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CONSOLIDATED BALANCE SHEETS

at 31 December 2015 and 2014	Notes[1]	31.12.2015 in CHF m	in %	31.12.2014 in CHF m	in %
Assets					
Non-current assets					
Property, plant and equipment	5	2083		2104	
Intangible assets	6	1350		1487	
Investments in associates and joint ventures	7	586		635	
Financial assets	8	77		44	
Prepaid pension assets	17	47		18	
Deferred tax assets	9	256		271	
Total non-current assets		**4399**	**59.0**	**4559**	**57.6**
Current assets					
Inventories	10	811		930	
Trade receivables	11	934		985	
Other current assets	12	328		385	
Current income tax receivables		46		56	
Near-cash assets	13	152		180	
Cash and cash equivalents	14	789		748	
Total current assets		**3060**	**41.0**	**3284**	**41.5**
Assets held for sale	**23**	**2**	**–**	**72**	**0.9**
Total assets		**7461**	**100.0**	**7915**	**100.0**
Equity and liabilities					
Equity					
Share capital	15	1228		1228	
Treasury shares (par value)	15	– 34		– 45	
Other reserves		382		852	
Retained earnings		841		574	
Total capital and reserves attributable to Clariant shareholders		**2417**		**2609**	
Non-controlling interests		77		124	
Total equity		**2494**	**33.4**	**2733**	**34.5**
Liabilities					
Non-current liabilities					
Financial debts	16	1859		1761	
Deferred tax liabilities	9	71		72	
Retirement benefit obligations	17	829		924	
Provision for non-current liabilities	18	157		210	
Total non-current liabilities		**2916**	**39.1**	**2967**	**37.5**
Current liabilities					
Trade and other payables	19	1093		1147	
Financial debts	20	394		430	
Current income tax liabilities		276		313	
Provision for current liabilities	18	288		315	
Total current liabilities		**2051**	**27.5**	**2205**	**27.9**
Liabilities directly associated with assets held for sale	**21**	**–**	**–**	**10**	**0.1**
Total liabilities		**4967**	**66.6**	**5182**	**65.5**
Total equity and liabilities		**7461**	**100.0**	**7915**	**100.0**

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 December 2015 and 2014

	Notes[1]	**2015** in CHF m	in %	2014 in CHF m	in %
Sales	21	5 807	100.0	6 116	100.0
Costs of goods sold		– 4 020		– 4 344	
Gross profit		**1 787**	**30.8**	**1 772**	**29.0**
Selling, general and administrative costs		– 1 064		– 1 049	
Research and development costs		– 204		– 213	
Income from associates and joint ventures	7	77		75	
Gain from disposals not qualifying as discontinued operations	23	15		168	
Restructuring, impairment and transaction-related costs	25	– 115		– 228	
Operating income		**496**	**8.5**	**525**	**8.6**
Finance income	26	14		14	
Finance costs	26	– 210		– 160	
Income before taxes		**300**	**5.2**	**379**	**6.2**
Taxes	9	– 73		– 144	
Net result from continuing operations		**227**	**3.9**	**235**	**3.8**
Attributable to:					
Shareholders of Clariant Ltd		217		175	
Non-controlling interests		10		60	
Net result from discontinued operations	**22**	**12**		**– 18**	
Attributable to:					
Shareholders of Clariant Ltd		12		– 23	
Non-controlling interests		–		5	
Net income		**239**		**217**	
Attributable to:					
Shareholders of Clariant Ltd		229		152	
Non-controlling interests		10		65	
Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	27	0.67		0.55	
Discontinued operations	27	0.04		– 0.07	
Total		**0.71**		**0.48**	
Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	27	0.67		0.54	
Discontinued operations	27	0.04		– 0.07	
Total		**0.71**		**0.47**	

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014	Notes[1]	**2015** in CHF m	2014 in CHF m
Net income		**239**	**217**
Other comprehensive income:			
Remeasurements:			
Actuarial gain/loss on retirement benefit obligations	17	39	– 443
Return on retirement benefit plan assets, excluding amount included in interest expense	17	– 32	118
Total items that will not be reclassified subsequently to the income statement, gross		**7**	**– 325**
Deferred tax effect	9	– 6	60
Total items that will not be reclassified subsequently to the income statement, net		**1**	**– 265**
Net investment hedge	28	66	20
Currency translation differences		– 404	72
Share of other comprehensive income of associates and joint ventures	7	1	– 9
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities		– 2	3
Total items that will be reclassified subsequently to the income statement, gross		**– 339**	**86**
Deferred tax effect		–	–
Total items that will be reclassified subsequently to the income statement, net		**– 339**	**86**
Other comprehensive income for the period, net of tax		**– 338**	**– 179**
Total comprehensive income for the period		**– 99**	**38**
Attributable to:			
Shareholders of Clariant Ltd		– 110	– 36
Non-controlling interests		11	74
Total comprehensive income for the period		**– 99**	**38**
Total comprehensive income attributable to shareholders of Clariant Ltd arising from:			
Continuing operations		– 110	– 17
Discontinued operations		–	– 19
Total comprehensive income attributable to shareholders of Clariant Ltd		**– 110**	**– 36**

