevant exchange rates remain broadly in line with their prior-year levels. And, as a result, the further actions taken to enhance CPH's efficiency were visible for the first time — and clearly and encouragingly so — in the Group's earnings results.

New production plant planned for China

CPH generates two-thirds of its sales from the paper manufacturing segment. At the same time, some 84% of the Group's revenues are earned in Europe's saturated markets. Switzerland accounts for only 14% of the Group's sales, while some 70% of its costs are incurred in Swiss francs. So the overvaluation that the Swiss currency has been suffering from for several years now has a correspondingly negative impact on CPH's earnings results.

To reduce its exposure to paper market and currency exchange rate trends, CPH now plans to invest in new production capacities outside the paper sector and outside Switzerland, and to tap more extensively into new Asian and Latin American markets. In line with these strategic objectives, the CPH Group resolved in the course of 2014 to further extend its packaging manufacturing operations to China. To this end, a 17,000-square-metre site was acquired on a leasehold basis in Wujiang in the Greater Shanghai region, and work began on constructing a new coating facility thereon in early 2015. The additional production capacity, which will be available from 2016 onwards, will help CPH to serve Asia's rapidly-growing pharmaceuticals markets

Slight increase in group net sales

Consolidated net sales for the CPH Group totalled CHF 492.5 million for 2014, a 2.3% increase on the prior-year period. The Paper Division enjoyed particularly substantial sales success. The PM 4 paper machine had its first full year of producing higher-margin magazine paper; and with the PM 7 machine also well utilized, the division's sales were increased accordingly. The Chemistry and Packaging divisions also achieved slight year-on-year increases in their net sales.

EBIT substantially improved

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to CHF 50.8 million, a 64.5% improvement on the prior-year period to which the Paper Division made by far the biggest contribution. Consolidated earnings before interest and taxes (EBIT) for 2013 had been significantly burdened by the impairments made to tangible fixed assets; but in a comparison with the prior-year

EBIT before impairments, too, the Group's EBIT for 2014 of CHF 16.0 million was an impressive CHF 42.7 million year-on-year improvement.

Net result a clear profit

The net result was also positive at CHF 10.5 million. It was further achieved largely without any non-operating income, since no real estate was disposed of in the course of the year.

CHF 13.00 dividend to be proposed

In a further confirmation of its consistent dividend policy, the Board of Directors will recommend to the Ordinary General Meeting of 1 April 2015 that an unchanged dividend of CHF 13.00 per share be distributed for the 2014 business year.

20-for-1 stock split to be proposed

The Board will further recommend to the Ordinary General Meeting of 1 April 2015 that the present CPH registered shares be subject to a 20-for-1 stock split.

Changes on the Board of Directors

Hanspeter Balmer stepped down from the CPH Chemie + Papier Holding AG Board of Directors for health reasons on 30 June 2014. In his 17 years as a Board member, Dr. Balmer provided invaluable input on the CPH Group's further growth and development. He also contributed his outstanding expertise on all accounting issues, and chaired the Board's Finance & Auditing Committee.

Max Walter will no longer be standing for re-election to the Board of Directors at the Ordinary General Meeting of 1 April 2015 for age reasons. Dr. Walter was first elected to the Board in 1990. As its Deputy Chairman and a member of its Finance & Auditing Committee, and with his vision and perspective, he has been instrumental in ensuring the sustainable long-term development of the CPH Group.

CPH offers both Hanspeter Balmer and Max Walter its deepest thanks for their many years of service, along with every good wish for the future.

CPH will propose to the Ordinary General Meeting of 1 April 2015 that two new members be elected to the Board of Directors. To succeed Dr. Hanspeter Balmer, the meeting will be asked to elect Kaspar W. Kelterborn. A proven financial specialist, Mr. Kelterborn has been Chief Financial Officer (CFO) of Conzzeta since 2006. Prior to this he served as CFO and a member of the Executive Board of the Unaxis Group; and he has also held various further financial positions with major Swiss industrial corporations. Mr. Kelterborn is the holder of a lic. oec. degree, with which he graduated from St. Gallen University in 1991.

To succeed Dr. Max Walter the Meeting will be asked to elect Manuel Werder. The holder of a lic. iur. degree and an LL.M. attorney's qualification, Manuel Werder is a partner at the Zurich-based Niederer Kraft & Frey law firm, where he specializes in company law and in domestic and international mergers and acquisitions. After completing his law studies at the University of Fribourg in 1998 and earning his bar qualifications in Zurich and New York, he spent several years working at well-known legal practices in New York and Buenos Aires.

Outlook

The Swiss National Bank's surprise decision in January 2015 to abolish its minimum euro exchange rate has prompted double-digit percentage declines in the values of key foreign currencies against the Swiss franc. The present foreign-currency weaknesses are likely to persist throughout 2015, making any projections of future CPH business trends only tentative at best. The CPH Group performs most of its production in Switzerland and exports the majority of its products. So the Swiss-franc exchange-rate movements of key foreign currencies (i.e. the euro and the US dollar) have a corresponding impact on the Group's sales and earnings results.

The business success of the CPH Group is highly contingent on developments in its Paper Division. Given the present market overcapacities, paper prices will remain under pressure in 2015 — a pressure that cannot be fully alleviated through increased production volumes. The Chemistry and Packaging divisions will continue to expand their higher-margin-product activities and tap new markets in growth regions.

The present efficiency enhancement drives will be continued group-wide with all their current vigour. For 2015 as a whole, CPH will be seeking to achieve slightly higher net sales in local-currency terms. In Swiss-franc terms, however, net sales for the year will suffer a substantial decline. Annual group EBIT will be negative, too.

The Chemistry Division's Uetikon production site is currently being considered by Canton Zurich as the location for a new cantonal high school. CPH is in talks on this with the cantonal authorities.

CPH issues its first corporate bond

"What drives us - what we drive" is the theme of this year's CPH Annual Report. Energy, health and recycling are issues that occupy us all every day. And CPH and its people are working on solutions here that will conserve resources and support medical advances.

Your input, too, helped the CPH Group make further substantial progress in 2014. And for this we offer you our sincere thanks. We thank our customers and suppliers for their confidence and trust. This year our gratitude goes to our bondholders, too: CPH issued its first-ever corporate bond, for CHF 120 million, in summer 2014. The money raised has been used to partially repay syndicated bank loans and provide funds for further expansion. And to you, our shareholders, we also offer our renewed thanks for your continued support of the sustainable long-term development of the CPH Group.

Peter Schaub
Chairman of the Board

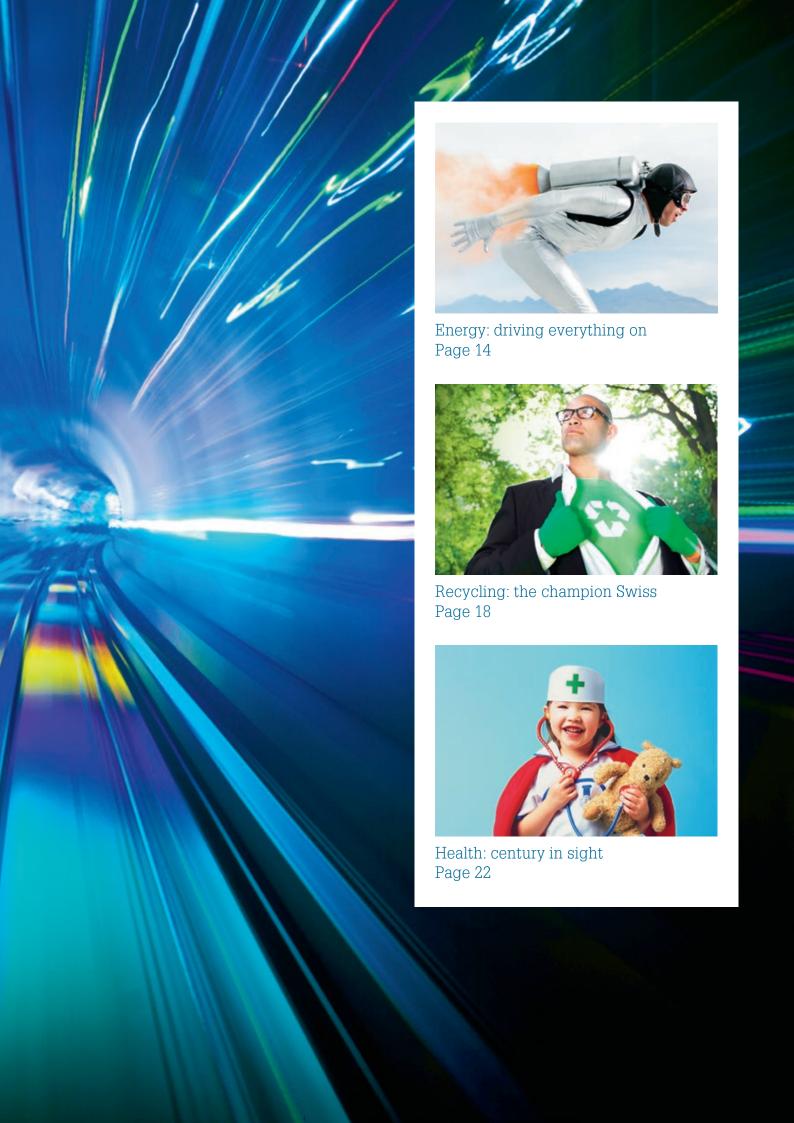
Peter Schildknecht Group CEO

What drives us — what we drive

Energy, recycling and health are three of the prime drivers of growth in CPH's business sectors. These three issues affect us all; and we affect them, too, through the innovations, products, quality and service that we bring to our various markets.

People's energy needs are rising all the time. And CPH offers products to purify gas in the growing shale gas and ethanol production fields. Recycling is an efficient means of sparing finite natural resources. And by recycling recovered paper we make a major contribution to preserving Europe's forests.

People are living longer, too, thanks not least to medical care. And CPH helps here as well, by protecting medications with our innovative packaging solutions.



Hard work rewarded with a black-ink earnings result



The CPH Group generated net sales of CHF 492.5 million in 2014, a 2.3% improvement on the prior-year result. EBITDA for the year was increased 64.5% to CHF 50.8 million. EBIT returned to the black at CHF 16.0 million, and the net result amounted to CHF 10.5 million.

The market environment

2014 brought an upturn in economic conditions all over the globe. The corresponding growth rates, however, showed sizeable differences worldwide. The industrialized countries continued their efforts to overcome the financial crisis, a process that is taking much longer than did the recoveries from earlier recessions. The emerging economies, by contrast, showed far more vigorous economic growth.

After a first half-year that saw growth rates of more than 1%, Europe's economic growth slowed considerably in 2014. Economic development in Europe is of vital importance to the CPH Group, which generates 84% of its sales in the region. Indeed, Europe accounts for virtually all the sales of the Paper Division.

The markets for the newsprint and magazine paper produced in Perlen are undergoing structural change. The demand for these print media has been declining for some years, as readers turn increasingly to online channels and mobile devices to keep themselves informed. Press paper production has not adjusted to the trend, however, and several hundred thousand tonnes of annual newsprint and magazine paper capacity would need to be removed from the market to regain the balance of supply and demand. Paper prices remain under corresponding pressure.

The Packaging Division is also strongly aligned to Europe-based customers. But, after outpacing general economic growth for several years, the continent's pharmaceuticals markets remained only in step with overall 2014 economic development.

After years of outsourcing to lower-wage countries, the USA has been increasing in attractiveness as a location for industrial production. One key reason for this is the tapping of domestic sources of shale gas, a trend that has enhanced the competitiveness of US-manufactured products. The USA has now become self-sufficient in energy production terms, and is even in a position to export fossil fuels.

As a supplier to the energy sector of molecular sieves that are used for gas purification purposes, CPH's Chemistry Division has benefited from the shale gas boom in North America. But the price of natural gas declined by about a third in the second half of 2014. Any further such declines could impact adversely on the tapping of new shale gas reserves, as such production is considerably more expensive than the conventional extraction of fossil fuels.

The emerging countries experienced substantially higher growth in 2014 than was seen in industrialized countries. But even their growth was somewhat more modest than in previous years: the Chinese economy grew by over 7%, while India saw year-on-year growth of more than 5%. Other emerging economies, however, such as Russia and Brazil saw virtually zero growth.

Group sales increased

The CPH Group generated net sales of CHF 492.5 million for 2014, a 2.3% increase on the previous year. All three divisions contributed to this encouraging sales growth, though the higher volumes of product sold by the Paper Division played a particularly prominent role.

The Group's three divisions operate in different sales markets. As a result, in addition to the general economic environment, they are also subject to specific market trends. Swiss-franc exchange rates, however, are a key factor for all three divisions: they all have at least one production facility in Switzerland but serve largely non-Swiss markets, so a strong Swiss franc will erode earnings accordingly.

The euro is the most important foreign currency for CPH. The Swiss National Bank kept the euro exchange rate stable throughout 2014, ensuring that it did not fall below CHF 1.20. The average euro exchange rate for the year was CHF 1.21, which compares to CHF 1.23 for the previous year. The US dollar exchange rate also declined, from CHF 0.93 to CHF 0.92.

Chemistry earnings up

The Chemistry Division enjoyed continued high demand for its molecular sieves from the producers of shale gas in North America and ethanol in South America. But this price-sensitive segment suffered competition from lower-cost manufacturers based in Asia, and the division's production facilities were not fully utilized as a result. By contrast, the demand for molecular sieves for the manufacture of medicinal oxygen and for the chromatography gels used in complex medicinal separation processes remained solid. All in all, the Chemistry Division posted a slight 1.7% increase in its net sales for the year. EBIT was also improved by CHF 3.1 million compared to the EBIT before impairment for 2013.

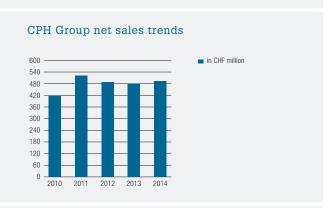
Paper raises sales and earnings

The Paper Division sold 347 677 tonnes of newsprint and 186 625 tonnes of magazine paper in 2014. The aggregate 534 302 tonnes of sales were a 3.9% year-on-year increase in its total sales volume. The year also saw a clear shift from newsprint to magazine paper in production terms. There are two reasons for this. First, the 2013 fire in the winder of the PM 4 paper machine had reduced production accordingly; and secondly, the PM 4 was used solely to produce highermargin magazine paper in 2014, while a lack of demand for such products had seen it also partially used for newsprint production the previous year. The extra volumes and more profitable product mix prompted a 2.9% increase in net sales for the year. And this, combined with efficiency enhancement measures and lower depreciation needs, delivered a CHF 42.1 million improvement in the division's EBIT result compared to the EBIT before impairment for 2013.

Packaging maintains market share

The Packaging Division was able to maintain its share of a stagnant European pharmaceuticals market, and registered a small 1.2% increase in its net sales for the year. Higher personnel expense and the costs of developing a number of strategic projects weighed on divisional EBIT, however, which was down on 2013.

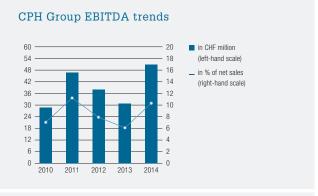
CPH Group net sales by division Chemistry CHF 60.2 million, 12% Paper CHF 314.4 million, 64% Packaging CHF 117.8 million, 24% CPH Group net sales by region Switzerland 14% Eurozone 63%

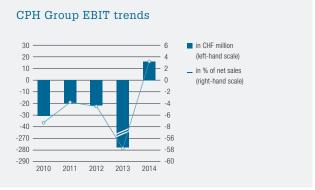


Rest of Europe 7%

Rest of the Americas 3%
 Rest of the world 7%

USA 6%





Strategic adjustments

The constituent contributions of the three divisions to total net sales remained unchanged in 2014. The largest share comes from the Paper Division, which contributes 64%, followed by Packaging with 24% and Chemistry with 12%. Europe (including Switzerland) remains the CPH Group's prime sales market. A large part of these sales are from the Paper Division, which distributes almost all its products to neighbouring European markets and within Switzerland.

The Paper Division pursues a volume strategy, and aims to achieve cost leadership in its sales markets through constant efficiency and process enhancements, and thereby acquire the desired earnings power. The foundations for these endeavours were laid with the installation back in 2010 of the PM 7, which is still the most advanced paper machine in Continental Europe.

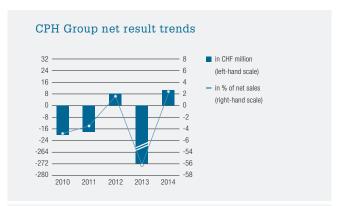
The Chemistry and Packaging divisions pursue a strategy of differentiation within their niche markets, with a focus on developing and distributing innovative new products. The added value that these products offer enables the divisions to differentiate themselves in pricing terms, too, and thereby achieve higher margins.

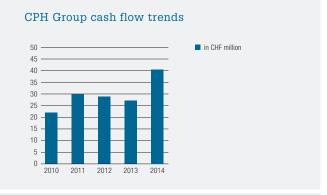
Reducing dependence on paper

CPH aims to effect a greater expansion of its Packaging and Chemistry divisions, to reduce the Group's dependence on the paper markets. To this end, the Group will be striving to achieve a closer balance in the net sales contributions of its constituent divisions in the years ahead. In the mid-to-long term, around half of group turnover should be contributed by its non-paper businesses.

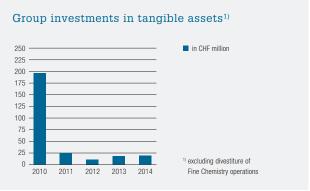
Some 84% of the CPH Group's net sales for 2014 were generated in the saturated European markets, which are showing only sideways trends. CPH aims to grow further in the years ahead, though. And with this aim in mind, the Group will be increasing its presence in the world's emerging regions such as Asia, to derive full benefit from their high growth rates.

With the Paper Division manufacturing its products solely in Switzerland and the Chemistry and Packaging divisions also having part of their production in the country, around 70% of the CPH Group's costs are incurred in Swiss francs. At the same time, the Group generates 86% of its sales outside Switzerland, primarily in the eurozone. As a result, group earnings are heavily influenced by currency exchange rate trends. An overvalued Swiss franc has a particularly adverse effect on export profitability. To ameliorate this situation, CPH will be strategically expanding its production facilities outside Switzerland in the years ahead. This should help ensure that costs are incurred and revenues earned in the same currency zone; and this in turn should reduce the impact of currency movements — and a strong franc in particular — on group results.









The Packaging Division is already taking a first step in this direction. Instead of expanding its Perlen manufacturing site, which will reach its capacity limits in the next few years, the division is constructing a new coatings film production facility in China. The Chinese pharmaceuticals market is rapidly expanding, with up to double-digit annual percentage growth. And the investment of a low-double-digit million-franc amount here should achieve all three of CPH's strategic objectives: reduce the overdependence on the Paper Division, expand into growth markets and lessen the impact of Swiss-franc exchange rate trends. The first sod will be cut on the site in Wujiang, near Shanghai, in the first quarter of 2015.

Energy costs down

Materials are the biggest cost item for the CPH Group, at 52% (2013: 53%) of sales. With paper prices remaining largely unmoved throughout the year, the efficiency enhancements achieved and further progress on the procurement front had a positive impact on materials costs. Personnel cost remained unchanged at 18%. Energy costs felt the benefit of the Perlen site's switch to the free electricity market, and declined from 16% to 14% of sales.