[1] The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY in CHF m

at 31 December 2015 and 2014

			Other reserves						
	Total share capital	Treasury shares (par value)	Share premium reserves	Cumulative translation reserves	Total other reserves	Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance 31 December 2013	**1 228**	**– 49**	**1 692**	**– 811**	**881**	**654**	**2 714**	**66**	**2 780**
Net income					–	152	152	65	217
Net investment hedge				20	20		20		20
Remeasurements:									
Actuarial gain/loss on retirement benefit obligation (see note 17)					–	– 443	– 443		– 443
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 17)					–	118	118		118
Deferred tax on remeasurements (see note 9)					–	60	60		60
Share of other comprehensive income of associates and joint ventures (see note 7)					–	– 9	– 9		– 9
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities				3	3		3		3
Currency translation differences				63	63		63	9	72
Total comprehensive income for the period	**–**	**–**	**–**	**86**	**86**	**– 122**	**– 36**	**74**	**38**
Distributions			– 115		– 115		– 115		– 115
Dividends to non-controlling interests					–		–	– 24	– 24
Disposal of non-controlling interests (see note 15)					–	17	17	8	25
Employee share & option scheme:									
Effect of employee services					–	17	17		17
Treasury share transactions		4			–	8	12		12
Balance 31 December 2014	**1 228**	**– 45**	**1 577**	**– 725**	**852**	**574**	**2 609**	**124**	**2 733**
Net income					–	229	229	10	239
Net investment hedge (see note 28)				66	66		66		66
Remeasurements:									
Actuarial gain/loss on retirement benefit obligation (see note 17)					–	39	39		39
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 17)					–	– 32	– 32		– 32
Deferred tax on remeasurements (see note 9)					–	– 6	– 6		– 6
Currency translation differences				– 405	– 405		– 405	1	– 404
Share of other comprehensive income of associates and joint ventures (see note 7)					–	1	1		1
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities				– 2	– 2		– 2		– 2
Total comprehensive income for the period	**–**	**–**	**–**	**– 341**	**– 341**	**231**	**– 110**	**11**	**– 99**
Distributions			– 129		– 129		– 129		– 129
Dividends to non-controlling interests					–		–	– 37	– 37
Share buyback of non-controlling interests by Clariant Chemicals (India) Ltd (see note 15)					–		–	– 21	– 21
Employee share & option scheme:									
Effect of employee services					–	13	13		13
Treasury share transactions		11			–	23	34		34
Balance 31 December 2015	**1 228**	**– 34**	**1 448**	**– 1 066**	**382**	**841**	**2 417**	**77**	**2 494**

The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended 31 December 2015 and 2014

	Notes[1]	**2015** in CHF m		2014 in CHF m	
Net income			**239**		**217**
Adjustment for:					
Depreciation of property, plant and equipment (PPE)	5	203		221	
Impairment	25	14		116	
Amortization of intangible assets	6	54		61	
Impairment of working capital		52		59	
Income from associates and joint ventures	7	– 77		– 75	
Tax expense	9	74		152	
Net financial income and costs	26	100		123	
Gain from disposals not qualifying as discontinued operations	23	– 15		– 168	
Loss on disposals of discontinued operations	22	2		15	
Other non-cash items		41		9	
Total reversal of non-cash items			448		513
Dividends received from associates and joint ventures	7		57		50
Income taxes paid			– 96		– 108
Payments for restructuring	25		– 78		– 89
Cash flow before changes in net working capital and provisions			**570**		**583**
Changes in inventories			– 28		– 116
Changes in trade receivables			– 79		– 73
Changes in trade payables			39		– 76
Changes in other current assets and liabilities			– 7		– 1
Changes in provisions (excluding payments for restructuring)			7		17
Cash flow from operating activities			**502**		**334**
Investments in PPE	5	– 374		– 310	
Investments in financial assets, associates and joint ventures		–		– 2	
Investments in intangible assets	6	– 27		– 13	
Changes in current financial assets and near-cash assets		7		– 28	
Sale of PPE and intangible assets		7		181	
Acquisition of companies, businesses and participations	24	– 22		– 41	
Proceeds from disposals of discontinued operations	22	–		132	
Proceeds from disposals of activities not qualifying as discontinued operations	23	74		112	
Cash flow from investing activities			**– 335**		**31**
Purchase of treasury shares		– 21		– 20	
Sale of treasury shares		55		28	
Distribution from the reserves to the shareholders of Clariant Ltd	15	– 129		– 115	
Dividends paid to non-controlling interests		– 37		– 24	
Proceeds from the disposal of non-controlling interests	15	–		25	
Share-Buyback of non-controlling interests by Clariant Chemicals (India) Ltd	15	– 21		–	
Proceeds from financial debts		497		265	
Repayments of financial debts		– 350		– 471	
Interest paid		– 90		– 105	
Interest received		12		14	
Cash flow from financing activities			**– 84**		**– 403**
Currency translation effect on cash and cash equivalents			– 42		16
Net change in cash and cash equivalents			**41**		**– 22**
Cash and cash equivalents at the beginning of the period	**14**		**748**		**770**
Cash and cash equivalents at the end of the period	**14**		**789**		**748**

[1] The notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

1.01 – General information

Clariant Ltd (the »Company«) and its consolidated subsidiaries (together the »Group«) are a global leader in the field of specialty chemicals. The Group develops, manufactures, distributes and sells a broad range of specialty chemicals which play a key role in its customers' manufacturing and treatment processes or add value to their end products. The Group has manufacturing plants around the world and sells mainly in countries within Europe, the Americas and Asia.

Clariant is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is Rothausstrasse 61, CH-4132 Muttenz, Switzerland. The Company is listed on the SIX Swiss Exchange.

The Board of Directors approved the consolidated financial statements for issue on 15 February 2016. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 21 April 2016.

1.02 – Basis of preparation

The consolidated financial statements of the Clariant Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the IFRIC interpretations applicable to companies reporting under IFRS, and with the significant accounting policies set out below.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. These estimates and judgment affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the reporting period. Although these are based on management's best knowledge of current events and circumstances, actual outcomes may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the consolidated financial statements, are disclosed under note 4.

1.03 – Standards, interpretations and amendments effective in 2015

The Clariant Group has applied the following standards, interpretations and amendments starting from 1 January 2015:

- Annual Improvements to IFRSs – 2010 – 2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of the improvements made in the 2010 – 2012 and 2011 – 2013 cycles requires additional disclosures, the most noteworthy of which are disclosures to be made with regard to IFRS 8, Operating Segments, and IAS 24, Related Party Disclosures.

The amendment to IAS 19 introduces a simplification of the requirements for certain contributions to a defined benefit plan.

None of these amended standards, interpretations and amendments had a significant impact on the Group's consolidated financial statements.

1.04 – Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments already issued but not yet effective will be adopted by the Group as they become effective.

IFRS 9, Financial Instruments, addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is yet to assess the full impact of IFRS 9 on its consolidated financial statements.

IFRS 15, Revenue from contracts with customers, deals with revenue recognition and establishes principles for disclosing useful information about revenue and cash flows arising from these contracts. This standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. It is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

In January 2016, the IASB published the new lease standard. IFRS 16, Leases, introduces a new lessee accounting approach by which the lessee will be required to recognize its leases on the balance sheet, by way of the recognition of a »right of use« asset and a lease liability. It also provides new guidance on sale and lease back accounting and requires new and different disclosures. This new standard will replace the guidance of IAS 17, Leases, and is effective for accounting periods beginning on or after 1 January 2019. Its impact on the Group financial statements is not assessed yet. There are no other standards, interpretations or amendments already issued but not yet effective that would be expected to have a material impact for the Group.

1.05 – Scope of consolidation

- **Subsidiaries:** Subsidiaries are those entities over which the Group has control. This is the case when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date the control ceases.

- **Associates:** Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method.

- **Joint arrangements:** The Group applies IFRS 11, Joint Arrangements, to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Clariant has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

All associates and joint ventures apply the same accounting principles as the Group.

1.06 – Principles and methods of consolidation

The annual closing date of the individual financial statements is 31 December. The consolidated financial statements are prepared applying uniform presentation and valuation principles.

The results of non-controlling interests are separately disclosed in the income statement and in the balance sheet.

1.07 – Revenue recognition

Sales of goods, interest income and dividends are recognized in line with the requirements of IAS 18, Revenue.

1.08 – Exchange rate differences

Exchange rate differences are recognized in line with the requirements of IAS 21, The Effect of Changes in Foreign Exchange Rates. The consolidated financial statements are presented in Swiss francs, which is the functional and presentation currency of the parent company.

Income statements and cash flow statements of foreign entities are translated into the Group's presentation currency at sales-weighted average exchange rates for the year and their balance sheets are translated at the exchange rates prevailing on 31 December.

1.09 – Property, plant and equipment

Property, plant and equipment, except for the ones pertaining to mining activities, are valued at historical acquisition or production costs and depreciated on a straight-line basis to the income statement, using the following estimated useful lives in accordance with the Group guidelines:

· Buildings	15 to 40 years
· Machinery and equipment	10 to 16 years
· Furniture, vehicles, computer hardware	3 to 10 years
· Land is not depreciated	

Property, plant and equipment pertaining to mining activities are valued at historical costs and depreciated over their useful lives to the income statement using the units of production method.

When the entity has a present legal or constructive obligation to dismantle an item of property, plant and equipment or restore a site, its initial costs include an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. A corresponding provision is recorded for the amount of the asset component.

Financing costs directly associated with the acquisition, construction or production of qualifying property, plant and equipment are capitalized as a part of the costs of these assets.

1.10 – Intangible assets

Goodwill is recognized as per the requirements of IFRS 3, Business Combinations, IAS 38, Intangible Assets and IAS 28, Investment in Associates and Joint Ventures. Goodwill is not amortized, but tested annually for impairment as required by IAS 36, Impairment of Assets.

Trademarks and licenses are capitalized at historical costs and amortized on a straight-line basis to the income statement over their estimated useful lives, with a maximum of ten years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. They are amortized on a straight-line basis to the income statement over their estimated useful lives (three to five years). Costs directly associated with the production of identifiable and unique software products controlled by the Group, that will probably generate economic benefits beyond one year, are recognized as intangible assets.

Direct costs include software development costs, personnel costs and advisory costs directly related to the software development and an appropriate portion of the relevant overheads. Costs associated with developing and maintaining common software programs are recognized as an expense when incurred.

Intangibles acquired in a business combination with the exception of mining rights are amortized using a straight-line method over their remaining useful lives as follows:

· Technology	3 to 15 years
· Customer relationships	6 to 20 years
· Tradenames	10 years
· Order backlog	2 years

Mining rights are depreciated over their useful lives using the units of production method.