The operational improvements were reflected in much-improved consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 50.8 million, a 64.5% improvement on the prior-year result. EBITDA margin rose accordingly from 6.4% to 10.3%.

Encouraging EBIT trends

Ordinary depreciation fell in 2014 from the CHF 57.6 million of the prior year to CHF 34.8 million. The decline stems from the Group's lower depreciation base following the previous year's CHF 250.9 million impairment to tangible fixed assets. Consolidated earnings before interest and taxes (EBIT) amounted to CHF 16.0 million, a highly encouraging CHF 42.7 million improvement on the EBIT before impairment for 2013.

The financial result was down on the prior year at CHF -5.6 million. Non-operating income amounted to CHF 1.5 million, and the net result was well in the black at CHF 10.5 million.

A sound financial foundation

The CPH Group is on a firm financial footing, with a balance sheet equity ratio of 64%. CPH issued its first-ever corporate bond on the Swiss capital markets in mid-2014, a CHF 120 million bond with a coupon of 2.75%. The money raised was used to partially repay syndicated bank loans granted to finance the construction of the PM 7 paper machine, and to provide funding for further strategic projects.

Capital spending was slightly up at CHF 19.2 million. The spending effected was on replacement plant and equipment designed to enhance efficiency. Free cash flow for the year declined from the CHF 13.6 million of 2013 to CHF 0.4 million. Workforce numbers remained virtually unchanged: CPH's five operating locations employed 860 personnel at the end of 2014, compared to 859 a year earlier.

Outlook for 2015

The Swiss National Bank's decision in January 2015 to abolish its previous minimum euro exchange rate will impact on results at all three of the CPH Group's business divisions. All three divisions will continue to rigorously pursue their efficiency enhancement drives. For 2015 CPH aims to achieve a slight year-on-year increase in its group net sales in local-currency terms. But in Swiss-franc terms, net sales for the year are likely to fall substantially short of their 2014 levels. Consolidated EBIT for 2015 will also be a red-ink result.

With its Swiss production base and the high proportion of its products bound for export markets, the Paper Division is particularly sensitive to exchange-rate fluctuations. The paper sector is also facing massive overcapacities in Europe for both newsprint and magazine paper, and thus further price declines. In view of this, the Paper Division will be continuing its efficiency improvements with the utmost commitment. The lower prices of recovered paper and energy will offer at least some relief here.

The Packaging Division should see increases in both its net sales and its earnings in local-currency terms. But the progress here looks set to be nullified by exchange-rate trends. Much of the division's energies in 2015 will be devoted to construction of the new PVC film production facility in China, while further efficiency-enhancing investments are also planned at its other operating sites.

The situation at the Chemistry Division remains challenging, particularly through the continued pressures in Europe on the prices for molecular sieves. In view of this, the division is unlikely to emulate its 2014 performance in either sales or earnings terms.

Energy

Energy is the engine of industrial development. And the demand for energy for industry, households and mobility continues to rise at around 2% a year, meaning that it doubles every 35 years.

Some three-quarters of all the world's energy is derived from fossil fuels. And of these, shale gas is projected to experience the greatest growth in the next few years.

The CPH Group is benefiting from the shale gas boom in the USA. The molecular sieves manufactured by Zeochem play a crucial role in the gas purification process.

Energy in the form of electricity or steam is also a key resource for CPH. And by procuring the steam needed for its Perlen paper production from the Renergia incinerator facility from 2015 onwards, CPH can almost wholly eliminate its use of fossil fuels and make itself a carbon-neutral manufacturer.



Operational progress and a stronger emphasis on higher-margin products



Net sales for the Chemistry Division totalled CHF 60.2 million in 2014, a 1.7% improvement on the previous year. The division also achieved operational progress, and expanded its manufacture of higher-margin products. EBIT for the year was a substantial improvement on 2013.

Market environment

CPH's Chemistry Division is primarily active in the silicate chemistry sector. The molecular sieves and chromatography gels produced are used, respectively, to purify gaseous substances and in the separation of pharmaceutical agents. The division also produces deuterated solvents and fertilizer for the Swiss market.

Molecular sieves are used in industrial and chemical facilities and in the energy sector to purify ethanol, hydrogen, oxygen and natural gas. New sieves are required when a facility is first built, and existing sieves need to be replaced when they lose their adsorption capacity.

Mid-2014 saw Europe's economic recovery start to slow down. As a result, molecular sieve customers were reluctant to invest in new facilities, and tended to postpone any refurbishment of existing plant. Strong pricing pressures were also felt, especially from Asian competitors.

In North and South America the demand for molecular sieves stemmed largely from the shale gas and ethanol production sectors. While the ethanol boom has abated, and business there is largely focused on replacing existing sieves, further impetus is expected to be provided by the US economic recovery.

CPH also sees further potential for its products in the Middle East. But many of the countries that are active energy producers here are less than stable in political terms. Any tightening of the present sanctions against Russia in connection with the Ukraine conflict could also impact on the energy sector.

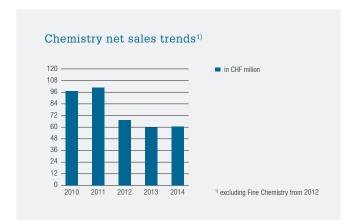
The growth momentum in China has also slowed somewhat. But the opportunities here are still intact, albeit at a lower level, and Asia's markets remain attractive. The specialist markets for chromatography gels and medicinal oxygen applications showed encouraging business trends.

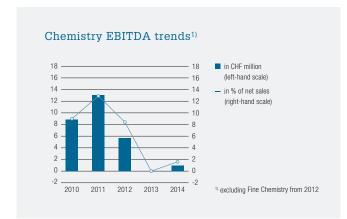
Business development

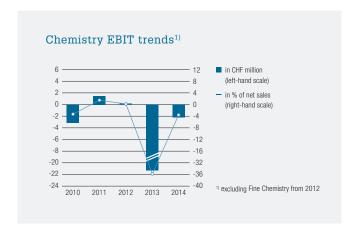
Net sales for the division amounted to CHF 60.2 million. The sales result was a 1.7% improvement on the previous year.

The volume business for the chemistry and energy sectors is highly price-sensitive, and many new competitors, especially from Asia, are muscling into the market. In response, the division launched a sales offensive in the course of the year, which showed positive results in the second six months. Various actions were also taken at both its operating sites to enhance its procurement and its efficiency and thus its competitive credentials.









As well as its high production costs, the strength of the Swiss franc is a major competitive disadvantage for the division in international terms. Capacities were not fully utilized at either location. The sole exception here was in the production of molecular sieves for the medicinal oxygen segment.

A shift was also seen – from Latin America to North America and Europe – in the proportions of the division's sales generated in its various geographical markets. The manufacture of mineral fertilizer for Fenaco, the Swiss market leader, and of solvents for chemical analysis applications both developed in line with expectations.

The efficiency enhancements achieved had a positive impact on bottom-line results. EBITDA for the year increased to CHF 1.0 million. EBIT was also improved, from 2013's CHF -5.3 million (before impairment) to CHF -2.2 million, thanks not least to the lower depreciation base following the prior year's tangible-asset impairment.

The division invested CHF 3.1 million (compared to CHF 4.3 million the previous year) in expanding its production of high-margin products. And as well as improving productivity, the division put a strong focus on enhancing its quality assurance processes. A total of 180 personnel were employed in the Chemistry Division at the end of 2014.

Strategy

The Chemistry Division is further increasing its focus on supplying higher-margin products for demanding applications. The molecular sieves used to purify medicinal oxygen are being required to fit into increasingly smaller mobile units. So product development here is moving towards small sieve particles, and to improving their adsorption credentials. The chromatography gel segment also has new products in the pipeline that offer better separation capabilities for pharmaceutical applications. And the division will continue its expansion unabated into the growing Chinese and Middle East markets.

Outlook

Business in 2015 will be strongly influenced by the changed currency rates. The massive increase in the Swiss franc's strength following the abolition of the minimum euro exchange rate will affect the division's 2015 results, which are likely to decline in both sales and EBIT terms.

After a hesitant recovery up to mid-2014, the European economy is now showing a sideways trend, with little sign yet of any rise in the demand for molecular sieves. In Asia the prospects remain bright; and the economic growth in North America will bolster demand. Energy prices fell substantially in the course of 2014, however; and this could adversely affect the shale gas sector, given the relatively high expense of exploiting this energy source.

The Chemistry Division expects to see sound development in 2015 of its higher-margin products. But the volume business is likely to remain tough, given the present pricing pressures.



The Swiss like to regard themselves as the world recycling champions. And their re-use rates for glass and aluminium cans are exceptionally high, at 96% and 91% respectively. For PET, tin, paper and cardboard, too, Swiss recycling rates are well over 80%.

But Switzerland is not alone in its efforts to ensure that as much valuable material as possible is not incinerated but is returned instead to the production cycle. In Europe as a whole, the recycling rate for paper has risen from around 50% in 2000 to more than 70% today.

CPH's paper production at its Perlen plant is geared to making newsprint and magazine paper from recovered paper. And by using 85% recovered paper and 10% woodchip waste in its manufacturing processes, Perlen Papier plays a key role in conserving wood as a valuable natural resource.



Encouraging progress made



The Paper Division achieved net sales of CHF 314.4 million for 2014, a year-on-year increase of 2.9%. The year also saw the PM 4 machine used solely to manufacture magazine paper throughout the year. And divisional EBIT returned clearly to the black at CHF 12.5 million.

Market environment

On the European markets 2014 saw declines in demand for newsprint and magazine paper of 6.3% and 3.2% respectively. These compare with declines of 6% and 8% respectively for the previous year. The falls remain connected with structural changes in the media sector, which is moving from printed newspapers and magazines to online alternatives, in response to changed reader habits.

The paper industry's capacities showed no major changes in the course of the year. While several newsprint machines had been mothballed in 2013, leading to a rapprochement of supply and demand, the discrepancy between the two increased again in the reporting period. By year-end, the overcapacities amounted to some 0.7 million tonnes in the newsprint segment and 1 million tonnes for magazine paper production. One of Europe's largest paper producers did announce in November, however, that it would be mothballing a total of 800 000 tonnes of printing paper capacity spread over four production sites.

The modest price increases that had been permitted in the second half of 2013 as supply had drawn closer to demand still impacted positively on producers' revenues in the first half-year. But the second six months brought renewed pressure on prices which returned them to 2013 first-half levels, and manufacturers' revenues fell correspondingly short of their budgeted projections.

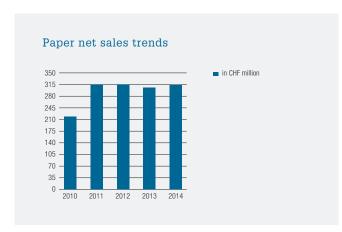
Paper production in Switzerland is additionally burdened by the over-valuation of the Swiss franc. With 82% of its production exported (compared to 81% in 2013), Perlen Papier is greatly affected by currency movements, and by the franc/euro exchange rate in particular. Perlen Papier is the sole manufacturer of magazine paper in Switzerland, and one of only two Swiss newsprint producers. Its main competitors outside Switzerland are the large Nordic paper manufacturers.

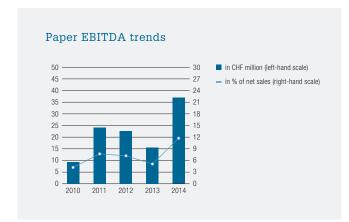
Business development

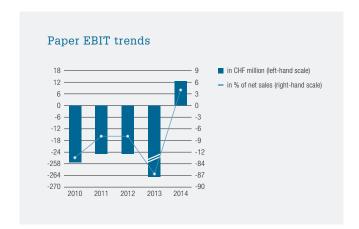
The Paper Division sold 347 677 tonnes of newsprint in 2014, 6.8% less than the previous year. This was essentially the production volume of the PM 7 machine, which, in its fourth full operating year, was almost at full annual capacity. The higher prior-year volume is attributable largely to the fact that, with less demand for magazine paper, the PM 4 machine was also used at times in 2013 for newsprint production.

In 2014, for the first time since its installation, the PM 4 was used solely to produce higher-margin magazine paper. And the larger volume of magazine paper sold - 186 625 tonnes, 32.0% up on 2013 - is due partly to the PM 4's higher utilization (and partly to the fact that the machine was out of use for some two months in 2013 following a winder fire, with a production loss of over 30 000 tonnes).









With prices slightly higher than in 2013 and the additional volumes sold, the division raised its net annual sales 2.9% to CHF 314.4 million. Perlen Papier thus enjoyed a 31.8% share of the Swiss newsprint market and a 35.5% share of its magazine paper market; for Europe as a whole, the corresponding figures were 4.8% and 6.0%.

Being unable to influence either paper prices or exchange rate trends, the division puts a consistent focus on further enhancing its efficiency. Some CHF 10.5 million was invested in tangible fixed assets to this end. A switch to the free electricity market also reduced energy costs, despite the higher production volumes. Efforts to procure more recovered paper from within Switzerland also bore fruit, and more than 50% of such paper now comes from Swiss sources. The higher production volumes were also achieved with a workforce that was unchanged at 364 personnel, including 30 apprentices.

Divisional EBITDA was raised 136.7% to CHF 37.0 million. EBITDA margin was more than doubled to 11.8%. EBIT for the year amounted to CHF 12.5 million, the division's first black-ink EBIT result since 2009. Some CHF 4 million of this is attributable to non-recurring items relating to the release of provisions for the PM 4 winder fire and its ramifications, and to the sale of carbon credits.

Strategy

Perlen Papier strives to be the cost leader in its prime sales market, within a radius of some 500 kilometres of its Swiss production site. In view of the "commodity" nature of its paper products, the division puts a clear and constant focus on raising its efficiency and its productivity to enhance its competitive position.

The new Renergia waste incinerator facility next to the Perlen site will commence operations in 2015. And Perlen Papier will procure the low-pressure steam required to dry its paper webs from the new facility from the second quarter onwards, further improving its energy and carbon credentials.

Outlook

With demand for newsprint and magazine paper likely to decline further and the present European overcapacities set to increase accordingly, unchanged paper prices are the best that can be hoped for in 2015. The capacity reductions at four European production plants announced by a competitor at the end of 2014 are unlikely to bring any relief here before the second half of the year. So revenues will remain under pressure, and the current market consolidation looks set to continue.

The abolition of the minimum euro exchange rate will depress the division's sales and earnings in Swiss-franc terms. The actions to raise profitability will be further pursued. But with the strength of the Swiss franc and further paper price declines, lower net sales and a negative EBIT result must be expected for 2015.

Health

One child in two born in the industrialized world today will live to be 100 if life expectancy continues to rise as it has in recent years. Medical advances have provided successful cures and remedies for many of the illnesses that humanity faces today.

The price of such longevity, however, is a steep increase in healthcare costs. Our lives may be getting longer, but they are not necessarily getting healthier. Obesity, stress and pollution all have their impact on the human body.

The pharmaceuticals industry feels the benefit of these rising healthcare costs. And Perlen Packaging focuses with sizeable success on manufacturing barrier films that protect ever more complex medications within their blister packs.

CPH's Chemistry Division is also involved in a growing healthcare-related segment: the production of oxygen for medical applications.



Packaging expanding in the growing Asian markets



The Packaging Division is expanding into Asia and building a film production facility in Wujiang near Shanghai, China. Net sales for 2014 rose 1.2% - in line with market trends - to CHF 117.8 million, though the EBIT of CHF 5.1 million was a year-on-year decline.

Market environment

The European pharmaceuticals sector, which is the prime sales market of CPH's Packaging Division, saw a slowdown in its growth in 2014. Overall demand for blister packs rose by less than 1%. Above-average growth rates are still being seen in the emerging markets, however, especially in Asia and Latin America. The Chinese government is actively promoting medication manufacture, and has tightened up its production quality requirements with the aim of supplying high-quality pharmaceutical products not only to the domestic market but also (and increasingly) to international markets.

The molecules being developed by the pharmaceuticals industry are becoming ever more complex, while more and more medications are being distributed to all the world's various climate zones. Both these trends put greater demands on the barrier credentials of the blister packagings in which these products are supplied. Perlen Packaging holds a unique selling proposition in the high-barrier-film segment, and continues to specifically expand and refine this product range.

Consolidation is under way in the Packaging Division's sales and procurement markets. One Italian competitor is currently in insolvency proceedings, and two European suppliers of raw PVC materials have been acquired by competitors from Mexico and the USA.

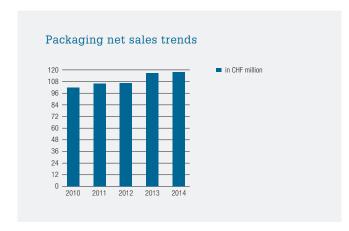
Business development

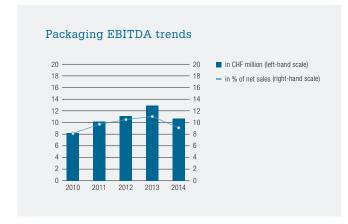
The Packaging Division raised its total sales volume by 3.7% in 2014, in line with global market growth. Net sales amounted to CHF 117.8 million, up 1.2%. While sales for Europe were slightly below their 2013 levels, the division derived particular benefit from the growth in North and South America. In Asia, by contrast, sales growth fell short of market trends. The division has now resolved to build its own PVC film production plant in China, to better exploit the opportunities there and tap into local markets.

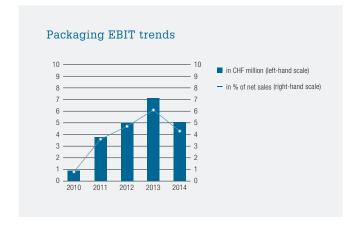
The geographical breakdown of sales saw only minimal shifts. Europe's share slipped from 68% to 66%, while that of Asia and the Americas rose from 32% to 34%. Perlen Packaging is one of the world's top three producers of PVC films for blister packs, with over 20% of the European market.

With strategic projects under development and higher personnel costs, the CHF 10.7 million EBITDA for the year was 17.1% down on 2013. EBIT was also correspondingly lower at CHF 5.1 million, a 29.1% decline; and the division's EBIT margin slipped accordingly from 6.1% to 4.3%.









The Packaging Division invested CHF 4.4 million in tangible fixed assets in 2014, largely in advance payments on the new Chinese facility. Perlen Packaging acquired a 17 000-square-metre site in Wujiang, near Shanghai, on a leasehold basis in the course of the year, and also founded a new subsidiary, Perlen Packaging (Suzhou) Co. Ltd. Divisional workforce numbers stood at 307 at year-end (2013: 304).

Strategy

Perlen Packaging is the only film manufacturer with a clear focus on the pharmaceuticals sector, and covers the full range of products from PVC monofilms to coated PVdC films with the strongest barrier qualities. The division puts a strong emphasis on developing, manufacturing and distributing high-margin films with high and top barrier credentials.

2014 also saw the successful launch of the new PERLALUX® Ultra protect product. This is the first time Perlen Packaging has entered the ultra-high-barrier film market with a PVdC-based blister film: in the past, the market has been the preserve of all-aluminium blister products. Some 13% of the division's net sales for 2014 stemmed from higher-margin products brought to market in the previous five years.