On 1 June 2007, a European Union regulation on chemicals and their safe use came into effect. It deals with the Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH). REACH applies to all substances manufactured, placed on the market and used in the European Union, either on their own, in mixtures or in products. REACH requires the registration of certain substances, with annual volumes exceeding a consumption of 1 000 metric tons, by 2010 and various other substances depending on their category by 2018.

As a company active in the chemical industry, Clariant has incurred costs in connection with REACH. Due to their nature, these costs are considered within the context of IAS 38, Intangible Assets, and those qualifying for capitalization are reported as intangible assets. As the initial two phases of the registration were completed in 2010 and 2013 respectively, the corresponding costs capitalized as intangible assets are amortized since 2011 for the first phase and since January 2014 for the second phase on a straight-line basis to the income statement over their estimated useful lives of twelve years.

1.11 – Impairment of assets

Impairment of assets are recognized and disclosed as per the requirements of IAS 36, Impairment of Assets.

1.12 – Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal, as per the requirements of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

1.13 – Inventories

Purchased goods are valued at acquisition costs, while self-manufactured products are valued at manufacturing costs including related production overhead costs. Inventory held at the balance sheet date is primarily valued at standard costs, which approximates actual costs on a weighted average basis. This valuation method is also used for valuing the costs of goods sold in the income statement. Adjustments are made for inventories with a lower net realizable value. Unsaleable inventories are fully written off. These adjustments are recorded as valuation allowances, which are deducted directly from the inventory value in the balance sheet. The allowances are reversed when the inventories concerned are either sold or destroyed and as a consequence are removed from the balance sheet.

1.14 – Trade receivables

Trade receivables are recognized in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

1.15 – Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and calls with banks, as well as short-term investment instruments with an initial lifetime of 90 days or less. Bank overdrafts are shown within financial debt in current liabilities on the balance sheet.

1.16 – Derivative financial instruments and hedging

Derivative financial instruments and hedges are recognized in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

1.17 – Leasing

The Group classifies leases into finance and operating leases and recognizes them based on the requirements of IAS 17, Leases.

1.18 – Current income tax

The taxable profits (losses) of Group companies are calculated in accordance with the rules established by the taxation authorities of the countries in which they operate. They are the basis for the determination of income tax payments (reimbursements) for the reporting period in accordance with the prevailing local income tax rates. Current income tax is accounted for in accordance with the requirements of IAS 12, Income Taxes.

1.19 – Deferred income tax

Deferred income tax is calculated using the comprehensive liability method as per the requirements of IAS 12, Income Taxes.

No deferred income tax is calculated for the temporary differences on investments in Group companies, provided that the investor (parent company) is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

1.20 – Employee benefits

Group companies operate various post-employment schemes, including both defined benefit and defined contribution pension plans, post-employment health care plans and other benefits. Obligations for employee benefits are determined and recorded in line with the requirements of IAS 19, Employee Benefits.

Defined contribution plans: Contributions to defined contribution plans are recorded in the income statement in the period to which they relate.

Defined benefit plans: For defined benefit plans, the amount to be recognized in the provision is determined using the projected unit credit method. Independent actuaries perform the actuarial valuations for the defined benefit plans on a regular basis. For the larger plans these valuations take place annually. For the smaller ones valuations are performed at least every three years, with systematic roll-forwards in the years in between.

The retirement benefit obligations recognized in the balance sheet represent the present value of the obligations at the end of the reporting period less the fair value of the plan assets.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

Some Group companies **provide post-employment health care benefits** to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting method similar to that for the defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The charges for defined benefit plans, defined contribution plans and termination benefits are included in personnel expenses and reported in the income statement under the corresponding functions of the related employees or in restructuring expenses.

Other **long-term employee benefits** are employee benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within twelve months after the end of the period in which the employees render the related service. These include long-term compensated absences such as long-service or sabbatical leave and jubilee or other long-service benefits. The accounting policy for other long-term employee benefits is equal to that for post-employment benefits, with the exception that actuarial gains and losses are recognized immediately in the income statement.

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service.

1.21 – Provisions

Provisions are recognized as per the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

1.22 – Research and development

Development expenses are capitalized to the extent that the recognition criteria set up by IAS 38, Intangible Assets, are met.

Considering the uncertainties inherent to the development of new key products, Clariant does not capitalize the associated development costs. Experience has proven, that the structure of research and development in the industries that Clariant engages in, makes it difficult to demonstrate how single intangible assets (patents) will generate probable future economic benefits.

Laboratory buildings and equipment included in property, plant and equipment are depreciated over their estimated useful lives in accordance with the Group guidelines of note 1.09.

1.23 – Segment reporting

Segment information is presented in the same manner as in the internal reporting on behalf of the chief operating decision maker. The chief operating decision maker, responsible for strategic decisions, for the assessment of the segments' performance and for the allocation of resources to the segments, is the Executive Committee.

As of 1 January 2014, Clariant divested the Detergents & Intermediates business to International Chemical Investors Group (ICIG).

As of 30 April 2014, Clariant divested the Leather Services business to the Dutch group Stahl.

For these reasons, any result pertaining to these Business Units was reported under discontinued operations in the financial reports for 2014 and 2015.

On 28 February 2015 Clariant sold its Energy Storage activities pertaining to the Business Area Catalysis & Energy to British-based Johnson Matthey. The assets and liabilities pertaining to that activity were reclassified to held for sale during the fourth quarter of 2014 and removed from the balance sheet on the disposal date.

Clariant has seven Business Units (BU) for external reporting purposes, grouped into four Business Areas (BA) (reportable segments), in accordance with IFRS 8, Operating Segments:

- Care Chemicals (BU ICS)
- Catalysis (BU Catalysts, Energy Storage activities sold in 2015)
- Natural Resources (BU Oil & Mining Services, BU Functional Minerals)
- Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments)

These four business areas have full responsibility for their operating results. The BUs were grouped into the business areas as a consequence of the common traits regarding products, markets, technologies and cyclicality, as described hereafter:

The Business Area **Care Chemicals** comprises the Industrial & Consumer Specialties (ICS) BU, food additives as well as the future Industrial Biotechnology business. It demonstrates a clear focus on highly attractive, high-margin, and low-cyclicality segments. The BA follows a lifestyle-driven megatrend and strengthens Clariant's image of being a supplier of green and sustainable products.

The Business Area **Catalysis** develops, manufactures, and sells a wide range of catalyst products for the chemical, fuel and automotive industries. The Energy storage activities were divested in 2015. This BA is the smallest within Clariant but is highly profitable with low cyclicality.

The Business Area **Natural Resources** comprising BUs Oil & Mining Services and Functional Minerals, is characterized by high growth and low cyclicality as well as strong megatrend orientation. Main drivers are the rising demand for high-value added specialty chemicals used in the oil, mining, food and packaging industries, and increased consumption of oil, gas and base metals, driven by the fast-growing economies.

The Business Area **Plastics & Coatings** comprises the BUs Additives, Pigments and Masterbatches. The BA has a large exposure to Europe and, as such, is subject to lower growth and to economic cycles. Main drivers are the increasing use of plastics with tailor-made properties in applications such as mobile phones, cars, construction, as well as the rising consumption of plastics in line with increasing wealth.

Corporate: Income and expenses relating to Corporate include the costs of the Corporate headquarters and those of corporate coordination functions in major countries. In addition, Corporate includes certain items of income and expenses, which are not directly attributable to specific business areas.

The Group's business areas are segments offering different products. These segments are managed separately because they manufacture, distribute and sell distinct products, which require differing technologies and marketing strategies. These products are also subject to risks and returns that are different from those of other segments.

Segment sales are sales reported in the Group's income statement directly attributable to a segment and the relevant portion of the company income that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments.

Segment operating expenses are expenses resulting from the operating activities of a segment directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments.

Inter-segment transactions are entered into under the normal circumstances and terms and conditions that would also be available to unrelated third parties.

The segment net assets consist of segment assets, primarily property, plant and equipment, intangible assets, inventories and receivables, less segment liabilities. Usually no allocation of Corporate items is made to the segments. Corporate assets and liabilities principally consist of net liquidity (cash, cash equivalents and other current financial assets less financial debts) and deferred and current income taxes.

The Executive Committee assesses the performance of the operating segments based on income statement parameters like third-party sales, EBITDA, and operating result. Interest income, interest expense and taxes are not allocated to the segments. The return on the capital invested in each segment is measured by the Return on Invested Capital (ROIC).

1.24 – Share capital and other reserves

All issued shares are ordinary shares and as such are classified as equity. Incremental costs, directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds.

Written put options, where Clariant Ltd shares are the underlying, are reported as obligations to purchase Clariant Ltd shares if the number of shares is fixed and physical settlement for a fixed amount of cash is required, in case the option is exercised. At inception, the obligation is recorded at the present value of the settlement amount of the option and the corresponding effect is recognized in shareholders' equity.

The liability is measured subsequently at amortized costs using the effective interest method. Upon settlement of such written put options, the liability is extinguished and the charge to equity is reclassified to the treasury shares.

Clariant Ltd shares, subject to such put options, are not considered to be outstanding for the purpose of basic earnings per share calculations, but are considered for the dilutive earnings per share calculations to the extent that they are dilutive.

Other reserves comprise the following items:

- **Share premium:** The share premium comprises the excess price paid over the par value of the share at the time of issuance of the share capital.

- **Cumulative translation reserves:** The translation reserves comprise the foreign exchange differences arising on the translation of the financial statements of the foreign subsidiaries stated in a currency other than the Group's functional currency. In addition, the cumulative translation reserves comprise the foreign exchange differences arising on the translation of financial liabilities denominated in a currency other than the functional currency of the parent company Clariant Ltd, which are at the same time designated as a hedge of a net investment in a foreign entity.

1.25 – Treasury shares

Treasury shares are deducted from equity at their par value of CHF 3.70 per share. Differences between this amount and the amount paid for acquiring, or received for disposing of treasury shares are recorded in retained earnings.

1.26 – Financial debt

Financial debt is recognized based on the requirements of IAS 39, Financial Instruments: Recognition and Measurement.

1.27 – Financial assets

Financial assets are classified, recognized, measured and, if necessary, impaired based on the requirements of IAS 39, Financial Instruments: Recognition and Measurement. Purchases and sales of financial assets are recognized on settlement date, which is the date on which the Group receives or delivers the assets.

1.28 – Business combinations

The Group applies the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations, and recognizes any non-controlling interests in the acquiree at fair value (full goodwill method). Acquisition-related costs are expensed as incurred.