Perlen Packaging is well positioned in Europe, and is one of the three market leaders. But the continent's pharmaceuticals markets show only low-single-digit growth, while low-double-digit growth is expected from the emerging markets in the next few years. Proximity to local markets is vital to success. And this is why the division resolved in 2014 to build a new film production plant in Wujiang, near Shanghai. The first sod will be cut here in the first quarter of 2015, and the first products should be delivered to local Asian markets in 2016. In the medium term, the development of these capacities in China should free up capacity at the Perlen site to permit further growth. Perlen Packaging also earned the Silver ASCO Award in 2014 for successfully conducting its earnings enhancement project over the past few years.

Outlook

Healthcare remains one of the world's key markets, its growth driven by overweight and ageing populations in the industrialized nations. To this can be added the urbanization in emerging economies, which is making health services available to more of the population. The global demand for medication is projected to grow by 4-7% a year between now and 2018, though with regional variations: double-digit growth is expected for Asia and Latin America, and 2-4% for Europe and the USA. The demand for blister packs should grow even more strongly, as oral medicine is the most popular form. The growth in the emerging markets could increase pricing pressures, too, as generic medications are particularly prevalent in these regions.

The Packaging Division expects to increase its net sales and EBIT in 2015 in local-currency terms. But any progress here will be nullified by the Swiss National Bank's abolition of the minimum euro exchange rate and the resulting strengthening of the franc. Work will also continue on the new Chinese plant, while further efficiency-enhancing investments are also planned for the division's other production sites.

Clarity and responsibility for sustainable long-term values



The CPH Board of Directors and Group Executive Management attach great value to practising responsible corporate management that is in the interests of shareholders, customers, employees and further stakeholders alike.

The following Corporate Governance section is structured in accordance with the corporate governance guidelines issued by the SIX Swiss Exchange. For certain items, reference is made to the annual financial statements from page 41 onwards, and in particular to the additional corporate governance information provided in the annex to the consolidated financial statements.

Group structure and shareholders

Management structure as of 31 December 2014

CE0

Peter Schildknecht	
Divisions Chemistry	Service function CFO
Alois Waldburg-Zeil	Manfred Häner
Paper	

apei

Klemens Gottstein

Packaging

Wolfgang Grimm

The CPH Group comprises three autonomous divisions. The Group is led by the Group CEO; the divisions are headed by the Divisional CEOs. Group Executive Management consists of the Group CEO, the CFO and the Divisional CEOs. The HR & Communications function was abolished in 2014. The Group CEO reports to the Chairman of the CPH Board of Directors. CPH Chemie + Papier Holding AG (the holding company) is domiciled in Perlen/Root, Switzerland. For an overview of the subsidiaries included in the consolidated financial statements, see page 74.

Capital structure

For details of the capital structure, please see page 67.

Shareholder structure	31.12.2014	31.12.2013
UBV Uetikon Betriebs- und Verwaltungs AG	49.9	49.9
Schnorf-Schmid Ella	7.2	7.2
Sarasin Investmentfonds AG	6.0	6.1
Members of the Board of Directors and Group		
Executive Management (and related parties)	1.5	2.8
Publicly-held shares	30.1	29.0
Shares currently not listed in the Share		
Register	5.3	5.0
Total shareholders	833	829

Board of Directors

The Board of Directors of CPH Chemie + Papier Holding AG is entrusted with the overall management of the company. The Board is responsible in particular for determining the company's strategic alignment and thrust, defining its accounting and financing principles, assessing business opportunities and risks and appointing and supervising Group Executive Management.

In full compliance with the relevant legal provisions and the company's Articles of Incorporation, the Board of Directors has delegated the management of the company to Group Executive Management, headed by the Group CEO (see above). The delimitation of authorities here and the collaboration among the Board, its committees, Group Executive Management and the Group's three business divisions are laid down in detail in the Company Bylaws of CPH Chemie + Papier Holding AG.

The members of the Board of Directors are elected individually by the Ordinary General Meeting to serve for a one-year period. They may be re-elected. In accordance with the Company Bylaws, a Board member's mandate will end at the latest at the Ordinary General Meeting of the year in which their 70th birthday falls.

The Chairman of the Board and the members of its Personnel & Compensation committee are elected from the Board's ranks by the Ordinary General Meeting. Apart from these appointments, the Board is self-constituting, and elects from its ranks a Deputy Chairman, the members of its Finance & Auditing committee and the chairs of its two committees. The Board consisted of five members as of 31 December 2014. No Board member currently serves the company in an executive capacity, and no Board member has done so in the past three years.

The Board of Directors has formed two permanent committees: Finance & Auditing and Personnel & Compensation. These committees do not take any decisions themselves: they primarily perform a preparatory and advisory function, helping the full Board to conduct its meetings more efficiently and take swift and well-founded decisions. Their duties are laid down in separate Descriptions of Duties.

The two board committees are currently composed as follows:

Finance & Auditing

Max Walter succeeded Hanspeter Balmer as chair of the Finance & Auditing committee on 1 July 2014 following the latter's retirement from this function and the Board on 30 June. The Board elected Tim Talaat to serve as a third committee member - with existing member Peter Schaub - from 1 July. The Group CEO and CFO also attend all committee meetings as permanent guests. The committee's tasks comprise in particular:

- evaluating the Group's financing and accounting systems in terms
- of their appropriateness, reliability and effectiveness
- examining the annual and half-yearly accounts and financial statements and other financial information intended for publication, and determining the guidelines, quality standards and content thereof
- monitoring the assessment of corporate risks and the Group's risk
- management practices
- monitoring the Group's investment and hedging policies
- monitoring the Group's Internal Control System and its effectiveness

- monitoring the Group's business activities in terms of its observance and implementation of Board resolutions, company policy principles and directives and the relevant legal provisions, particularly those relating to stock exchange law
- assessing the work, performance, independence and remuneration
 of the external group and statutory auditor, and making recommendations on the election of the same to the Board of Directors and
 the General Meeting, approving the auditing plan, processing audit
 reports and overseeing the adoption of the external auditor's recommendations
- monitoring the Group's real-estate strategy.

The committee met for three half-day deliberations in 2014.

Personnel & Compensation

The Personnel & Compensation committee comprises Mauro Gabella (chair), Tim Talaat, Christian Wipf and Peter Schaub (personnel affairs only). The Group CEO also attends all committee meetings as a permanent guest, unless his own compensation or other topics relating to him are being discussed. The committee's tasks comprise in particular:

- devising guidelines for the CPH Group's compensation and benefit policy (in particular the compensation principles for the Board and Group Executive Management) on behalf of the Board of Directors
- submitting proposals to the full Board of Directors for the compensation of the same
- assessing the performance of the Group CEO and the further members of Group Executive Management and their achievement of their annual targets, and submitting corresponding proposals for their fixed and variable compensation to the full Board of Directors
- monitoring the implementation of the CPH Group's compensation policy along with groupwide salary developments
- making recommendations to the full Board of Directors on elections to its ranks and the appointment of a new Group CEO and/or further members of Group Executive Management, and on their terms and conditions of employment.

The committee met for four half-day deliberations in 2014.

The Board of Directors met eight times in 2014: for three half-day meetings, four full-day meetings and a two-day strategy meeting. The Group CEO and the CFO are permanent guests at all Board meetings unless topics relating directly to them (such as their compensation) are being discussed. Its own internal issues and further topics, such as the compensation of the Group CEO, are discussed by the Board in separate preliminary in-camera meetings.

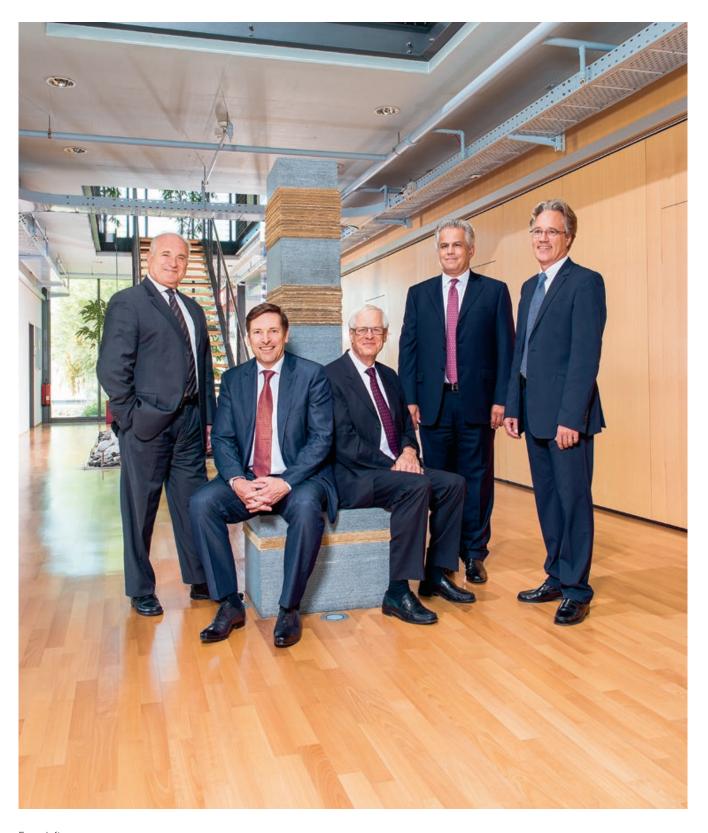
The current and future development of each division are discussed in depth at dedicated annual half-day meetings. These are also attended by the full Divisional Management of the division concerned.

The Board's two-day strategy meeting is devoted to strategic issues and the medium-term development of the CPH Group and its constituents. One meeting day is also attended by the full Group Executive Management and members of the three Divisional Management teams.

The Chairman of the Board is in regular contact with the Group CEO to support him in his duties and in the implementation of business strategy.

The Board of Directors

as of 31 December 2014



From left: Mauro Gabella, Peter Schaub, Max Walter, Tim Talaat and Christian Wipf

Peter Schaub

Chairman, born 1960, Swiss national, lic. iur., attorney-at-law, first elected in 1994.

Current positions

Partner at Weber Schaub & Partner AG, tax and legal consultants, Zurich; Member of the Board of Directors of Mobimo AG, Lucerne; Deputy Chairman of the Board of Directors of UBV AG, Uetikon; Member of the Board of Directors of Rüegg Cheminée Holding AG, Zumikon; member of the boards of directors of various further unlisted companies; trustee of various foundations.

Previous positions

Tax commissioner at the Cantonal Tax Office, Zurich; junior associate at the Schellenberg Wittmer law firm, Zurich.

Max Walter

Deputy Chairman, born 1945, Swiss national, Dr. iur., attorney-atlaw, first elected in 1990.

Current positions

Self-employed attorney (SSW Rechtsanwälte, Zurich); Member of the Board of Directors of UBV AG, Uetikon; Member of the Board of the Swiss Sponsorship Organization for Mountain Communities, Zurich.

Previous positions

Partner at Pestalozzi Rechtsanwälte AG, Zurich.

Mauro Gabella

Born 1952, Swiss and French national, Dr. sc. nat., first elected in 2005.

Current positions

Chairman of the Board of Directors of PME&Co, Luxembourg; CEO of HCS HealthCare Management Solutions, Chesières.

Previous positions

Vice President Organizational Excellence & Project Management Europe for Sanofi-Aventis, Paris; Vice President Central & Southern Europe for Sanofi-Aventis, Paris.

Tim Talaat

Born 1960, Swiss national, MSEE and MBA, first elected in 1994.

Current positions

CEO of Looser Holding AG, Arbon; chairman/member of the boards of directors of various subsidiaries of Looser Holding AG; Member of the Board of Directors of Bachofen AG, Uster.

Previous positions

Managing Partner at Swiss Industrial Finance AG, Pfäffikon SZ; CEO of SR Technics Switzerland and Member of the SR Technics Group Executive Board, Zurich Airport.

Christian Wipf

Born 1957, Swiss national, lic. oec. HSG, first elected in 2008.

Current positions

Chairman and Delegate of the Board of Directors & CEO of Wipf Holding AG, Volketswil; Chairman of the Board of Directors of Wipf AG, Volketswil; Chairman of the Board of Directors of Elco AG, Brugg; Chairman of the Board of Directors of Swiss Direct Marketing AG, Brugg.

Previous positions

CEO of Wipf AG, Volketswil; Executive Management of Seetal Schaller AG, Brugg.

Group Executive Management

as of 31 December 2014



From left: Alois Waldburg-Zeil, Wolfgang Grimm, Peter Schildknecht, Klemens Gottstein and Manfred Häner

Peter Schildknecht

Group CEO

Peter Schildknecht, who is a Swiss national, was born in 1962. A doctor of science, he joined CPH in 2008 and has been its Group CEO since 2009.

Dr. Schildknecht is a Member of the Board of Euro-Graph (the European Association of Graphic Paper Producers), Deputy Chairman of the Board of the Central Switzerland Chamber of Industry & Commerce and Deputy President of the MTEC Foundation to promote research and education in business science at the Swiss Federal Institute of Technology (ETH), Zurich.

Between 1995 and 2001 Peter Schildknecht held various functions in the Von Roll Group, including CEO of Von Roll Betec AG and Head of Industrial Services and a Member of Executive Management at Von Roll Infratec Holding AG, Bern. From 2001 he served as a Member of Group Executive Management at Sarna Kunststoff Holding AG, Sarnen, and led various group divisions, most latterly Sarnafil.

Klemens Gottstein

Head of the Paper Division

Industrial engineer and paper manufacturer Klemens Gottstein, who is a German national, was born in 1961. The holder of an MBA, he joined CPH as its Head of Paper in 2012.

Between 1989 and 2011 Klemens Gottstein held various functions at the Myllykoski Group, including HR Director, General Manager of its Dachau and Ettringen works and Director of Business Development for Coated Papers. He most latterly served as Executive Vice President Operations and a Member of the Executive Management of Myllykoski Europe, with responsibility for its six European plants and Human Resources Europe.

Wolfgang Grimm

Head of the Packaging Division

Wolfgang Grimm, who is a German national, was born in 1957 and holds a BA Diploma in Business Administration. He joined the then Perlen Group as its Head of Packaging in 1998, and was appointed to his present position in 2003.

Wolfgang Grimm was Sales Director at VAW Europack Export GmbH, Teningen (Germany) from 1993 to 1995. He then moved to Schüpbach AG, Burgdorf (Switzerland), where he rose to become Vice President Sales Central Europe for Danisco Flexible Schüpbach AG.

Manfred Häner

Head of Finance, Investor Relations, Real Estate & IT / CFO

Manfred Häner, who is a Swiss national, was born in 1956. The holder of a Swiss Federal Diploma as an Accounting & Controlling Specialist, he joined CPH as its Group CFO in 2012.

From 1999 to 2010 Manfred Häner served as CFO and Deputy CEO of Micronas Semiconductor Holding AG. He commenced his professional career in 1975 with Sulzer, with which he went on to hold various finance and controlling functions over the next 23 years culminating in his serving as CFO and Deputy CEO of the Sulzer International division. His Sulzer service also included several years of secondment to New York and Madrid.

Alois Waldburg-Zeil

Head of the Chemistry Division

Alois Waldburg-Zeil, who is an Austrian national, was born in 1963. A doctor of law, he joined CPH as its Head of Chemistry in 2010.

Alois Waldburg-Zeil began his professional career as an auditor, and served with KPMG from 1993 to 1997. Between 1997 and 2009 he held a range of management functions with the Süd-Chemie Group (which is now part of Clariant), including Head of the General Secretariat and Public Relations, Sales Manager EMEA, Global Financial Manager for Süd-Chemie Performance Packaging in Paris (France), CEO of Süd-Chemie UK in Manchester (UK) and CEO of Süd-Chemie Zeolites GmbH in Bitterfeld (Germany).

The Board of Directors supervises Group Executive Management through structured reporting and controlling processes. The Board receives a comprehensive monthly written report on current business trends, financial results, market developments, emerging risks and other key events. The Group CEO also reports on the latest business trends and performance and all further issues of relevance to the Group at every Board meeting. Further details of CPH's Internal Control System (ICS) will be found in the annex to the consolidated financial statements on page 72. The external auditor supports the Board of Directors and its Finance & Auditing Committee in their control and monitoring functions.

Group Executive Management

Group Executive Management is CPH's supreme executive body, and is charged with the Group's operational management. Group Executive Management is tasked primarily with implementing the strategy defined by the Board of Directors, applying corporate policy and managing and coordinating the activities of the Group's business divisions. The members of Group Executive Management are appointed by the Board of Directors. Group Executive Management generally meets once a month. It also conducts an annual two-day retreat; and a further one-and-a-half-day management meeting is held every year together with the full managements of the Group's three business divisions.

Remuneration

For the remuneration paid to the Board of Directors and Group Executive Management, please see the Remuneration Report on page 33.

Shareholders' rights and change of control

Details of shareholders' rights and change-of-control clauses will be found in the additional corporate governance information on page 68.

External auditor

Statutory and group auditor PricewaterhouseCoopers AG, Zurich

First elected: 1971

Current term: the 2014 financial year

Auditor-in-charge

René Rausenberger (since 2009)

The remuneration paid to the external auditor is shown on page 70. The Board of Directors' Finance & Auditing Committee examines the reports of the external auditor and assesses its work. The Committee then reports on this to the full Board. One meeting of the Finance & Auditing Committee in 2014 was also attended by representatives of the external auditor.

Information for shareholders

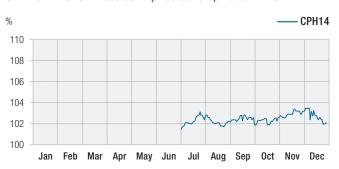
Share price trends

The price of the CPH share closed at CHF 1 129 on 30 December 2014, an 8.2% decline on its price at the end of 2013. CPH shares thus performed below general market trends: the Swiss Performance Index (SPI) rose 13.0% over the same 12-month period.

CPH share price developments in 2014



CPH 2014-2019 2.75% bond price developments in 2014



Securities information	Share	Bond
Securities number	162 471	24761122
ISIN	CH0001 624 714	CH0247 611 228
<u> </u>	0011.0	
Reuters	CPH.S	
SIX Swiss Exchange	CPHN	CPH14

Investor relations agenda

27 February 2015 Publication of 2014 Annual Report;

media conference & investors' meeting

1 April 2015 Ordinary General Meeting

July 2015 2015 Half-Year Report (to 30 June)

CPH's communications on its business trends and performance, its letters to shareholders and key ad-hoc disclosures may be obtained via an email service that is available from the www.cph.ch website (under Investors -> Communications). The latest CPH corporate communications and interim reports will also be found on the www.cph.ch website, together with further corporate information.

Investor relations contact Manfred Häner, CFO

CPH Chemie + Papier Holding AG 6035 Perlen Phone +41 41 455 8000 Email investor.relations@cph.ch

Remuneration Report

The Remuneration Report contains information on the principles, programmes and procedures for determining the remuneration paid to the CPH Board of Directors and Group Executive Management and their amounts in 2014.

This report is divided into two sections. Section 1 is not subject to the auditing required under Article 13 of Switzerland's "VegüV" ordinance, while Section 2 is.

1. Remuneration and general information

The fundamental aim of the CPH Group is to provide remuneration that is in line with market levels. CPH regards such remuneration as a combination of a fixed and a variable salary component. The amount of each individual's overall remuneration and the components thereof are determined by regularly reappraising the current classification of each function, benchmarking the remunerations awarded and comparing these to market rates (see also the details below for the Board of Directors and Group Executive Management).

Any modifications proposed to the remuneration for the Group CEO or further members of Group Executive Management are submitted for approval to the full Board of Directors by its Personnel & Compensation Committee, with due reference to the market comparisons conducted.

Every meeting of the Personnel & Compensation Committee is preceded by an agenda that is communicated to every Board member. The committee also informs the other Board members of the topics it has discussed and the background to any proposals or recommendations submitted at the next Board meeting. Any committee member will voluntarily withdraw from any meeting at which any issues or remuneration are to be discussed regarding themselves or related persons.

The Personnel & Compensation Committee generally meets three times (at least twice) a year. Four such meetings were held in 2014.

The members of the Personnel & Compensation Committee are elected individually by the Ordinary General Meeting to serve for a one-year term. For further details of the Personnel & Compensation Committee's current composition and prime duties and responsibilities, please see the Corporate Governance section.

Individual performance has a direct influence on the remuneration paid to all CPH Group personnel, including management members. The assessment thereof is based on the degree to which broader and individual targets are achieved, and such achievement is remunerated via the variable salary compensation component. For each function, a target bonus is defined that will be paid if the targets concerned are achieved in full. The actual bonus to be paid will then be determined on the basis of the degrees to which such targets are achieved, with a maximum annual bonus payable amounting to 150% of the target bonus set. The bonus gradations between the lower and upper limits of 0% and 150% may either be linear or consist of a series of steps: the details here are determined as part of the annual target-setting process. For 2014 linear gradations were adopted for all the personnel concerned. CPH does not award any discretionary bonus payments.

While the Articles of Incorporation of CPH Chemie + Papier Holding AG permit long-term incentives (particularly in the form of employee share ownership), the CPH Group currently has no such remuneration components. There are no management share ownership or share option plans for Board or management members. There are also no contractual agreements regarding severance payments. The Group CEO has a contractual notice period of 12 months, while the further members of Group Executive Management have a notice period of six months.

CPH maintains occupational pension arrangements for all its employees. There are no additional insurance arrangements for Group Executive Management members. The members of the Board of Directors are not insured under any CPH occupational pension scheme.

The CPH remuneration system remained unchanged in 2014 from the previous year. No external consultants were enlisted in 2014 to advise on the CPH remuneration structure.

Board of Directors

The remuneration paid to members of the Board of Directors consists of a fixed monetary amount. Members' work on either of the Board's two technical committees is additionally remunerated via meeting attendance fees. Board members are further awarded a flat per-day allowance for any work beyond their normal meeting activities. No such per-day allowances were awarded in 2014.

The remuneration paid to Board members is determined on the basis of comparisons with corresponding publicly available data for comparable Swiss industrial companies whose shares are also listed on the SIX Swiss Exchange. The remuneration rates concerned are proposed to the full Board by its Personnel & Compensation Committee.

In accordance with Switzerland's new "VegüV" Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the correspondingly-amended Articles of Incorporation of CPH Chemie + Papier Holding AG, and beginning with the Ordinary General Meeting of 2015, the Ordinary General Meeting now sets the maximum aggregate amount payable to the Board of Directors in the period between such Meetings. The corresponding proposal is prepared by the Personnel & Compensation Committee, appraised by the full Board and submitted to the General Meeting for approval. Should the proposal be rejected, and should the Board not submit a new proposal (or have this rejected too), an Extraordinary General Meeting should be convened within three months, or the Board may submit a further such proposal for retrospective approval at the next Ordinary General Meeting.

For specific remuneration payments, please see Section 2 below.

Group Executive Management

The remuneration paid to the members of CPH's Group Executive Management consists of a fixed and a variable component, both fully paid in monetary form. The target bonus for Group Executive Management members accounts for between around 20% and 67% of their basic salary. The actual variable remuneration paid depends on the degrees to which group targets and individual divisional or functional targets are achieved. The maximum variable remuneration amounts to 100% of the fixed basic salary for the Group CEO and 45% thereof for the further Group Executive Management members.

The assessment of the performance of Group Executive Management for variable-remuneration purposes is based on a specific target-setting process. These targets are set in five areas: financial results, customers & market, innovation, processes and leadership & personnel. The financial results targets are the same for all Group Executive Management members, while individual divisional or functional targets are set in the four further areas.

The achievement of the financial results targets accounts for 60% of the variable remuneration, with the remaining 40% based on the achievement of the targets set in the other four areas. EBIT, operating cash flow and net working capital targets were set as the financial results targets for 2014. The Divisional CEOs' performance in financial results terms is based two-thirds on the results of their division and one-third on Group results. The corresponding performance of the Group CEO and the CFO is based solely on the Group results achieved.

The targets for all target areas are prescribed by the Board of Directors for all Group Executive Management members (with the financial results targets derived directly from agreed budget parameters). The Group CEO and the further members of Group Executive Management may also make target proposals. The latter have their achievement of their targets assessed by the Group CEO, who submits appropriate recommendations to the Personnel & Compensation Committee. The Group CEO's target achievements are assessed by the Chairman of the Board. All such assessments are discussed by the Personnel & Compensation Committee, which then submits a report to the full Board on the degrees to which each member of Group Executive Management has achieved the targets set and recommendations on the individual bonuses to be paid. The final decision on such bonuses is then taken by the Board in toto (and with due regard to the maxima specified by the Ordinary General Meeting from the 2016 business year onwards).

With the exception of one company car, no fringe benefits are granted to Group Executive Management members.

The salaries of the members of Group Executive Management and the composition of their individual elements were last subjected to an extensive market comparison in 2011. Subsequent developments in such remuneration have been monitored against publicly published studies, and are also the subject of an annual discussion on the Personnel & Compensation Committee, as they were in 2014.

The Group CEO is entitled to make proposals on the remuneration to be paid to Group Executive Management members. The final amount of fixed and variable (target bonus) remuneration to be awarded to Group Executive Management in its entirety is set annually (up to and including the 2015 business year) by the Board of Directors. From the

2015 Ordinary General Meeting onwards, in accordance with Switzerland's new "VegüV" ordinance and the correspondingly-amended Articles of Incorporation of CPH Chemie + Papier Holding AG, the maximum aggregate fixed and variable remuneration payable to Group Executive Management will be set by the Meeting for the following business year (i.e. the 2015 Meeting will set this for 2016). The corresponding proposal will be prepared by the Personnel & Compensation Committee, appraised by the full Board and submitted to the General Meeting for approval. Should it be rejected, and should the Board not submit a new proposal (or have this rejected too), an Extraordinary General Meeting should be convened within three months, or the Board may submit a further such proposal for retrospective approval at the next Ordinary General Meeting.

Any new members of Group Executive Management who are appointed and assume their duties after the Ordinary General Meeting has approved the maximum aggregate Group Executive Management remuneration for the year concerned may — under Article 22 of the CPH Chemie + Papier Holding AG Articles of Incorporation — be paid an additional amount totalling no more than 40% of this maximum aggregate amount.

The remuneration paid in 2014 to the members of the Board of Directors, the Group CEO (who received the highest remuneration of any Group Executive Management member) and the further members of Group Executive Management is shown in the tables in Section 2.

2. Remuneration paid to members of the Board of Directors and Group Executive Management

This remuneration includes salaries, bonuses, credits, social security payments and occupational pension scheme contributions.

Notes on the remuneration paid to members of the Board of Directors

The amounts shown are the remuneration paid for the year concerned, regardless of when such payment was made. All such remuneration was in monetary form. Board members are not subject to any share ownership or share option plans. The remuneration is shown in gross form, including employees' social security contributions. The social security contributions shown separately include those of the employer.

No remuneration was paid to any former Board members. No loans were made to any current or former Board members, and no such loans are outstanding.

No remuneration was paid and no loans were made to any parties related to any Board members, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Board members.

Notes on the remuneration paid to members of Group Executive Management

The variable remuneration shown for 2014 corresponds to the provisions made (on an accrual basis). The variable remuneration shown for 2013 has been adjusted to reflect the payments actually made. This is not new remuneration, but the same remuneration as was shown in

Remuneration paid to members of the Board of Directors

2014 in CHF thousand								
Member	Board member since	Function	Finance & Auditing Committee	Personnel & Compensation Committee	Fixed remuneration	Committee meeting fees	Social security contributions	Total
Schaub Peter	1994	Chairman	Member	Personnel only	305		18	323
Walter Max	1990	Deputy Chairman	Chair from 1.7		76	15	4	95
Albrecht Franz-Josef	1989	Member			25		1	26
Balmer Hanspeter	1996	Member	Chair to 30.6		40	10	3	53
Gabella Mauro	2005	Member		Chair	79	25	7	111
Talaat Tim	1994	Member	Member from 1.7	Member	78	13	6	97
Wipf Christian	2008	Member		Member	78	10	6	94
Total	-				681	73	45	799
2013 in CHF thousand								
Schaub Peter	1994	Chairman	Member	Personnel only	305		20	325
Walter Max	1990	Deputy Chairman	Member		76	8	7	91
Albrecht Franz-Josef	1989	Member			76		6	82
Balmer Hanspeter	1996	Member	Chair		94	5	6	105
Gabella Mauro	2005	Member		Chair	94	8	6	108
Talaat Tim	1994	Member		Member	78	5	5	88
Wipf Christian	2008	Member		Member	78	8	5	91
Total					801	34	55	890

Remuneration paid to members of Group Executive Management

2014 in CHF thousand						
Member(s)	Function	Fixed remuneration	Variable remuneration	Company pension scheme and social security contributions	Other remuneration	Total
Schildknecht Peter	CEO	430	200	121	12	763
Further members combined		1 298	325	336	11	1 970
Total		1 728	525	457	23	2 733
2013 in CHF thousand						
Schildknecht Peter	CEO	390	181	110	12	693
Further members combined		1 276	327	326	2	1 931
Total		1 666	508	436	14	2 624

the 2013 Annual Report. That remuneration could only be shown on the basis of the provisions made (on an accrual basis), however, whereas the above table shows the final amounts actually paid for 2013.

All such remuneration, both fixed and variable, was in monetary form. Group Executive Management members are not subject to any share ownership or share option plans. The remuneration is shown in gross form, including employees' company pension scheme and social security contributions. The company pension scheme and social security contributions shown separately include those of the employer. "Other remuneration" relates to the private use of the company car and any long-service awards.

No remuneration was paid to any former Group Executive Management members. No loans were made to any current or former Group Executive Management members, and no such loans are outstanding.

No remuneration was paid and no loans were made to any parties related to any Group Executive Management members, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Group Executive Management members.

Report of the statutory auditor on the Remuneration Report

We have audited the accompanying remuneration report dated 13 February 2015 (pages 33 to 35) of CPH Chemie + Papier Holding AG for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditors' responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of CPH Chemie + Papier Holding AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

René Rausenberger Audit expert Auditor in charge Marcel Aeberhard Audit expert

Zurich, 13 February 2015

Well on the way to carbon-neutral production



By procuring the steam it needs from the Renergia incinerator facility from 2015 onwards, the CPH Group can almost entirely eliminate its use of fossil fuels and move a major step closer to carbon-neutral production.

Strategy

Sustainability – in economic, social and environmental terms – is a cornerstone of the business activities of the entire CPH Group. Without economic sustainability, the Group could not ensure its long-term business success: a success that will be founded on 200 years of industrial tradition by the end of this decade, and one that has always put steady long-term development before short-term profit maximization.

The added value that CPH creates for the customer derives from its competitive products, services and procedures. These in turn are based on the Group's high quality standards, which are themselves ensured by rigorous adherence to the relevant ISO and GMP guidelines. The foundation of CPH's success, though, is the Group's employees, whose training, health and safety enjoy the highest of priorities.

The CPH Group pursues a policy of maintaining individual brands within its three business divisions, which are each active in their own distinctive market. With their "Zeochem", "Perlen Papier" and "Perlen Packaging" brands, each division is well established and well known in its market as a reliable and autonomous partner.

Being active in two highly eco-sensitive fields — paper manufacture and chemicals production — CPH puts a strong emphasis on environmental sustainability in all its activities. Making efficient use of raw materials also has a direct impact on the profitability of the operations concerned.

Paper manufacture is by far the most resource-intensive activity

within the CPH Group, with the energy expense involved representing one of the biggest cost items. At the same time, CPH's paper production makes a major contribution to conserving natural resources through its recycling of recovered paper and its use of woodchip waste. The Group's chemistry operations produce molecular sieves, chromatography gels and fertilizers, while its packaging activities are centred on manufacturing and coating PVC films.

Avoiding and reducing emissions, waste water and solid waste has been integrated for years in the planning at all three business divisions. CPH is further committed to the climate protection project of Switzerland's Business Energy Agency. And the Group is also a member of Responsible Care, a global initiative by the chemicals industry to effect constant further improvements in the environmental, health and safety fields. Perlen Papier AG is a member of ECOSwiss, the environmental protection organization of the Swiss business community; and Perlen Packaging is committed to recycling PVC through its "VINYLPlus" involvement.

Responsibility for environmental and quality issues at all of CPH's production sites rests with a designated employee at each facility who reports directly to top management. CPH also strives through its "KVP" continuous improvement programme to maintain a culture of constant further enhancement of its business flows and procedures. Additional ideas and impetus for improvements derive from regular surveys among customers and employees.

Personnel

The challenges posed by the markets demanded sizeable commitment, extensive flexibility and an openness to change from all the Group's personnel. The employee survey conducted in 2013 provided substantial input and ideas; and the recipients of the resulting report and their teams devised 41 actions out of this in 2014, which were focused largely on improvements to internal communications, leadership and processes and procedures. Most of these had been implemented or at least initiated by year-end.

Annual group staff turnover remained stable at 6.6%, which compares to 6.5% for 2013. Overall personnel numbers showed only a modest year-on-year increase: a total of 860 personnel (including 44 apprentices) were employed by the CPH Group at the end of 2014, compared to 859 a year before.

Salary policy

CPH pursues a fair and reasonable groupwide salary policy that is closely aligned to local customs and conditions. This policy offers salaries that pay due regard to the demands of the position, the conduct and performance of its occupant and general market levels. It also rewards above-average performance via a variable salary component that is linked to the achievement of individual performance goals and to divisional results.

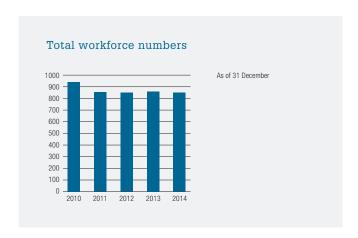
Once again, no across-the-board salary increases were awarded during the year. The CPH Group spent CHF 87.7 million on salaries, company pension scheme contributions and training in 2014.

Employees at the Perlen site are subject to the collective labour agreement of the Swiss paper industry, while those at the Müllheim site are subject to the collective labour agreement of the "Chemische Industrie West". The Uetikon silicate chemistry operation has its own staff association. Elsewhere, personnel are subject to individual employment contracts.

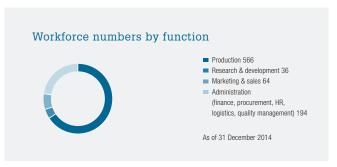
Initial and further training

The twin developments of an increasingly dynamic economic environment and changing societal expectations are putting more and more demands on executives today. In response, CPH has developed a new management training programme, whose first module commenced in 2013, to better ensure the sustainability of its initial and further training activities. Two further modules followed in 2014. Some 40 executives have participated so far in CPH's new management training; and the three modules will also be offered in 2015 for further management staff. All in all, the CPH Group spent CHF 1.1 million on initial and further staff training for the year.

The task of training the Group's own personnel to assume future CPH duties and responsibilities remains as vital as ever. To this end, all the Group's operating sites in Switzerland and Germany serve as active basic professional training centres. Over 40 apprentices are currently undergoing instruction in various trades and professions, from plant operator to chemical technician, polymechanic and commercial officer. Thirteen apprentices completed their training in the course of the year.





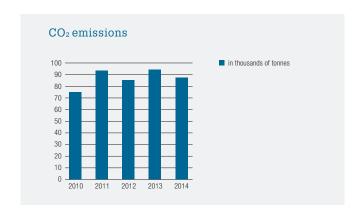


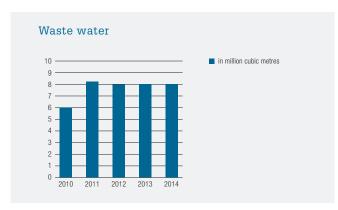
Continuous improvement

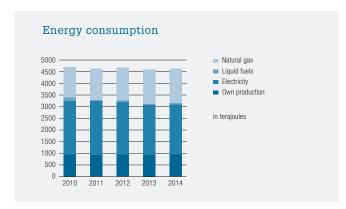
CPH's "KVP" continuous improvement programme is a vital element in the Group's constant endeavours to further develop and enhance the quality of its products, services and activities through the commitment of its personnel. The KVP has been adopted by all three divisions. All in all, employees contributed 511 ideas to the programme in 2014. Together with the 126 group moderations, the proposals submitted were expected to add some CHF 1.5 million to annual earnings results.

Occupational safety

CPH conducts regular training and instruction sessions to help prevent accidents at all its operating sites. As a result, all personnel are keenly aware of workplace hazards and risks. Systematic analyses are also conducted of any incidents or accidents that occur, to help prevent their recurrence. The CPH Group incurred 1.1 minor occupational accidents per 100 employees in 2014 (compared to 1.36 for the previous year). No major occupational accidents were incurred, and both the







Uetikon and the Müllheim sites enjoyed 365 days of accident-free production. These low accident rates for an industrial manufacturing company are a tribute to the keen sensitivity of the Group's employees to occupational hazards and risks. Sickness-related absence rates also remained low at 2.43% (compared to 2.53% in 2013).

Environmental care

The CPH Group's environmental reporting was changed in 2013 from the calendar year to one that runs from 1 November to 31 October. Figures for 2012 were restated accordingly.

Use of resources

In tonnage terms, the largest proportion of resources within the CPH Group is devoted to paper production. The two prime raw materials here are wood and recovered paper. Perlen Papier turned 99 925 bonedry tonnes of round wood and woodchip into wood fibre in 2014 (2013: 97 208 bone-dry tonnes). In its procurement of these supplies, CPH attaches great importance to minimizing the transport distances involved: most of the wood used comes from Swiss forests. Perlen Papier also recycled 448 478 bone-dry tonnes of recovered paper in its operations in 2014 (2013: 401 079 tonnes). All the recovered paper used came from sources in Switzerland or adjacent border areas, and 19% of it was delivered by rail (2013: 22%).

Perlen Packaging's film manufacturing process begins with unplasticized PVC, which, in addition to mineral oil, is 57% composed of chlorine extracted from naturally-occurring sodium chloride. In comparison to other oil-based polymers, PVC boasts a better product carbon footprint for its overall life cycle. Perlen Packaging manufactures both PVC monofilms and coated PVdC films. The net raw material utilization rate for its monofilm production stood at 98.9%, a substantial improvement on the 95.8% of 2013 that was not least achieved by feeding as much waste and scrap material from the various manufacturing steps as possible back into the production process. For coated film production, which uses PVdC, the raw material utilization rate amounted to 95.7%, compared to 96.0% for the prior-year period.

The most important raw materials in the Group's silicate chemistry operations are sodium silicate, aluminium hydrate, sodium hydroxide, sulphuric acid and lithium chloride, of which a total of 30 6585 tonnes were used in 2014 (2013: 39 995 tonnes). The division's fertilizer production consumed 16 415 tonnes of nitrogen, potassium and phosphorus compounds (2013: 15 950 tonnes). Some 84% of the raw materials needed for fertilizer production in Uetikon were delivered by rail. All the materials used for silicate production are supplied by truck.