2. Enterprise Risk Management Identification, Assessment and Management

Under the Enterprise Risk Management Policy, based on the risk management standard of the Institute of Risk Managers, a tool is used to prepare risk assessments every year by Business Units, Service Units and Regions assessing threats and opportunities that will impact the objectives set for Clariant overall. These objectives are a result of the overall strategy of the Group as set by the Board of Directors and implemented by the Executive Committee.

The Executive Committee is responsible for monitoring the risk management assessments for relevance and consistency.

Objectives setting is finalized during the last quarter of the year. These objectives together with the threats and opportunities to them are subject to scrutiny by the Executive Committee during meetings with each Business Unit. Also reviewed and discussed are the measures proposed to maximize opportunities and reduce or contain threats. In that context, mitigation measures are defined and responsibilities are assigned.

The Group, the Service Units and the Regions are also required to make risk assessments based on the same criteria. All stakeholders are required to report significant changes to existing identified risks and new threats and opportunities as they arise.

Risk registers are maintained using financial, operational, reputational impact and probability assessments to score and rank all identified risks. The assessments also address the measures in place to manage the risk identified with dates for completion of the measures. Effectiveness of the measures is also assessed.

When threats and opportunities have been identified, and quantified, they are delegated to responsible named individuals who are required to deliver effective risk management. Depending on the nature of the risks identified, specific skill sets may be required for the management of those particular risks. The assessments are shared between the stakeholders on a regular basis.

A consolidated risk assessment is submitted to the Excutive Committee, the Audit Committee and the Board of Directors for review. In the case of new or changed risks, the reporting procedure is accelerated. Summaries of BUs, Regions and Services risk assessments are shared within Clariant to deliver the Group summary to all key managers.

To support functional responsibility, certain functions have access to risk assessments to assist them in their roles. Examples of such functions are Environmental Safety & Health Affairs (ESHA) to identify key sites for their property risk survey programme, internal audit and Group procurement.

Examples of identified risks included in the Risk Register:

2.1 – Regulation & Compliance: Environmental and product risks

Clariant is subject to many rules and regulations as well as compliance standards. These include chemical industry, country, government and customer requirements as well as the European Union's (EU) Regulations on Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH). Corporate Product Stewardship is responsible for the management of these risks. Certain specific matters are delegated to Legal, ESHA and Logistics functions.

2.2 – Site and location

This includes manufacturing plants and equipment important for the production of Clariant products for sale to customers. Also addressed are country and culture issues that could create threats and opportunities to business objectives. The aim is to maintain high-quality production facilities. ESHA and Regional Services are responsible for the management of the associated risks.

2.3 – Competitor activity

A number of identified risks include the development of the competitive landscape including emerging players and consolidation activities that could affect the nature and extent of competition. Clariant is a leading participant in its industrial sectors and each sector is monitored to identify changes and consider and plan to deal with the consequences of changes to customers and competitors.

3. Financial risk management

3.1 – Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk, counterparty risk, (re-)financing and funding risk, and also settlement risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance at reasonable hedging costs. The Group uses derivative financial instruments, non-derivative financial instruments and operating strategies to hedge certain risks.

Financial risk management is carried out by the central treasury department (Corporate Treasury) under policies approved by the Executive Committee and the Board of Directors. Corporate Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units and functions. Written principles for the management of overall foreign exchange risk, credit risk for the use of derivative financial instruments, non-derivative financial instruments and investing excess liquidity (counterparty risk) are in place.

Market risk

FOREIGN EXCHANGE RISK

- **Exposure to foreign exchange risk:** The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the euro and the US-dollar and to some extent the currencies of emerging countries. Foreign exchange risks arise from future commercial transactions, recognized assets and liabilities and net investments in foreign operations, when they are denominated in a currency that is not the respective subsidiary's functional currency.

- **Foreign exchange risk management:** To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use spot transactions, FX forward contracts, FX options and FX swaps according to the Group's foreign exchange risk policy. Corporate Treasury is responsible, in close co-ordination with the Group's operating units, for managing the net position in each foreign currency and for putting in place the appropriate hedging actions.

  The Group's foreign exchange risk management policy is to selectively hedge net transaction exposures in major foreign currencies.

Currency exposures arising from the net assets of the Group's foreign operations are managed primarily through borrowings denominated in the relevant foreign currency.

Detailed information regarding foreign exchange management is provided in note 28.

- **Foreign exchange risk sensitivity:** The estimated percentage change of the following foreign exchange rates used in this calculation is based on the historical foreign exchange rate volatility for a term of 360 days. The disbanding of the 1.20 floor in EUR CHF decided by the SNB on 15 January 2015 lead to relatively high historical volatilities as per 31 December 2015.

  At 31 December 2015, if the euro had strengthened/weakened by 22 % (2014: 4 %) against the Swiss franc with all other variables held constant, pre-tax profit for the year would have been CHF 32 million lower/higher (2014: CHF 11 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of the euro-denominated financing, cash and cash equivalents, intragroup financing and third-party trade receivables and payables. Equity would have been CHF 194 million lower/higher (2014: CHF 32 million lower/higher), arising mainly from foreign exchange gains/losses on translation of the euro-denominated hedging instruments.

  At 31 December 2015, if the US-dollar had strengthened/weakened by 23% (2014: 7%) against the Swiss franc with all other variables held constant, pre-tax profit for the year would have been CHF 121 million higher/lower (2014: CHF 9 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of US-dollar denominated cash and cash equivalents, intragroup financing and trade receivables.