Energy

All CPH's industrial processes require energy, be it in the form of electricity, oil, gas, waste heat or steam. The Group's paper manufacturing consumes the most energy of all, largely in the form of electricity. The Paper Division's energy consumption declined from 4 371 terajoules to 4 229 terajoules, owing to production outage of the PM 4 machine in the last two months of 2013 following a winder fire.

Emissions waste water and solid waste

Being a major emitter of carbon dioxide (CO_2), CPH sets goals on its own initiative to reduce such emissions. These goals are more rigorous than those required by law; and, as a result, CPH's Perlen and Uetikon facilities are exempt from any CO_2 levy. CO_2 emissions from non-renewable resources amounted to 87 413 tonnes, down from the 93 970 tonnes of 2013. The Group also earned CHF 2 million in 2014 from the sale of carbon credits. The Group's manufacturing facilities all have exhaust-air purification systems installed.

Emergency concepts have been devised to cope with any production malfunction. These centre largely on the scenario of fire. Apart from

this, it is the handling of acids and sodium hydroxide at the Uetikon plant that poses the greatest potential environmental threat. The CPH Group again completed the year free of any incident subject to reporting requirements.

The waste water produced by the Group's Uetikon, Perlen and Louisville plants is processed in their own treatment facilities. The paper manufacturing process also produces solid waste, largely in the form of sludge and residual waste. Some 31% of this was disposed of in Perlen Papier's own waste incinerator in 2014 (compared to 21% the previous year); the rest was incinerated in brickworks and cement factories.

Quality

Maintaining consistently high process and product quality in all areas of its activities is a key element in the CPH Group's business success. To ensure that it does so, the Group subjects its production facilities to regular audits by both customers and independent certification authorities.

The Packaging Division aligns its film manufacturing practices to the pharmaceuticals industry's Good Manufacturing Practice (GMP) standards. Perlen Packaging is one of the few companies in its field to be certificated to the pharmaceuticals sector's highest quality criteria throughout the manufacturing process and for the full range of its products from monofilms to barrier films.

Zeochem's Uetikon site was successfully recertificated to ISO Norm 9001 in July 2014. And Perlen Packaging's Müllheim operations have now laid the foundation for ISO 50 001 certification. Level 1 of the Energy Management System (EnMS) has already been adopted, and Level 2 should follow in 2015. The EnMS serves to identify and assess energy processes, while also promoting an awareness of energy-saving potential.

PRODUCTION SITE QUALITY CERTIFICATIONS	Chei	Chemistry			Packaging		
	Uetikon	Louisville	Perlen	Perlen	Müllheim	Whippany	
ISO 9001	•	•	•	•	•	•	
ISO 14 001 (environmental)			•	•	•		
ISO 14644-1 (cleanrooms)				•	•		
ISO 15 378 (GMP pharmaceuticals packaging standards)				•	•		
OHSAS 18 001 (occupational safety)			•				
DMF 10 686 (FDA, USA)				•			
DMF 9072 (FDA, USA)					•		
Eurofins (hygiene and food monitoring)				•	•		
FSC COC			•				
PEFC COC			•				
Blue Angel			•				
ECOSwiss CO ₂			•				
ENAW CO ₂	•						

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Consolidated income statement

in CHF thousand	Note	2014	2013
Net sales	1	492 463	481 303
Changes to semi-finished and finished inventories		3119	695
Other operating income		11 244	7014
Goods and services on own account		354	547
Total income		507 180	489 559
Cost of materials		256 388	256 649
Energy costs		71 189	75 095
Personnel cost	2	87 678	85 623
Outsourced maintenance/repairs		17847	18920
Other operating expense	3	23 243	22 339
Earnings before interest, taxes, depreciation and amortization (EBITDA)	0	50 835	30 933
Degraciation on toppilla fixed accets		04004	EC 0E1
Depreciation on tangible fixed assets		34 234 564	56 851
Depreciation on intangible assets			718
Earnings before interest and taxes (EBIT) before impairment		16 037	-26 636
Impairment	4	0	250 921
Earnings before interest and taxes (EBIT)		16 037	-277 557
Financial income	5	1 562	1 384
Financial expense	6	7 183	5 2 6 7
Financial result		-5621	-3883
Earnings before taxes and extraordinary items		10 416	-281 440
Non-operating income	7	752	2606
Non-operating expenditure	8	-727	782
Earnings before taxes	0	11 895	-279616
Income taxes	9/25	1 393	-8136
Net result for the year		10 502	-271 480
in CHF	Note	2014	2013
Earnings per share	30	35.02	-904.93

35.02

-904.93

Diluted earnings per share

Consolidated balance sheet

		31.1	2.2014	31.12	2.2013
	Note	in CHF thousand	%	in CHF thousand	%
		tilousariu		tilousariu	
Accede					
Assets	10	60.007	10	62.026	0
Liquid funds	10	69 887 5 254	10	63 936 10 275	9
Securities Trade accounts receivable	11	79 472	12	70 802	10
Other receivables	12	7692	1	7 2 8 0	10
	12	6 620	1	5 3 4 4	
Prepaid expenses and accrued income	4/13	63 389	9	56 877	1
Inventories Chart term financial receivables	4/13	87			8
Short-term financial receivables Total current assets		232 401	34	10 214 524	0
Total current assets		232401	34	214524	31
Long-term trade accounts receivable	32	2778	0	0	0
Intangible assets	14	1 320	0	1 248	0
Tangible fixed assets	4/15	419144	61	433 653	64
Long-term financial assets	16	10 000	1	10 000	1
Assets from employer contribution reserves	17	10830	2	10 646	2
Pension scheme assets	2/17	11 053	2	11 026	2
Prepaid taxes		862	0	691	0
Total fixed assets		455 987	66	467 264	69
Total assets		688 388	100	681 788	100
Equity and liabilities					
Trade accounts payable	18	53756	8	59 366	9
Other payables	19	3 938	1	4 444	1
Accrued liabilities and deferred income	20	9 0 9 8	1	10 995	2
Short-term financial liabilities	21/23	22 627	3	23 003	3
Short-term provisions	22	5109	1	7 237	1
Total current liabilities		94 528	14	105 045	15
Long-term financial liabilities	23	7 981	1	117 875	17
Corporate bonds issued	23	120 000	17	0	0
Pension scheme liabilities	17	635	0	735	0
Other long-term liabilities	24	2416	0	2 5 2 8	0
Long-term provisions	25	20 825	3	21 342	3
Total long-term liabilities		151 857	22	142 480	21
Total liabilities		246 385	36	247 525	36
Chaus caribal		00.000	4	00.000	4
Share capital		30 000	4	30 000	4
Capital reserves		12300	2	16200	2
Profit reserves	6.1	389 317	57	659 543	97
Treasury shares	31	-116	0	0	0
Net result for the year		10502	2	-271 480	-40
Total equity		442 003	64	434 263	64
Total equity and liabilities		688 388	100	681 788	100

Consolidated cash flow statement

in CHF thousand	2014	2013
Net result for the year	10 502	-271 480
Depreciation on tangible and intangible assets	34798	57 569
Asset value impairments	0	246 679
Impairments to inventories and replacement parts	0	4242
Profit/(Loss) on fixed-asset sales	-752	18
Change in employer contribution reserves and pension scheme assets/liabilities	-397	
Book gains on securities	-563	-355
Release of/(Increase in) short-term provisions	-281	3513
Release of long-term provisions	-191	-10 040
Use of provisions	-2150	-2001
Increase in/(Release of) prepaid taxes	-171	81
Cash flow	40 795	27 275
Decrease/(Increase) in securities	5 584	-1 280
Increase/(Decrease) in trade accounts receivable	-11 198	3419
Increase/(Decrease) in other receivables and prepaid expenses	-1 769	1155
Increase in inventories	-5 500	-2613
Decrease/(Increase) in trade accounts payable	-5750	6354
Decrease in other and accrued liabilities	-2343	-2901
Increase/(Decrease) in net current assets	-20 976	4134
Cash flow from operating activities	19819	31 409
Investments in tangible fixed assets	-19170	-18201
Disposals of tangible fixed assets	417	924
Investments in intangible assets	-636	-500
Repayment of long-term financial receivables		20
Cash flow from investment activities	-19 389	-17757
Free cash flow	430	13652
Degrees in about town financial liabilities and vaccinables	200	0.000
Decrease in short-term financial liabilities and receivables	-390 120,000	-2008
Increase in corporate bonds issued	120 000 -110 211	10.764
Decrease in long-term financial liabilities Decrease/(Increase) in other long-term liabilities	-110211	-10764 2489
Treasury share purchases	-116	0
Dividends to shareholders	-3 900	-3900
Cash flow from financing activities	5273	
Cash now nom mancing activities	3213	-14103
Currency translation effects	248	-192
Net change in cash and cash equivalents	5 951	-723
Cook and each equivalents at 1. January	00,000	64650
Cash and cash equivalents at 1 January Change	63 936 5 951	64 658 -723
Cash and cash equivalents at 31 December	69887	63 936
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Consolidated statement of changes in equity

in CHF thousand	Share capital	Capital reserves	Goodwill	Treasury shares	Retained earnings	Equity
As at 31.12.2012	30 000	20 100	-25722	0	685 386	709 764
Dividends to shareholders		-3900				-3900
Subtotal	30 000	16 200	-25722	0	685 386	705 864
Net result for current year					-271 480	-271 480
Year-end balance excluding						
currency factors	30 000	16 200	-25722	0	413 906	434 384
Impact of currency translation					-121	-121
As at 31.12.2013	30 000	16 200	-25722	0	413785	434 263
Dividends to shareholders		-3900				-3900
Subtotal	30 000	12300	-25722	0	413 785	430 363
Net result for current year					10502	10502
Treasury share purchases				-928		-928
Treasury share sales				812		812
Year-end balance excluding						
currency factors	30 000	12300	-25722	-116	424 287	440 749
Impact of currency translation					1 254	1 254
As at 31.12.2014	30 000	12300	-25722	-116	425 541	442 003

The statutory reserves of the holding company and its subsidiaries amounted to CHF 19.0 million on 31 December 2014 (prior year: CHF 31.3 million). Of this amount, CHF 12.3 million (prior year: CHF 26.8 million) cannot be distributed.

The company held 96 treasury shares on 31 December 2014 (prior year: none). For further details see Note 31.

The CHF 25.7 million in goodwill deriving from the acquisition of ac-folien GmbH, Müllheim, Germany, was set against equity in the 2007 accounts. Should the company be resold, this amount would have to be recognized via the income statement.

Consolidated accounting principles

General

The consolidated financial statements of the CPH Group are compiled in full accordance with the currently valid Swiss GAAP Accounting and Reporting Recommendations (ARRs). These consolidated financial statements give a true and fair view of the financial positions, earnings and cash flows, and are based on historical values. The new Swiss GAAP ARR 31 (a supplementary recommendation for listed public companies) was adopted for the first time for the 2013 consolidated financial statements.

Scope and method of consolidation

The consolidated financial statements consist of the annual financial statements of CPH Chemie + Papier Holding AG, Perlen, and of those Group member companies in and outside Switzerland in which CPH Chemie + Papier Holding AG, Perlen, directly or indirectly holds 50% or more of voting rights. In accordance with the purchase method used for fully consolidated companies, assets and liabilities and income and expenditures are incorporated in full. No minority holdings (or minority voting rights) of less than 50% were held in either the 2013 or the 2014 business year.

Intercompany balances and transactions have been eliminated. Intermediate profits on stocks from deliveries within the Group have also been eliminated.

When a company is acquired, its net assets are determined at their current value and integrated using the purchase method. Since 1 January 2007, the resulting goodwill has been set against equity. Until 31 December 2006 such goodwill was capitalized and depreciated over its estimated useful life.

For the scope of consolidation, please see the separate "List of major shareholdings" on page 74.

Perlen Packaging (Hong Kong) Ltd. was established on 26 June 2014. Perlen Packaging (Suzhou) Co., Ltd. was founded on 15 September 2014. CPH Holding GmbH, Müllheim, Germany, was merged with Perlen Deutschland GmbH, Munich, on 21 August 2014 with retroactive effect to 1 January 2014.

Zeochem Dienstleistungs GmbH, Müllheim, Germany, was merged with CPH Holding GmbH, Müllheim, Germany, on 15 August 2013 with retroactive effect to 1 January 2013.

Definitions

"Long-term liabilities" are all liabilities not due for repayment within the next 12 months. "Short-term liabilities" are all liabilities due for repayment within the next 12 months, including that part of long-term liabilities whose repayment falls within this period. All interest-bearing receivables and liabilities are shown under financial receivables or financial liabilities. "Non-operating income" and "non-operating expense" arise from transactions not occurring in the normal course of business or relating to other accounting periods.

"Related parties" (see Note 25.3) are regarded as any company or person that either exerts a substantial influence on the CPH Group or is controlled by the same, together with the occupational pension schemes of Group member companies.

"EBITDA" shows earnings before interest and taxes and before depreciation on tangible fixed assets and amortization of intangible assets.

"Cash flow" shows the flow of cash before changes to net current assets and before cash flows from investment and financing activities.

"Free cash flow" shows all cash flows before financing activities and dividends to shareholders.

In accordance with the Swiss GAAP ARRs, the cash flow statement shows as funds only the liquid elements thereof (i.e. excluding securities). Cash flow is calculated using the indirect method.

The balance sheet date for all Group member companies is 31 December.

Capitalization and valuation principles

Registration of sales

Net sales comprise the sale of products and services. Sales are recorded as effected when it may be reasonably assumed that the economic benefit therefrom will accrue to the Group and the sales amount can be reliably determined. Sales are regarded as effected when the benefit and risks associated therewith are transferred to the customer.

Foreign currency translation

All assets and liabilities on balance sheets compiled in non-CHF currencies are translated into Swiss francs at the exchange rate ruling on the balance sheet date (the "effective date method"). Any differences arising from the use of differing translation rates in the course of such translation are taken to equity. Any translation differences arising from long-term intragroup financing of an equity nature are also taken directly to equity.

Foreign-currency income and expenditure in the income statements are translated at the average rates ruling for the year. Any translation differences resulting from applying different exchange rates in the balance sheet (effective date) and the income statement (average rate) are taken to equity.

Positions held in foreign currencies are translated using the effective date method. All assets and liabilities are translated at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are translated at the exchange rate ruling on the date of the transaction. The effects of these foreign currency adjustments are taken straight to the income statement.

For the most important foreign currencies, the following CHF translation rates were used:

	2014	2013
Balance sheets: year-end rates		
EUR	1.2024	1.2255
USD	0.9940	0.8900
HKD	12.8000	
CNY	16.0000	
Income statements/		
cash flow statements: average rates		
EUR	1.2146	1.2308
USD	0.9150	0.9270
HKD	11.8000	
CNY	14.9000	

Liquid funds

Liquid funds consist of cash on hand, postal and bank account balances and time deposits maturing in less than 90 days.

Securities

Securities are readily marketable commercial papers managed internally or externally. They are stated at their current market value.

Trade accounts receivable

Trade accounts receivable consist of amounts due for deliveries made and services rendered that have been invoiced but not yet paid. The values of trade accounts receivable are generally adjusted individually. Such individual adjustments include any amounts overdue for more than 120 days. Blanket adjustments are also made, based on past experience.

Other receivables

Other receivables consist of short-term claims that are not based on deliveries made and/or services rendered. Other receivables are stated at their nominal value, less any value adjustments.

Prepaid expenses and accrued income

This item consists of expenses paid in the current accounting period that will be incurred in a later accounting period, and of income not accounted until after the balance sheet date.

Inventories

Inventories are stated at their average purchase or production costs, but at no higher than their realizable liquidation value. Any discounts received on purchases are treated as purchase price reductions. The "lower of cost or market value" principle is applied. The values of semifinished and finished inventories include an appropriate proportion of their production overheads. Value adjustments are effected for obsolete stock.

Short-term financial receivables

These include interest-bearing receivables with a maturity of less than one year, and are reported at nominal value less any value adjustments.

Intangible assets

Intangible assets include licences, patents, brands, paid goodwill (until 31 December 2006) and software acquired from third parties. These are valued at their purchase price or manufacturing cost less any amortization required. Amortization is effected on a straight-line basis over the item's useful life, up to a maximum five-year period.

Tangible fixed assets

Tangible fixed assets (land, buildings, structures, plant, machinery, installations, vehicles, moveable property, other equipment and production and business facilities) are capitalized at a maximum of their purchase price or manufacturing cost less any depreciation required under normal business practice. The useful lives assumed for depreciation purposes are as follows:

Land	not depreciated
Residential property	50-100 years
Industrial buildings and installations	25-50 years
Plant and equipment	10-30 years
Moveable property and vehicles	3-5 years

All depreciation is effected using the straight-line method.

Long-term financial assets

This item comprises all holdings of 20% or less in the capital of other organizations. These are shown at their purchase price less any value adjustments required.

Long-term financial receivables

This item comprises all long-term interest-bearing loans with a maturity of more than one year, which are shown at their (undiscounted) nominal value less any value adjustments.

Assets from employer contribution reserves

In accordance with Swiss GAAP ARR 16, employer contribution reserves or comparable positions are listed as assets. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Pension scheme assets

Any economic benefits deriving from occupational pension schemes are capitalized here. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Asset impairments

All assets are assessed for any impairment in value on the balance sheet date. This assessment is based on any developments and/or indications that may suggest that an asset has been overvalued in its book value. If the asset's book value exceeds its realizable value (i.e. the higher of its net market value and its value in use), the resulting impairment will be taken to the income statement. If the factors previously considered in the calculations of an asset's realizable value have significantly improved, an impairment effected in an earlier period will subsequently be wholly or partially reversed via the income statement.

Trade accounts payable

Trade accounts payable include all non-interest-bearing short-term liabilities resulting from ordinary business activities. They are stated at their nominal value.

Other payables

Other payables are short-term liabilities that are not classified as financial liabilities but derive from business activities. They are reported at their nominal value.

Accrued liabilities and deferred income

This item consists of liabilities incurred before the balance sheet date that will not be due for payment until a later accounting period, and of income accrued before the balance sheet date for a product or service to be provided in a later accounting period.

Short-term financial liabilities

This item consists of interest-bearing liabilities maturing in less than one year. These are stated at their nominal value.

(Short-term and long-term) provisions

Provisions are effected for likely liabilities arising from an event in the past (i.e. before the balance sheet date) whose extent and/or incurrence is uncertain but may be estimated. All provisions made are regularly reappraised (at least every year). Any release of provisions is effected via the same position through which the provision was originally effected. A distinction is made between short-term provisions (for liabilities likely to be incurred in the next 12 months) and long-term provisions (for liabilities likely to be incurred later than this). The changes in provisions are listed in the notes to the consolidated financial statements.

Long-term financial liabilities

This item consists of interest-bearing financial liabilities (bank loans and bonds) with a contractually-agreed maturity of more than one year. They are shown at nominal value.

Corporate bond

The bond is shown at nominal value.

Pension scheme liabilities

Any economic liabilities deriving from pension schemes are capitalized here. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Other long-term liabilities

This item consists of non-interest-bearing liabilities with a maturity of more than one year. They are shown at nominal value.