INTEREST RATE RISK

- **Exposure to interest rate risk:** Financial debt issued at variable rates and cash and cash equivalents expose the Group to cash-flow interest rate risk; the net exposure as per 31 December 2015 was not significant. Financial debt issued at fixed rates does not expose the Group to fair value interest rate risk because it is recorded at amortized costs. At the end of 2015 and 2014, 100% of the net financial debt was at fixed rates.

- **Interest rate risk management:** It is the Group's policy to manage the costs of interest using fixed and variable rate debt and interest-related derivatives. Corporate Treasury monitors the net debt fix-to-float mix on an ongoing basis.

- **Interest rate risk sensitivity:** To calculate the impact of a potential interest rate shift on profit and loss, a weighted average interest rate change was determined, based on the terms of the financial debt issued at variable rates, fix term deposits and the movements of the corresponding interest rates (interest rates comparison between the end of 2015 and end of 2014).

  At 31 December 2015, if the euro interest rates on net current financial debt issued at variable interest rates had been 24 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been CHF 0.3 million lower/higher (2014: CHF 0.1 million for a euro interest rate shift of 77 basis points).

Other price risks

With regard to the financial statements as per 31 December 2015 and 2014, the Group was not exposed to other price risks in the sense of IFRS 7, Financial Instruments: Disclosures.

CREDIT RISK

- **Exposures to credit risk:** Credit risk arises from deposits of cash and cash equivalents, from entering into derivative financial instruments and from deposits with banks and financial institutions, as well as from credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions with suppliers. Customer credit risk exposure is triggered by customer default risk and country risk. As per 31 December 2015, the Group had a diversified portfolio with more than 28 000 active credit accounts (2014: 44 000), with no significant concentration neither due to size of customers nor due to country risk. Credit accounts that became inactive following the disposals of Business Units and activities of the last years were closed, reducing the number of active credit accounts at the end of 2015 compared to the end of 2014.

- **Credit risk management:** Clariant has a Group credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk rating and credit line allocation process. Procedures are standardized within a corporate customer credit risk policy and supported by the IT system with respective credit management tools. Credit lines are partially backed by credit risk insurance.

Ageing balance of trade receivables	**31.12.2015**	31.12.2014
Not due yet	87%	90%
Total overdue	13%	10%
– less than 30 days	9%	9%
– more than 30 days	4%	1%

Net trade receivables per Group internal risk category	**31.12.2015**	31.12.2014
A – low credit risk	21%	28%
B – low to medium credit risk	30%	33%
C – medium to above-average risk	32%	29%
D – high credit risk	16%	9%
N – customers awaiting rating	1%	1%

Financial instruments contain an element of risk that the counterparty may be unable to either issue securities or to fulfill the settlement terms of a contract. Clariant therefore – whenever possible – only cooperates with counterparties or issuers that are at least »BB-«- rated when it comes to entering into deposits with such counterparties. The cumulative exposure to these counterparties is constantly monitored by Corporate Treasury, therefore there is no expectation of a material loss due to counterparty risk.

The Group maintains a large cash pooling structure with a leading European bank, over which most European subsidiaries execute their cash transactions denominated in euro. As a result of this cash pool the Group at certain times has substantial current financial assets and at other times substantial current financial liabilities. In view of the bank being rated »A+« by the most important rating agencies, Clariant does not consider this to pose any particular counterparty risk.

At the balance sheet date 79% (2014: 72%) of the total cash and cash equivalents and near-cash assets were held with four (2014: six) banks, each with a position between CHF 75 and CHF 351 million (2014: between CHF 58 and CHF 214 million). All of these banks are rated »A« and better.

The table below shows in percentage of total cash and cash equivalents the share deposited with each of the three major counterparties at the balance sheet date (excluding the bank managing the euro cash pool):

Counterparty	Rating	**31.12.2015**
Bank 1	AA	18%
Bank 2	A	16%
Bank 3	A	8%

Counterparty	Rating	31.12.2014
Bank A	A	20%
Bank B	A+	8%
Bank C	A	8%

Liquidity risk

- **Liquidity risk management:** Cash flow forecasting is performed in the subsidiaries of the Group and in aggregate by Corporate Treasury. Corporate Treasury monitors the forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. At all times the Group aims to meet the requirements set by the covenants of any of its borrowing facilities. Corporate Management therefore takes into consideration the Group's debt financing plans and financing options. At the balance sheet date, there are no covenants.

Cash which is not needed in the operating activities of the Group is invested in short-term money market deposits or marketable securities, if an interest income higher than the one on a regular bank deposit can be achieved. At 31 December 2015, the Group held money market funds of CHF 373 million (2014: CHF 457 million), thereof money market funds of CHF 152 million with an initial tenor of more than 90 days (2014: CHF 180 million).

The following table analyzes the maturity profile of the Group's financial liabilities. The amounts disclosed are the contractual undiscounted cash flows and therefore do not reconcile with the financial liabilities presented in the consolidated balance sheets.