Deferred taxes

Deferred income tax amounts are calculated for all temporary differences using the balance sheet liability method. Such temporary differences arise from deviations between the Swiss GAAP ARR values and the taxable values of assets and liabilities.

If the taxable result differs from the consolidated profit for the year based on uniform valuation principles, the anticipated additional taxes are deferred. These differences result from the use of fiscally-approved degressive depreciation methods and value adjustments.

The deferred taxes due on these deviation amounts are calculated using local tax rates. In the event of any changes to such rates or deviations therefrom, the deferred tax amounts are adjusted accordingly. Any change in provisions for deferred tax amounts is taken straight to the income statement.

Derivative financial instruments

Derivative financial instruments are treated differently according to their underlying motives. Hedges intended to offset currency movements are shown at their market value on the balance sheet date, with the resulting differences in value taken straight to the income statement. Hedges of future cash flows are not capitalized, but are shown in the notes to the consolidated financial statements (under Note 28.3).

Notes to the consolidated financial statements

1. Segment information

1.1 Net sales by region

in CHF thousand	2014	%	2013	%
Switzerland	67122	14	71 296	15
Eurozone	311 933	63	294 608	61
Rest of Europe	36 551	7	37 289	8
USA	26 986	6	23 009	5
Rest of the Americas	15121	3	21 013	4
Rest of the world	34750	7	34 088	7
Total	492 463	100	481 303	100

1.2 Income statement by division

2014 in CHF thousand	Chemistry	Paper	Packaging	Other/ consolidation	Group
Net sales	60 246	314 420	117 797		492 463
EBITDA	958	36 989	10 669	2219	50 835
as % of net sales	1.6	11.8	9.1		10.3
EBIT	-2152	12 455	5 060	674	16 037
as % of net sales	-3.6	4.0	4.3		3.3
Financial result					-5621
Earnings before taxes and extraordinary items					10416
Non-operating regult					1 479
Non-operating result					
Earnings before taxes					11 895
Taxes					-1 393
Net result for the year					10502
as % of net sales					2.1

2013 in CHF thousand	Chemistry	Paper	Packaging	Other/ consolidation	Group
Net sales	59 230	305 695	116378	0	481 303
EBITDA	-22	15 625	12868	2 462	30 933
as % of net sales	-0.0	5.1	11.1		6.4
EBIT before impairment	-5277	-29651	7 134	1 158	-26 636
as % of net sales	-9.0	-9.7	6.1		-5.5
Impairment	15 921	235 000			250 921
EBIT	-21 198	-264 651	7 134	1 158	-277 557
as % of net sales	-35.8	-86.6	6.1		-57.7
Financial result					-3883
Earnings before taxes and extraordinary items					-281 440
Non-operating result					1 824
Earnings before taxes					-279616
Taxes					8136
Net result for the year					-271 480
as % of net sales					-56.4

2. Personnel cost

in CHF thousand	2014	2013
Salaries and wages	72 063	71 226
Pension scheme contributions and other social security costs	13 045	12250
Other personnel costs	2570	2147
Total	87 678	85 623

[&]quot;Pension scheme contributions and other social security costs" includes a CHF 0.3 million (prior year: CHF 1.1 million) increase in net assets deriving from pension schemes and employer contribution reserves.

3. Other operating expense

The CHF 23.2 million in other operating expense (prior year: CHF 22.3 million) includes sales and administration costs and general overhead costs.

4. Impairment

4.1 Impairments for 2014

The valuations of the tangible fixed assets held by the CPH Group for the 2014 business year confirmed that no impairment was required on the assets concerned. As for 2013, such valuations were conducted using a WACC of 7.25% and a EUR/CHF exchange rate of CHF 1.20. The values of the projected income statements were adjusted to take account of the facts and findings available on the balance sheet date. For post-balance-sheet-date developments, please see Note 33, "Subsequent events".

4.2 Impairments for 2013

The impairments effected to tangible fixed assets in the Paper and Chemistry Divisions in the 2013 business year were calculated using the following overall assumptions:

- WACC 7.25%
- EUR/CHF exchange rate: 1.20

The 2013 impairment in the Paper Division amounted to CHF 235.0 million. Contrary to expectations, the market situation has not eased in the newsprint and coated magazine paper segments. In the assessments of asset values in previous years, the corresponding calculations had been made on the assumption of product price increases and a weakening of the Swiss franc against the euro. These two major influences were reappraised. The calculations of asset values as of 31 December 2013 assumed that the then highly tense market situation would continue to prevail. In view of this, market prices were assumed to remain at their levels of the fourth quarter of 2013; and the CHF/EUR exchange rate was assumed to be the minimum threshold of CHF 1.20 set by the Swiss National Bank.

The impairment within the Paper Division extended over the following balance-sheet items:

in CHF million	Land and buildings	Installations and production facilities	Other facilities
Impairment	53.2	131.1	50.7
Sensitivities:		Change	Impact on asset value
WACC		+/- 0.5%	+/- CHF 18 million
EUR exchange rate		+/- 1 centime	+/- CHF 21 million
		+/- EUR 10 per	
Changes in newsprint prices		tonne	+/- CHF 51 million
		+/- EUR 10 per	
Changes in LWC prices		tonne	+/- CHF 29 million

The 2013 impairment in the Chemistry Division amounted to CHF 15.9 million. The pressure on product prices here has been increasing as a result of overcapacities and the entry of Asia-based competitors into the markets concerned, and this in turn has reduced the margins on volume products in the molecular sieve segment in the markets served by the Uetikon operation. From the 2013 perspective, the growth rates assumed in earlier planning models could no longer be achieved in the current environment of generally weaker market demand. For the Chemistry Division, too, the EUR exchange rate was changed from that used in earlier planning models to the minimum threshold of CHF 1.20 set by the Swiss National Bank.

The impairment within the Chemistry Division extended over the following balance-sheet items:

CHF million	Installations and production facilities	Facilities under construction	Inventories and replacement parts
Impairment	9.9	1.8	4.2
Sensitivities:		Change	Impact on asset value
WACC		+/- 0.5%	+/- CHF 1.3 million
EUR exchange rate		+/- 1 centime	+/- CHF 1.4 million

The impairment shown in the 2013 consolidated income statement amounted to CHF 250.9 million for the Chemistry and Paper Divisions combined.

5. Financial income

in CHF thousand	2014	2013
Interest income	22	46
Other financial income	828	528
- currency exchange rate gains	251	54
- further financial income	577	474
Income from securities	712	810
Total	1 562	1 384

6. Financial expense

in CHF thousand	2014	2013
Interest expense	4623	4378
- interest paid	3 048	4364
- changes in deferred interest due	1 575	14
Other financial expense	2 5 2 2	510
- currency exchange rate losses	7	42
- further financial expense	2515	468
Expenditure on securities	38	379
Total	7 183	5 267

The "changes in deferred interest due" for 2014 consist largely of CHF 1.5 million of accrued interest on the corporate bond. "Other financial expense" for 2014 consists mainly of the CHF 1.3 million costs of the bond issue and ordinary financial expenses.

7. Non-operating income

The non-operating income of CHF 0.8 million (prior year: CHF 2.6 million) includes income from the sale of real estate in Perlen/Buchrain and in Müllheim, Germany, that was no longer required for business operations.

8. Non-operating expenditure

The non-operating expenditure of CHF -0.7 million (prior year: CHF 0.8 million) relates to the release of provisions associated with real-estate sales in previous years that were no longer required. The prior-year non-operating expense related to an adjustment to the value of a property not used in the Group's business operations.

9. Income taxes

Tax rates vary between 7% and 41% (prior year: between 7% and 41%) depending on the country and the location.

Income taxes for 2014	Tax rate in %	Tax amount in CHF thousand
Earnings before taxes and extraordinary items		10 416
Weighted average tax rate applicable/estimated tax expense	14.32	1 492
Non-operating result and extraordinary earnings		1 479
Weighted average tax rate applicable/estimated tax expense	14.27	211
Earnings before taxes		11 895
Weighted average tax rate applicable/estimated tax expense Impact of losses carried forward not previously recognized in tax terms	14.32	1 703 -238
Taxes paid in prior years		-236 -137
Other effects		65
Tax rate/tax expense as per income statement	11.71	1 393
Income taxes for 2013	Tax rate in %	Tax amount in CHF thousand
Earnings before taxes and extraordinary items		-281 440
Weighted average tax rate applicable/estimated tax expense	12.95	-36 451
Non-operating result and extraordinary earnings		1 824
Weighted average tax rate applicable/estimated tax expense	12.95	236
Earnings before taxes		-279616
Weighted average tax rate applicable/estimated tax expense Impact of losses carried forward not previously recognized in tax terms Taxes paid in prior years Other effects	12.95	-36 215 28 166 -42 -45
Tax rate/tax expense as per income statement	2.91	-8136

10. Liquid funds and securities

Liquid funds consist of cash on hand, postal cheque and bank account balances and time deposits. Securities are largely administered by professional asset managers. About two-thirds of the securities held bear interest; the remainder are broadly diversified.

11. Trade accounts receivable

in CHF thousand	2014	2013
Receivables from third parties	81 364	72 397
Receivables from associates	12	4
Provisions for doubtful debts	-1904	-1 599
- individual adjustments	-640	-313
– blanket adjustments	-1 264	-1 286
Total	79 472	70 802

The blanket adjustments derive largely from the Paper Division, and were made based on age structures.

12. Other receivables

As in 2013, all "other receivables" are from third parties. They relate largely to value-added tax claims.

13. Inventories

13.1 Inventories by division

in CHF thousand	2014	2013
Chemistry	17 944	19557
Paper	29 452	24850
Packaging	15 993	12470
Total	63 389	56 877

13.2 Inventories by type

in CHF thousand	2014	2013
Raw materials	14913	13159
Auxiliary and operating materials	11 781	11 140
Finished and semi-finished products	36 145	31 986
Goods for resale	550	592
Total	63 389	56 877

Inventories were subject to an overall CHF 4.4 million value adjustment (prior year: CHF 5.6 million).

14. Intangible assets

Intangible assets in 2014	Goodwill	Software,	Other intangible	Total intangible
in CHF thousand		and patents	assets	assets
At purchase values				
Opening balance on 1.1.2014	9 2 6 8	12979	356	22603
Currency impact on opening balance	-39	-32	15	-56
Additions		636		636
Disposals/reclassifications	-9229	-866		-10 095
Closing balance on 31.12.2014	0	12717	371	13 088
Depreciation				
Opening balance on 1.1.2014	7 1 4 6	11 780	307	19 233
Currency impact on opening balance		-27	9	-18
Depreciation for the period		558	6	564
Disposals/reclassifications	-7146	-864		-8010
Currency impact on movements		-2	1	-1
Closing balance on 31.12.2014	0	11 445	323	11768
Impairments				
Opening balance on 1.1.2014	2122			2122
Currency impact on opening balance	-39			-39
Disposals/reclassifications	-2083			-2083
Closing balance on 31.12.2014	0	0	0	2083
Book value on 1.1.2014	0	1 199	49	1 248
Book value on 31.12.2014	0	1 272	48	1 320

Intangible assets in 2013 in CHF thousand	Goodwill	Software, licences and patents	Other intangible assets	Total intangible assets
At purchase values				
Opening balance on 1.1.2013	9 2 3 7	12672	360	22 269
Currency impact on opening balance	31	26	-4	53
Additions		485		485
Disposals/reclassifications		-204		-204
Closing balance on 31.12.2013	9 2 6 8	12979	356	22 603
Donrociation				
Depreciation	7146	11 256	303	18705
Opening balance on 1.1.2013	7 140	17		15
Currency impact on opening balance		712		-
Depreciation for the period			6	718
Disposals/reclassifications		-204		-204
Currency impact on movements	7440	-1	007	-1
Closing balance on 31.12.2013	7146	11 780	307	19 233
Impairments				
Opening balance on 1.1.2013	2091			2 0 9 1
Currency impact on opening balance	31			31
Closing balance on 31.12.2013	2122	0	0	2122
Book value on 1.1.2013		1 416	57	1 473
Book value on 31.12.2013	0	1 199	49	1 248

15. Tangible fixed assets

Tangible fixed assets for 2014 in CHF thousand	Undevel- oped land	Developed land and buildings	Plant and equipment	Other facilities	Fixtures in rented property	Vehicles	Assets under construction	Total
		-						
At purchase values								
Opening balance on 1.1.2014	5 429	378728	756 414	331 703	1 731	10706	12907	1 497 618
Currency impact on								
opening balance		758	3 481	226	163	35	-6	4657
Investments		4810	5 2 6 7	3214	6	551	5 322	19170
Disposals		-1162	-3 421	-2373		-155	-340	-7 451
Reclassifications		1 982	2739	328		13	-5062	0
Currency impact on								
movements		105	37	-8	1	4	171	310
Closing balance on								
31.12.2014	5 429	385 221	764 517	333 090	1 901	11 154	12992	1514304
Depreciation								
Opening balance on 1.1.2014	0	174 248	420 401	210 839	1 684	8319	0	815 491
Currency impact on								
opening balance		737	2799	202	164	27		3 929
Depreciation for the period		6517	19418	7 608	10	681		34 234
Disposals		-878	-2755	-2361	0	-146		-6140
Currency impact on								
movements		41	141	-3	-1	3		181
Closing balance on		400.00=	440.004	0.4.0.00=		0.004		0.4=00=
31.12.2014	0	180 665	440 004	216 285	1 857	8 884	0	847 695
Lange de la contraction								
Impairments		E2 22E	140600	E0.0E0			1.750	040 474
Opening balance on 1.1.2014 Currency impact on		53 225	142 632	50 858			1 759	248 474
opening balance			-2					0
Disposals							-340	-2 -1 007
Reclassifications			1 369	50			-340 -1419	0
Impairments for the period			1 309	30			-1419	0
Closing balance on								U
31.12.2014	0	53 225	143 332	50 908	0	0	0	247 465
01.12.2014	U	33223	140 002	30 300	0	0	0	Z41 40J
Opening balance on 1.1.2014	5 429	151 255	193 381	70 006	47	2387	11 148	433 653
Closing balance on	0 .20				.,			120000
31.12.2014	5 429	151 331	181 181	65 897	44	2 2 7 0	12992	419144
	00							

The paper machines of Perlen Papier AG and the production facilities of Zeochem AG were assessed in detail in 2014 in terms of their current value. No impairment was deemed necessary in the light of these assessments. For further details see Note 4, "Impairment".

Tangible fixed assets for 2013 in CHF thousand	Undevel- oped land	Developed land and buildings	Plant and equipment	Other facilities	Fixtures in rented property	Vehicles	Assets under construction	Total
III OHF IIIOUSAIIU								
At purchase values								
Opening balance on 1.1.2013	5 442	377 307	749 588	330 123	1 768	11 839	7 001	1 483 068
Currency impact on								
opening balance		55	-354	-9	-37	-7	-16	-368
Investments		1 272	3 496	2 433		159	10841	18 201
Disposals	-13	-192	-595	-1 123		-1 298		-3 221
Reclassifications		297	4371	292		13	-4958	15
Currency impact on								
movements		-11	-92	-13			39	-77
Closing balance on								
31.12.2013	5 429	378 728	756 414	331 703	1 731	10706	12907	1 497 618
Depreciation								
Opening balance on 1.1.2013		164 548	388 037	198 383	1712	8 940		761 620
Currency impact on								
opening balance		-130	-400	-22	-37	-6		-595
Depreciation for the period		9321	33 233	13605	10	683		56 852
Disposals		528	-386	-1123		-1 298		-2279
Currency impact on								
movements		-19	-83	-4	-1			-107
Closing balance on								
31.12.2013	0	174 248	420 401	210 839	1 684	8319	0	815 491
Impairments			1 700					1 700
Opening balance on 1.1.2013			1 793					1 793
Currency impact on			0					0
opening balance		F0.00F	140,007	F0.0F0			1.750	2
Impairments for the period		53 225	140 837	50 858			1 759	246 679
Closing balance on	0	E0.00E	140,000	E0.0E0	0	0	1.750	040 474
31.12.2013	0	53 225	142 632	50 858	0	0	1759	248 474
Opening balance on 1.1.2013	5 4 4 2	212759	359758	131 740	56	2899	7 001	719655
Closing balance on	3442	212109	308130	131740	00	2 099	7 00 1	7 18 000
31.12.2013	5 429	151 255	193 381	70 006	47	2387	11 148	433 653
0111212010	3723	101200	100001	, 0 000	71	2001	11170	+00 000

The paper machines of Perlen Papier AG and the production facilities of Zeochem AG were assessed in detail in 2013 in terms of their current value. These assessments resulted in an impairment of CHF 250.9 million to the assets concerned. For further details see Note 4, "Impairment".

16. Long-term financial receivables and long-term financial assets

in CHF thousand	Long-term financial receivables	Long-term financial assets
At purchase values		
Opening balance on 1.1.2014	0	10000
Investments		
Disposals		
Currency impact on movements		
Closing balance on 31.12.2014	0	10 000
At purchase values		
Opening balance on 1.1.2013	20	10000
Investments	0	
Disposals	-20	
Currency impact on movements	0	
Closing balance on 31.12.2013	0	10 000

As in 2013, long-term financial assets consist of the 10% equity holding in waste incinerator company Renergia Zentralschweiz AG, Root, with which a supply agreement has been concluded for the provision of low-pressure steam to the Perlen paper factory from the new incinerator facility's entry into operation in 2015.

17. Assets from employer contribution reserves and pension schemes

17.1 Pension schemes in Switzerland (620 working insurees)

Employer contribution reserve (ECR)	Nominal value	Appro- priation waiver	Other value adjustments	Discount	Balance sheet	Balance sheet	р	ECR result in ersonnel cost
in CHF thousand	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2013	2014	2013
				-				
Pension schemes	10830				10830	10646	-184	-260
Total	10830	0	0	0	10830	10646	-184	-260

Economic benefit/economic obligation and pension scheme expense	Funding surplus/ shortfall as per Swiss GAAP ARR 26	Economic interest of company		Change from prior year or recognized in income statement	Accrued contributions for the period	Р	ension scheme expense in personnel cost
in CHF thousand	31.12.2014	31.12.2014	31.12.2013	31.12.2014	31.12.2014	2014	2013
CU Chemie Uetikon AG							
Pension Scheme	512				342	342	
PVP Perlen	2337				927	927	894
Pension schemes							
with funding surplus	2849	0	0	0	1 269	1 269	894
CU Chemie Uetikon AG Pension Scheme							338
APP Perlen					2052	2052	2 0 5 8
APV Uetikon					612	612	603
Pension schemes without							
funding surplus/shortfall	0	0	0	0	2664	2664	2 999
UBV Betriebs- und Verwaltungs AG Staff Welfare Fund	6179						
Perlen Group Assistance Fund	11 053	11 053	11 026	-27		-27	-935
Employer's funds	17 232	11 053	11 026	-27	0	-27	-935
Total	20 081	11 053	11 026	-27	3 933	3 906	2958

A pension scheme is considered to have a funding surplus if it has a fluctuation reserve amounting to at least 15% of its total assets held.

Perlen and Uetikon each have two defined-contributions pension schemes offering old-age, death and disability benefits. Employer's contributions are strictly defined in the schemes' regulations and deeds of trust. The companies concerned do not bear any primary risk, i.e. their insurance and investment risks are borne primarily by the pension schemes themselves. Recalculations are performed regularly. The latest statistical recalculation of actuarial capital was performed on 31 December 2013 and was based on an actuarial interest rate of 3.0% and the actuarial foundations of BVG 2010. Actuarial capital has since been further developed in line with insuree numbers and using the BVG interest rate. With the exception of the employer contribution reserve of CHF 10.8 million (prior year: CHF 10.6 million), all the schemes' surpluses are payable solely to their beneficiaries. According to their provisional balance sheets, the schemes had an average funding ratio of 113% as of 31 December 2014 (prior-year actual average funding ratio: 110%).

The Perlen Group Assistance Fund, Perlen

The Perlen Group Assistance Fund is an employer's fund for all employees working at the CPH Group's Perlen site. The Fund provides provident benefits for employees and financial assistance for employees and their families in hardship situations. Contributions to it are made solely by the employer. The Fund can also be used to finance employer's contributions to the occupational pension schemes of the Group's Perlen-based companies, but was not used for this purpose in 2013 or 2014.

The Fund's freely disposable trust capital (including fluctuation reserves) amounted to CHF 13.6 million on 31 December 2014 (prior year: CHF 13.5 million). As for 2013, economic interest was calculated based on the Fund's freely disposable trust capital excluding fluctuation reserves.

The UBV Uetikon Betriebs- und Verwaltungs AG Staff Welfare Fund

The UBV Uetikon Betriebs- und Verwaltungs AG Staff Welfare Fund is an employer's fund for all employees working at the CPH Group's companies in Uetikon. The Fund provides provident benefits for employees and financial assistance for employees and their families in hardship situations. Contributions to it are made solely by the employer. The Fund's freely disposable trust capital (including fluctuation reserves) amounted to CHF 7.3 million on 31 December 2014 (prior year: CHF 6.7 million).

17.2 Pension schemes outside Switzerland

Economic benefit/ economic obligation Pension scheme expense	Funding surplus/ shortfall	Ecc	onomic interest of company	Change from prior year or recognized in income statement	Accrued contributions for the period	P	ension scheme expense in personnel cost
in CHF thousand	31.12.2014	31.12.2014	31.12.2013	31.12.2014	31.12.2014	2014	2013
USA			-		166	166	148
Pension schemes without							
surplus/shortfall	0	0	0	0	166	166	148
USA	-635	-635	-735	-100	251	151	619
Pension schemes with shortfall	-635	-635	-735	-100	251	151	619
Total	-635	-635	-735	-100	417	317	767

USA (109 insurees): In the USA the Group has one defined-contributions scheme and one defined-benefits scheme. Defined Contribution Plan 401 K is a purely contributions-based savings scheme that does not expose the company to any liability and has neither a surplus nor a shortfall.

The defined-benefits scheme is the traditional form of pension scheme for all employees. The contributions are paid by the employer. The defined-benefits scheme currently has a funding shortfall of USD 639 000 (prior year: USD 826 000). The calculations were made using the current liability method, under which no regard is paid to future salary increases or expected returns on investment.

The Group's occupational pension schemes in its other countries of operation are of insignificant size, and provide all the social benefits prescribed by law.

17.3 Breakdown of pension scheme costs

in CHF thousand	In Switzerland	Outside Switzerland	2014	2013
Pension scheme contributions from employer	3 933	417	4350	4 4 3 0
Total contributions	3 933	417	4350	4 430
+/- changes in ECR through asset trends,				
value adjustments etc.	-184		-184	-260
Contributions and changes in				
employer contribution reserves	3749	417	4 1 6 6	4170
Increase/decrease in company's economic benefit from				
surplus	-27		-27	-935
Increase/decrease in company's economic obligation to shortfall		-100	-100	230
Change in economic impact on company				
of surplus/shortfall	-27	-100	-127	-705
Pension scheme expenses as part				
of personnel cost for the period	3722	317	4 0 3 9	3 465

18. Trade accounts payable

in CHF thousand	2014	2013
To third parties	53 706	59 303
To related parties and companies	50	63
Total	53 756	59 366

19. Other payables

in CHF thousand	2014	2013
To third parties	3790	4367
To related parties and companies	148	77
Total	3 938	4 444

20. Accrued liabilities and deferred income

in CHF thousand	2014	2013
Accrued interest expense	1 600	25
Other accrued liabilities and deferred income	7 498	10970
Total	9 0 9 8	10 995

Taxes owed and not yet paid are shown under short-term provisions.

21. Short-term financial liabilities

in CHF thousand	2014	2013
Towards third parties	22 574	22 927
- towards banks	22 574	22 927
Towards related parties and companies	53	76
Total	22 627	23 003

22. Short-term provisions

	Guarantee	Other	Income tax owed	Total
	obligations	provisions		short-term
in CHF thousand				provisions
Opening balance on 1.1.2013	803	3 199	1 725	5727
Currency impact on opening balance	-2	-17	6	-13
Additions	87	2824	1 439	4 3 5 0
Use	-41	-1148	-812	-2001
Releases	-220	-130	-487	-837
Currency impact on movements	1	1	9	11
Closing balance on 31.12.2013	628	4729	1 880	7 2 3 7
Opening balance on 1.1.2014	628	4729	1 880	7 237
Currency impact on opening balance	5	69	-31	43
Additions	391	819	802	2012
Use	-61	-883	-948	-1892
Releases	-38	-2052	-203	-2 293
Currency impact on movements	-3	0	5	2
Closing balance on 31.12.2014	922	2682	1 505	5 109

[&]quot;Other provisions" relate mainly to outstanding vacation and overtime amounts.

23. Long-term financial liabilities

2014 in CHF thousand	Current + 1 year	Current + 2 years	Current + 3 years	Current + 4 years	Current + 5 years	After + 5 years	Total
Long-term bank loans	1 100	1 101	1 836	23	43	3878	7 981
Corporate bond ¹⁾				120 000			120 000
Total	1 100	1 101	1 836	120 023	43	3878	127 981

 $^{^{\}mbox{\tiny 1)}}$ unsecured bond, SIX Swiss Exchange "CPH14", issued 10 July 2014

2013 in CHF thousand	Current + 1 year	Current + 2 years	Current + 3 years	Current + 4 years	Current + 5 years	After + 5 years	Total
Long torm bank loons	110221	1 121	2347	647	67	3472	117 875
Long-term bank loans							
Total	110 221	1 121	2 3 4 7	647	67	3 472	117 875

Financial liabilities for 2014

Instrument	Currency	Amount in currency (thousand)	Amount in CHF (thousand)	Interest rate	Duration	Covenants
Short-term financial liabilities						
Fixed advance	CHF		15 362	2.01	30.6.2015	2)
Bank loan/current account credit	EUR	3 9 0 9	4701	1.59	unlimited	
Current account credit	CHF		1 5 1 7	3.98	unlimited	
Current account credit	USD	1 000	994	2.25	unlimited	
Current account related party	CHF		53	1.75	unlimited	
Total			22 627			
Long-term financial liabilities						
Bank loan	EUR	1944	2338	2.80	30.6.2018	
Bank loan	EUR	361	434	2.85	30.9.2018	
Corporate bond*	CHF		120 000	2.75	10.7.2019	
Industrial bond	USD	3900	3877	2.25	1.8.2021	
Bank loan	EUR	109	130	3.44	31.12.2021	
Bank loan	EUR	1 000	1 202	1.22	unlimited	
Total			127 981			
Total			150 608			

interest cover ratio not < 1 / equity not < 50%. The interest cover ratio is the sum of: EBITDA minus capital expenditure plus cash flow from the sale of assets not included in EBITDA minus pre-repayment of credits divided by interest paid.

Financial liabilities for 2013

Instrument	Currency	Amount in currency (thousand)	Amount in CHF (thousand)	Interest rate	Duration	Covenants
Short-term financial liabilities						
Fixed advance	CHF		15360	2.05	31.12.14	1)
Bank loan/current account credit	EUR	3 9 0 9	4790	1.59	unlimited	
Current account credit	CHF		1 887	4.77	unlimited	
Current account credit	USD	1 000	890	2.27	unlimited	
Current account related party	CHF		76	1.50	unlimited	
Total			23 003			
Long-term financial liabilities						
Fixed advance	CHF		109100	2.05	31.12.15	1)
Bank loan	EUR	2722	3 3 3 3 6	2.80	30.06.18	
Bank loan	EUR	481	590	2.80	30.09.18	
Industrial bond	USD	3 900	3 471	2.27	01.08.21	
Bank loan	EUR	125	152	3.44	31.12.21	
Bank loan	EUR	1 000	1 226	1.22	unlimited	
Total			117875			
Total			140 878			

interest cover ratio not < 1 / equity not < 50%. The interest cover ratio is the sum of: EBITDA minus capital expenditure plus cash flow from the sale of assets not included in EBITDA minus pre-repayment of credits divided by interest paid.

24. Other long-term liabilities

Other long-term liabilities relate solely to third parties.

25. Long-term provisions

in CHF thousand	Major repairs and renovations	Environmental protection measures	Other provisions	Deferred tax liabilities	Total long-term provisions
Opening balance on 1.1.2013	3 960	7 099	2575	17 683	31 317
Currency impact on opening balance			3	60	63
Additions			118	306	424
Releases			-489	-9975	-10464
Currency impact on movements			1	1	2
Closing balance on 31.12.2013	3 960	7 099	2 2 0 8	8 0 7 5	21 342
Opening balance on 1.1.2014	3 960	7 099	2208	8 075	21 342
Currency impact on opening balance			-5	-59	-64
Additions			77	388	465
Use	-258				-258
Releases			-255	-401	-656
Currency impact on movements			-2	-2	-4
Closing balance on 31.12.2014	3702	7 099	2 023	8 001	20 825

Deferred tax benefits deriving from losses carried forward are not capitalized, in line with accounting principles. Potential tax benefits from such losses carried forward of CHF 268.5 million (prior year: CHF 278.4 million) were not capitalized as a result. The decrease in deferred tax liabilities is due to the reduction in differences in the valuation of tangible fixed assets and inventories between Group values and those under commercial law. Tax rates vary between 7% and 41%, depending on the country and location.

"Other provisions" above consist mainly of provisions for agency agreements in the Paper and Packaging Divisions. The provisions for major repairs and renovations relate to the work required on the Perlen weir. Environmental risks arise as a result of the Group's business activities. The provision here relates largely to one landfill site for which the specific clean-up plans still need to be coordinated with the authorities.

26. Additional corporate governance information

26.1 Capital structure

	2014	2013
Share capital in CHF thousand	30 000	30 000
Registered shares issued	300 000	300 000
Nominal value per share in CHF	100	100
Market capitalization in CHF thousand	338 700	369 000

The registered shares of CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange in the Domestic Standard segment. The company's share capital amounts to CHF 30 million and is fully paid in. The share capital consists of 300 000 registered shares with a nominal value of CHF 100 each.

26.2 Shareholders' rights

	2014	2013
Share transfer restrictions	none	none
Voting right restrictions	none	none
Opting-out clause	yes	yes

Each share entitles its holder to one vote. All shares are entitled to dividend payments. A written invitation to the Ordinary General Meeting, together with the meeting agenda, is provided 20 days in advance to all shareholders entered in the Share Register. Prior to the General Meeting, the Board of Directors will specify a cut-off date for registering shares in the Share Register. This date is published in the Schweizerisches Handelsamtsblatt (the Swiss Official Gazette of Commerce) together with the meeting invitation. In accordance with the Articles of Incorporation, any request by a shareholder for an item of business to be included on the meeting agenda must be submitted to the Board of Directors at least 60 days in advance of the meeting.

26.3 Remuneration paid to members of the Board of Directors and Group Executive Management

The remuneration paid includes salaries, bonuses, further credited amounts, social security payments and contributions to pension schemes. The following transactions were effected for services rendered with companies associated with Board members: CHF 67 000 (prior year: CHF 47 000) with Weber Schaub und Partner, Zurich; CHF 100 000 (prior year: CHF 87 000) with UBV Services AG, Zurich; and CHF 19 000 (prior year: CHF 0) with Max Walter. There were no transactions with members of Group Executive Management or related parties in 2014 or 2013.

All fixed and variable remuneration is paid solely in monetary form. There are currently no employee share ownership or employee share option plans within the CPH Group. "Further remuneration" includes lump-sum expenses, the private use of company cars, long-service awards and similar. The variable remuneration shown for 2014 corresponds to the provisions made for the same (on an accrual basis); the variable remuneration shown for 2013 has been adjusted to reflect the payments actually made.

26.3.1 Remuneration paid to members of the Board of Directors and Group Executive Management in 2014

in CHF thousand

Name	Function	Finance & Auditing Committee	Personnel & Compen- sation Committee	Fixed remuneration	Board committee meeting fees	Social security contributions	Total
Schaub Peter	Chairman	Member	Personnel only	305		18	323
	Deputy						
Walter Max	Chairman	Chair since 1.7		76	15	4	95
	Member until						
Albrecht Franz-Josef	10.4.2014			25		1	26
	Member until						
Balmer Hanspeter	30.6.2014	Chair until 30.6		40	10	3	53
Gabella Mauro	Member		Chair	79	25	7	111
		Member since					
Talaat Tim	Member	1.7	Member	78	13	6	97
Wipf Christian	Member		Member	78	10	6	94
Total				681	73	45	799

Group Executive Management	Function	Fixed remuneration	Variable remuneration	Pension scheme and social security contributions	Further remuneration	Total
Schildknecht Peter	CEO	430	200	121	12	763
Further GEM members combined		1 298	325	336	11	1 970
Total		1728	E0E	457	22	2722
Total		1728	525	457	23	2733

26.3.2 Remuneration paid to members of the Board of Directors and Group Executive Management in 2013

in CHF thousand

Name	Function	Finance & Auditing Committee	Personnel & Compen- sation Committee	Fixed remuneration	Board committee meeting fees	Social security contributions	Total
Schaub Peter	Chairman	Member	Personnel only	305		20	325
	Deputy						
Walter Max	Chairman	Member		76	8	7	91
Albrecht Franz-Josef	Member			76		6	82
Balmer Hanspeter	Member	Chair		94	5	6	105
Gabella Mauro	Member		Chair	94	8	6	108
Talaat Tim	Member		Member	78	5	5	88
Wipf Christian	Member		Member	78	8	5	91
Total				801	34	55	890

Group Executive Management	Function	Fixed remuneration	Variable remuneration	Pension scheme and social security contributions	Further remuneration	Total
Schildknecht Peter Further GEM members combined	CEO	390 1 276	181 327	110 326	12	693 1 931
Total		1 666	508	436	14	2 624

26.3.3 Shares held by members of the Board of Directors and Group Executive Management

Shares held by members of the Board of Directors (including related parties):

Number of shares		2014		
Name	Own	Related parties	2014	2013
Schaub Peter	250	20	270	1 520
Walter Max	35	2 2 5 4	2 289	2 2 7 9
Albrecht Franz-Josef (until 10.4.2014)	0	0	0	2332
Balmer Hanspeter (until 30.6.2014)	0	0	0	120
Talaat Tim	457	1 513	1 970	1 970
Wipf Christian	20	0	20	20
Total	762	3787	4 5 4 9	8 241

Shares held by members of Group Executive Management (including related parties):

Name	2014	2013
Schildknecht Peter	10	10
Grimm Wolfgang	3	3
Segesser Michel (until 31.7.2014)	0	5
Waldburg-Zeil Alois	20	20
Total	33	38

26.3.4 Significant shareholders and numbers of shares held

Name	2014	2013
Sarasin Investmentfonds AG	17 969	18 353
Schnorf-Schmid Ella	21 466	21 466
UBV Uetikon Betriebs- & Verwaltungs AG	149 990	149 990
Total	189 425	189 809

26.4 Auditor's remuneration

in CHF thousand	2014	2013
PricewaterhouseCoopers AG auditing fees	257	245
Other auditing fees	109	104
Other PricewaterhouseCoopers AG fees	150	199
Other auditing-related fees	110	8
Total	626	556

27. Net financial liabilities

in CHF thousand	2014	2013
Liquid funds and securities	75 141	74211
Short-term financial receivables	87	10
Total liquid funds and securities	75 228	74 221
Towards banks	22 574	22 927
Towards others	53	76
Total short-term financial liabilities	22 627	23 003
Corporate bond	120 000	0
Towards banks	7 981	117 875
Total long-term financial liabilities	127 981	117 875
Total net financial liabilities	75 380	66 657

28. Contingent liabilities and off-balance-sheet business

28.1 Contingent liabilities

As in the prior year, there were no guarantees towards third parties as of 31 December 2014.

28.2 Pledged assets

Real estate in Müllheim, Germany, with a book value of CHF 11.9 million (prior year: CHF 12.9 million) was subject to a CHF 7.4 million lien as of 31 December 2014 (prior year: CHF 7.5 million).

A plot of land in Perlen was sold for CHF 12.0 million on 6 September 2013. A downpayment of CHF 2.4 million was made on signature of the sale agreement; the balance of CHF 9.6 million will be due for payment with the entry into effect of the corresponding building permission, but on 31 August 2017 at the latest. A CHF 6.0 million lien assignment was entered into the land register as security on the downpayment.

No bank credit balances were pledged as of 31 December 2014 (prior year: CHF 0.5 million).

28.3 Derivative financial instruments

The variable interest on CHF 90 million of the credit facility used to finance the acquisition of the PM 7 paper machine was originally hedged until 31 December 2014. The hedge was cancelled, as most of the associated loan was repaid from funds raised by the corporate bond.

Open derivative financial instruments as of 31 December 2014

in CHF thousand				2014				2013
Instrument	Contract value	Positive replacement value	Negative replacement value	Purpose	Contract value	Positive replacement value	3	Purpose
Interest rate swaps	0	0	0		90 000	0	997	Hedge

29. Information on risk assessment activities including the Internal Control System (ICS)

29.1 Risk management organization

Financial and operational risk management are performed within the CPH Group in accordance with the principles and guidelines specified by the Board of Directors and Group Executive Management.

29.2 Risk management principles

These principles govern the regular assessment of operating and strategic business risks, the hedging of foreign-exchange, interest-rate, market, credit and liquidity risks and the Internal Control System (ICS). Guidelines have also been devised for liquid asset management and loan procurement activities. The management of non-essential liquidity and the procurement of short- and long-term loans are both centralized.

29.3 Risk overview

Risks are regularly recorded and analyzed, are summarized in an annual Risk Report which is presented to the Board of Directors and are compared with current insurance coverage. The major business risks are defined in a detailed Risk Catalogue and Risk Matrix, and are assessed in terms of their likelihood of occurrence and the possible scope of the damage such occurrence may cause.

The investigations into the situation with uranium at the Rotholz landfill site have not yet provided any conclusive results, and further studies are required. The Rotholz site has been designated as a pilot project for all "Supergips" landfills.

29.4 Reporting

Reporting on the Group's risk management is effected on an annual basis, and extends to both strategic and operational risks. Exceptional events are reported immediately to the Board of Directors. With the risk management established, the Board of Directors is convinced that it has taken the necessary steps to ensure the future development of the CPH Group, even though unforeseen risks resulting from special circumstances and uncertainties can never be excluded.

30. Earnings per share

Earnings per share is calculated by dividing the net result for the year by the average number of shares entitled to dividend issued, less any treasury shares. The company held 96 treasury shares in 2014 (prior year: none). Since no authorized or conditional capital is currently outstanding, diluted earnings per share are identical to the earnings per share amount.

	2014	2013
Net result as per consolidated income statement (in CHF thousand)	10502	-271 480
Weighted average number of shares entitled to dividend	299 904	300 000
Earnings per share (in CHF)	35.02	-904.93

31. Treasury shares

			2014			2013
	Number	Transaction price	Value	Number	Transaction price	Value
		(CHF)	(CHF thousand)		(CHF)	(CHF thousand)
Opening status on 1.1	0		0	0	0	0
Purchased	761	1 219.50	928			
Sold	665	1 221.60	812			
Closing status on 31.12	96	1 205.00	116	0	0	0

The company held 96 treasury shares at the end of 2014 (prior year: 0).

A total of 761 treasury shares were purchased on the SIX Swiss Exchange in the course of 2014 at an average purchase price of CHF 1 219.50. A total of 665 treasury shares were sold via the SIX Swiss Exchange in the course of the year at an average sale price of CHF 1 221.60.

32. Long-term trade accounts receivable

The amount shown relates to a payment-by-instalment agreement with a customer. It will be payable in 2016.

33. Subsequent events

The Swiss National Bank resolved on 15 January 2015 to abolish the minimum euro exchange rate of CHF 1.20 per euro, which it had introduced on 6 September 2011. The markets responded to this action with a substantial upward revaluation of the Swiss franc. It is not yet clear at what new rates the franc will settle against the euro and the US dollar. To appreciate the possible impact of these developments on CPH's earnings and equity, we have simulated the balance sheet items most affected using a new EUR/CHF exchange rate of 1.00 (compared to the 2014 year-end rate of 1.2024) and a new USD/CHF exchange rate of 0.90 (compared to the 2014 year-end rate of 0.9940).

The impact on the net results of CPH's Swiss-based subsidiaries amounts to CHF –17.9 million. Individual balance sheet items are affected as follows:

Liquid funds and securities	CHF −3.9 million
Trade accounts receivable	CHF -11.5 million
Inventories	CHF -4.8 million
Trade accounts payable	CHF +3.9 million
Other balance sheet items	CHF −1.6 million
Total	CHF -17.9 million

The translation of the equity of CPH's subsidiaries based outside Switzerland into Swiss francs using the same revised exchange rates reduces equity as of 31 December 2014 by a further CHF 6.1 million.

It is currently too early to determine whether impairments may be required as a result of these developments. CPH's tangible assets have service lives of over 30 years, and the corresponding revaluations cannot be effected until the exchange rates concerned have settled at new levels. A preliminary analysis in the Paper Division using revised parameters (WACC of 5% and the projected sales prices for the next two years), but excluding the effects of any countermeasures taken, shows that if the euro settles above CHF 1.15 over their remaining service lives, no additional impairment of the division's tangible assets should be required. The sensitivity analyses conducted concluded that a CHF 0.01 change in the euro exchange rate raises or reduces the value of these assets by about CHF 22 million. Preliminary analyses in the Chemistry and Packaging divisions reveal that no impairments are required, even if the euro should settle as low as CHF 1.05.

The Group's specialists will closely monitor all further developments over the next few months; and as soon as a reliable assessment can be made of the new exchange rate parameters, a detailed revaluation will be conducted of the tangible assets concerned.

The Board of Directors approved these consolidated financial statements at its meeting of 13 February 2015.

List of major shareholdings

	Registered office	Currency	Capital in thousand	Consolidation in %	Consolidation method
Chemie Uetikon AG	Uetikon/CH	CHF	2220	100	F
CU Immbilien Lahr AG BioUETIKON Ltd.	Uetikon/CH Dublin/IR	CHF EUR	2 200 518	100	F F
Consolidated chemistry companies:					
CU Deutero + Agro AG	Uetikon/CH	CHF	550	100	F
Zeowest AG (holding company)	Uetikon/CH	CHF	1 000	100	F
Zeochem AG	Uetikon/CH	CHF	14000	100	F
Zeochem L.L.C.	Louisville/USA	USD	36 547	100	F
Consolidated paper companies:					
Perlen Papier AG	Perlen/CH	CHF	81 000	100	F
Perlen Deutschland GmbH	Munich/D	EUR	100	100	F
Perlen France Sarl	Champigny/F	EUR	76	100	F
Consolidated packaging companies:					
Perlen Converting AG	Perlen/CH	CHF	4000	100	F
Perlen Converting L.L.C.	Whippany/USA	USD	1 000	100	F
ac-Folien GmbH	Müllheim/D	EUR	1 300	100	F
Perlen Packaging (Hong Kong) Ltd.	Hong Kong/HK	HKD	100	100	F
Perlen Packaging (Suzhou) Co., Ltd.	Suzhou/CN	USD	2794	100	F

Consolidation method:

 $\mathsf{F} = \mathsf{fully} \ \mathsf{consolidated}$

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of CPH Chemie + Papier Holding AG, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 42 to 74), for the year ended 31 December 2014.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 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.

PricewaterhouseCoopers AG

René Rausenberger Audit expert Auditor in charge Marcel Aeberhard Audit expert

Zurich, 13 February 2015

Income statement

in CHF thousand	Note	2014	2013
Net revenue from sale of goods and services	2.10	4 895	4419
01.		050	050
Other income		359	359
Personnel expense		-3096	-3268
Other operating expense		-1922	-1 627
Amortization/depreciation and impairment losses on non-current assets	2.11	-5097	-224767
Earnings before interest and taxes (EBIT)		-4861	-224 884
Financial income		8140	8 854
	2.12	2852	2392
- Income from participations - Interest income	2.12	4326	5633
eachine	2.13	637	734
- Book gains on securities held	0.14		
- Other financial income	2.14	325	95
Financial expense		-3 350	-629
- Interest expense	2.15	-1 565	-22
- Book losses on securities held	2.70	-39	-379
- Other financial expense	2.16	-1 746	-228
Earnings before taxes and extraordinary items		-71	-216659
Extraordinary, non-recurring or prior-period income	2.17	0	640
Extraordinary, non-recurring or prior-period expense		0	0
Earnings before taxes (EBT)		-71	-216 019
Direct taxes		-224	-356
(Loss)/Profit for the year		-295	-216375

Balance sheet

in CHF thousand	Note	31.12.2014	31.12.2013
Assets			
Cash and cash equivalents and assets held for short-term disposal			
with a quoted market price	2.1	31 639	14320
Other short-term receivables		6168	4 582
– From third parties		6 064	4582
- From group member companies		104	0
Prepaid expenses and accrued income		0	15
Total current assets		37 807	18917
Financial assets		404 980	302 235
- Long-term receivables from group member companies	2.2	404 980	302 235
Participations	2.3	111 048	116147
Property, plant and equipment		395	432
Total non-current assets		516 423	418814
Total assets		554 230	437731
Equity and liabilities			
Trade payables		200	123
- To third parties		200	123
Short-term interest-bearing liabilities		22	35
- Towards third parties	2.4	22	35
Other short-term liabilities	Δ, τ	96	52
- Towards third parties		16	52
- Towards group member companies		80	0
Accrued expenses and deferred income	2.5	1911	450
Short-term provisions		946	742
Total short-term liabilities		3175	1 402
Long-term liabilities		120 000	963
- Corporate bond	2.6	120 000	0
- Long-term liabilities towards group member companies		0	963
Total long-term liabilities		120 000	963
Total liabilities		123 175	2 365
Equity	2.7	30 000	30 000
Legal capital reserves	2.8	12300	16200
- Capital contribution reserve	2.0	12300	16200
Legal retained earnings		10016	10016
Voluntary retained earnings		379150	501 000
Earnings available for distribution		-295	-121 850
Balance brought forward from prior year		0	94 525
- (Loss)/Profit for the year		-295	-216375
Treasury shares		-116	0
Total equity		431 055	435 366
Total equity and liabilities		554 230	437 731

Important information

1. Valuation principles used

These financial statements have been compiled in accordance with the provisions on business bookkeeping and accounting specified in the Swiss Code of Obligations (Article 957ff). The company applied the provisions of the Swiss Federal Financial Reporting Act for the first time in its 2013 accounts and financial statements. The major balance-sheet items have been capitalized as follows:

Financial assets and participations

Financial assets are stated at their nominal value less any value adjustments required. Participations are stated at their purchase price less any value adjustments required.

Corporate bond

CPH Chemie + Papier Holding AG issued a CHF 120 million corporate bond on 10 July 2014 with a duration until 10 July 2019 and a coupon of 2.75%. The bond is listed on the SIX Swiss Exchange with the securities number CPH14. It is shown on the balance sheet at its nominal value.

Foreign currency positions

Foreign currency positions have been translated into Swiss francs at the following conversion rates:

Foreign currency	2014 income statement	2014 balance sheet	2013 income statement	2013 balance sheet
EUR	1.2146	1.2024	1.2308	1.2255
USD	0.9150	0.9940	0.9270	0.8900

The balance sheet conversion rates are the rates that ruled on the balance sheet date of 31 December 2014, while the conversion rates used for the income statement are the average rates for 2014.

2. Notes on the financial statements

CPH Chemie + Papier Holding AG, Root

The company employed an average of eight persons (in full-time-equivalent terms) in 2014.

2.1 Cash and cash equivalents and assets held for short-term disposal with a quoted market price

in CHF thousand	2014	2013
Cash and cash equivalents	26 385	4 0 4 5
Assets held for short-term disposal with a quoted market price	5 2 5 4	10275
Total	31 639	14320

2.2 Long-term receivables from group member companies

Long-term receivables from group member companies amounted to CHF 405 million for 2014, up CHF 103 million on the previous year. The increase is due primarily to the refinancing of the syndicated credit facility (see Note 2.6).

2.3 Participations

				Holdin	ng in 2014	Holdin	g in 2013
Name and legal form	Domicile	Remarks	Currency	Capital in thousand	Voting rights	Capital in thousand	Voting rights
		Merged with Perlen DE GmbH					
CPH Chemie + Papier Holding GmbH	Müllheim/D	on 21.8.2014	EUR	0	0	5 500	100
Chemie Uetikon AG	Uetikon/CH		CHF	2 2 2 2 0	100	2 2 2 2 0	100
BioUetikon Ltd.	Dublin/IR		EUR	518	100	518	100
CU Immobilien Lahr AG	Uetikon/CH		CHF	2200	100	2200	100
Zeochem AG	Uetikon/CH		CHF	14000	100	14000	100
Zeowest AG	Uetikon/CH		CHF	1 000	100	1 000	100
Zeochem L.L.C.	Louisville/USA		USD	36 547	100	36 547	100
CU Deutero + Agro AG	Uetikon/CH		CHF	550	100	550	100
Perlen Papier AG	Root/CH		CHF	81 000	100	81 000	100
Perlen Deutschland GmbH	Munich/D		EUR	100	100	100	100
Perlen France Sarl	Champigny/F		EUR	76	100	76	100
Perlen Converting AG	Root/CH		CHF	4000	100	4 000	100
ac-Folien GmbH	Müllheim/D		EUR	1 300	100	1 300	100
Perlen Converting L.L.C	Whippany/USA		USD	1 000	100	1 000	100
		Established					
Perlen Packaging (Hong Kong) Ltd.	Hong Kong/HK	26.6.2014	HKD	100	100		
		Established					
Perlen Packaging (Suzhou) Co., Ltd.	Suzhou/CN	15.9.2014	USD	2794	100		

The equity development of the Group's subsidiaries in 2014 resulted in a CHF 5.1 million impairment to participations (prior year: CHF 37.6 million).

2.4 Liabilities towards pension schemes

As of 31 December 2014, liabilities towards pension schemes amounted to CHF 0.02 million (prior year: CHF 0.04 million).

2.5 Accrued expenses and deferred income

Accrued expenses and deferred income for 2014 newly includes the accrued interest payable on the CHF 120 million 2.75% corporate bond (duration 10.7.2014-10.7.2019). This accrued interest amounted to CHF 1.5 million.

2.6 Long-term interest-bearing liabilities

Long-term interest-bearing liabilities amounted to CHF 120 million at the end of 2014 (prior year: CHF 1.0 million). They relate to the unsecured corporate bond issued on 10 July 2014 with a duration until 10 July 2019 and a coupon of 2.75%. The bond is listed on the SIX Swiss Exchange with the securities number CPH14. The previous UBS-led syndicated credit facility was largely replaced in July 2014 by the corporate bond placed on the capital market (see 2.5).

2.7 Share capital

Share capital remained unchanged at 300 000 registered shares each of CHF 100 nominal value. UBV Uetikon Betriebs- und Verwaltungs AG, Uetikon holds 49.99% thereof (prior year: 49.99%). For the shares held by members of the Board of Directors and other significant shareholders, please see Section 26.3.3 of the notes to the consolidated financial statements.

2.8 Legal capital reserves

The capital contribution reserve here derives from a quasi-merger in 1998, and has been shown separately since 2011.

2.9 Treasury shares

CPH Chemie + Papier Holding AG held 96 treasury shares at the end of 2014, at a purchase price of CHF 1 205 per share. (No treasury shares were held at the end of 2013.)

2.10 Net revenue from sale of goods and services

The CHF 4.9 million in this item represents the net revenue from goods and services provided for subsidiaries by the holding company and invoiced accordingly (prior year: CHF 4.4 million).

2.11 Amortization/depreciation and impairment losses on non-current assets

Negative equity at certain subsidiaries prompted a CHF 0.0 million impairment to intercompany loans (prior year: CHF 187.2 million). Together with the CHF 5.1 million impairment to participations (prior year: CHF 37.6 million), this resulted in a total impairment to non-current assets of CHF 5.1 million (prior year: CHF 224.8 million).

2.12 Income from participations

This item includes profit distributions by certain subsidiaries.

2.13 Interest income

Interest income stems predominantly from intercompany loans. An interest rate of between 1% and 3% was applied in 2014 (prior year: 1%).

2.14 Other financial income

This item includes income from securities and the positive net impact of currency movements on foreign currency amounts held. For 2014 it also includes the repayment of an intercompany loan to BioUETIKON Ltd., Dublin, on which an impairment had been effected the previous year.

2.15 Interest expense

This item consists largely of CHF 1.5 million of accrued interest on the CHF 120 million 2.75% corporate bond (duration 10.7.2014-10.7.2019).

2.16 Other financial expense

Other financial expense for 2014 consists mainly of the costs of the issue of the corporate bond (CHF 1.3 million) and of CHF 0.3 million in ordinary financial expense.

2.17 Extraordinary, non-recurring or prior-period income

The "Spendgut" account, on which interest had been earned for several decades, was closed in 2013, there being no further beneficiaries.

Guarantees to third parties

Contingent liabilities amount to CHF 21.9 million (prior year: CHF 131.7 million). These consist largely of guarantees by CPH Chemie + Papier Holding AG to Swiss banking institutions in respect of subsidiaries' credit limits and overdraft facilities.

Pledged assets

No assets were pledged at the end of 2014. At the end of the prior year all the shares of Perlen Papier AG, with a book value of CHF 81 million, served as collateral with a bank consortium led by UBS, where they had been deposited on 26 January 2009. In addition, bank credit balances had been pledged amounting to CHF 0.5 million.

Joint and several liability

CPH Chemie + Papier Holding AG is jointly and severally liable towards the Swiss federal tax authorities in Bern for current and future value-added tax payments of the CPH Group (group taxation).

Assets subject to reservation of ownership

The book value of leased property, plant and equipment amounts to CHF 0.02 million (prior year: CHF 0.06 million).

Leasing liabilities

The liabilities on leased vehicles amount to CHF 0.02 million (prior year: CHF 0.05 million).

Remuneration of members of the Board of Directors and Group Executive Management

The remuneration paid to members of the Board of Directors and Group Executive Management is detailed in Section 26.3.2 of the notes to the consolidated financial statements and in the Remuneration Report on pages 33 to 35.

Subordination agreements

Subordination agreements have been concluded between CPH Chemie + Papier Holding AG, Perlen and Zeochem AG, Uetikon (CHF 24.5 million). In 2013 subordination agreements existed between CPH Chemie + Papier Holding AG, Perlen and Perlen Papier AG, Perlen (CHF 160 million) and between CPH Chemie + Papier Holding AG, Perlen and Zeochem AG, Uetikon (CHF 24.5 million). The CHF 160 million subordination agreement with Perlen Papier AG was converted into a debt waiver in 2014.

Subsequent events

The Swiss National Bank resolved on 15 January 2015 to abolish the minimum euro exchange rate of CHF 1.20 per euro, which it had introduced on 6 September 2011. The markets responded to this action with a substantial upward revaluation of the Swiss franc. It is not yet clear at what new rates the franc will settle against the euro and the US dollar.

It is currently too early to determine whether impairments may be required to tangible fixed assets of the Paper Division as a result of these developments. These assets have service lives of over 30 years, and the corresponding revaluations cannot be effected until the exchange rates concerned have settled at new levels. A preliminary analysis in the Paper Division using revised parameters (WACC of 5% and the projected sales prices for the next two years), but excluding the effects of any countermeasures taken, shows that if the euro settles above CHF 1.15 over their remaining service lives, no additional impairment of the division's tangible assets should be required. The sensitivity analyses conducted concluded that a CHF 0.01 change in the euro exchange rate raises or reduces the value of these assets by about CHF 22 million.

The specialists in the Paper Division will closely monitor all further developments over the next few months; and as soon as a reliable assessment can be made of the new exchange rate parameters, a detailed revaluation will be conducted of the tangible assets concerned.

Should such a revaluation lead to a further impairment, and thus to the overindebtedness of Perlen Papier AG, CPH Chemie + Papier Holding AG has undertaken to provide financial support and take all the actions required to ensure that Perlen Papier AG has sufficient funds to meet its financial obligations at all times. CPH Chemie + Papier Holding AG will further ensure that Perlen Papier AG does not become overindebted as defined in Article 725, Paragraph 2 of the Swiss Code of Obligations. This guarantee will remain valid until 30 June 2016.

Recommendation on appropriation of earnings available for distribution

Movements in earnings available for distribution

in CHF thousand	2014	2013
Balance brought forward from prior year	-121 850	94 525
Appropriation of earnings available for distribution by resolution of the General Meeting		
To legal retained earnings	0	0
Offsetting of voluntary retained earnings	121 850	
Dividend to shareholders	-3900	-3900
Loss for the year	-295	-216375
Release from capital contribution reserve	3 900	3 900
Earnings available for distribution by the General Meeting	-295	-121 850

Board's recommendation to shareholders on appropriation of the earnings available for distribution

in CHF thousand	2014 Board's recommendation	2013 General Meeting's resolution
Earnings available for distribution by the General Meeting	-295	-121 850
Release from capital contribution reserve	3 900	3 900
Dividend to shareholders	-3900	-3900
Release from voluntary retained earnings	0	121 850
Balance to be carried forward	-295	0

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of CPH Chemie + Papier Holding AG, which comprise the income statement, balance sheet and notes (pages 76 to 82), for the year ended 31 December 2014.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

René Rausenberger Audit expert Auditor in charge Marcel Aeberhard Audit expert

Zurich, 13 February 2015

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Disclaimer concerning future-oriented statements

This Annual Report contains future-oriented statements about CPH that are subject to risk and uncertainties. These statements reflect the management's opinions at the time of the Report's compilation, but they may deviate from actual future events.

Dieser Geschäftsbericht ist auch in deutscher Sprache erhältlich. The original language is German.