At 31 December 2015 CHF m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	394	654	697	508
Interest on borrowings	68	63	65	33
Finance lease liabilities	2	1	4	19
Trade and other payables	1093	–	–	–
Derivative financial instruments	1	–	–	–

At 31 December 2014 CHF m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	429	165	1249	347
Interest on borrowings	75	69	107	36
Finance lease liabilities	2	2	4	22
Trade and other payables	1147	–	–	–
Derivative financial instruments	2	–	–	–

The Group covers its liabilities out of operating cash flow generated, liquidity reserves in form of cash and cash equivalents including money market deposits (31 December 2015: CHF 941 million vs. 31 December 2014: CHF 928 million), uncommitted open cash pool limits and bank credit lines of Corporate Treasury (31 December 2015: CHF 173 million vs. 31 December 2014: CHF 187 million), additional uncommitted net working capital facilities and through issuance of capital market instruments.

3.2 – Fair value measurement

IFRS 13, Fair Value Measurement, requires the disclosure of fair value measurements for financial instruments that are measured at fair value in the balance sheet in accordance with the fair value measurement hierarchy.

The fair value hierarchies are defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation methods

As per 31 December 2015, the open derivative financial instruments held were valued using the following valuation methods:

Forward exchange rate contracts: The valuation of forward exchange rate contracts are based on the discounted cash flow model, using observable inputs, such as interest curves and spot rates.

Exchange rate Options: FX Options are valued based on a Black-Scholes model, using major observable inputs, such as volatility and exercise prices.

The financial instruments measured at fair value through profit or loss were all classified as Level 2 for 2015 and 2014 (see note 28). There were no transfers between the levels in 2015 and 2014.

3.3 – Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain a capital structure suitable to optimize the cost of capital. This includes aspects of the credit rating.

In order to maintain or adjust the capital structure, the Group may adjust the amount of payouts to the shareholders, return capital to the shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of invested capital as part of the return on invested capital concept. Invested capital is calculated as the sum of total equity as reported in the consolidated balance sheets plus current and non-current financial liabilities as reported in the consolidated balance sheets plus estimated liabilities from operating leases, plus estimated cash needed for operating purposes, less cash and cash equivalents and near-cash assets not needed for operating purposes.

Invested capital for the Group was as follows on 31 December 2015 and 2014 respectively:

CHF m	**2015**	2014
Total equity	2 494	2 733
Total current and non-current financial liabilities	2 253	2 191
Estimated operating lease liabilities	421	412
Cash needed for operating purposes	116	122
Less cash and cash equivalents and near-cash assets*	– 941	– 928
Invested capital	**4 343**	**4 530**

* Near-cash assets represent deposits over 90 days.

At the end of 2015, Clariant considers the invested capital to be adequate.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

The Group makes estimates and takes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 – Estimated impairment of goodwill and property, plant and equipment

The Group tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36, Impairment of Assets. The recoverable amounts of all cash generating units have been determined based on value-in-use calculations.

The recoverable value of property, plant and equipment is also assessed applying value-in-use calculations. These calculations require the use of estimates, in particular in relation to the expected growth of sales, the discount rates, the development of raw material prices and the success of restructuring measures implemented (see notes 5 and 6).

4.2 – Environmental liabilities

The Group is exposed to environmental regulations in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for environmental remediation. The Group constantly monitors its sites to ensure compliance with legislative requirements and to assess the liability arising from the need to adapt to changing legal demands. The Group recognizes liabilities for environmental remediation based on the latest assessment of the environmental situation of the individual sites and the most recent requirements of the respective legislation. Where the final remediation results in expenses that differ from the amounts previously recorded, such differences impact the income statement in the period in which such determination is made (see notes 18 and 32).

4.3 – Taxes

The Group is subject to income and other taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain at the time a liability must be recorded. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the income tax and deferred tax provisions in the period in which such determination is made (see note 9).

Some subsidiaries generate tax losses. Often these can be used to offset taxable gains of subsequent periods. The Group constantly monitors the development of such tax loss situations. Based on the business plans for the subsidiaries concerned, the recoverability of such tax losses is determined. In the case that a tax loss is deemed to be recoverable, the capitalization of a deferred tax asset for such a tax loss is then decided. The time horizon for such a calculation is in line with the mid-term planning scope of the Group.

4.4 – Estimates for the accounting for employee benefits

IAS 19 Employee Benefits, requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected future salary increases, long-term increase in health care costs, average life expectancy and discount rates. Substantial changes in the assumed development of any of these variables may signiicantly change the Group's retirement benefit obligation and pension assets (see note 17).

5. Property, plant and equipment

in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construc-tion	**Total 2015**
Cost						
As per 1 January	452	1 936	3 005	369	161	5 923
Additions	2	13	38	19	302	374
Acquired in business combinations	–	4	5	–	–	9
Disposals	– 2	– 72	– 133	– 24	–	– 231
Reclassifications	1	23	13	14	– 22	29
Exchange rate differences	– 45	– 182	– 255	– 38	– 14	– 534
At 31 December	**408**	**1 722**	**2 673**	**340**	**427**	**5 570**
Accumulated depreciation and impairment						
As per 1 January	– 125	– 1 292	– 2 107	– 282	– 13	– 3 819
Disposals	–	72	133	22	–	227
Depreciation	–	– 47	– 128	– 28	–	– 203
Impairment (see note 25)	–	– 1	– 1	–	–	– 2
Reclassifications	7	13	– 60	– 2	13	– 29
Exchange rate differences	10	113	188	28	–	339
At 31 December	**– 108**	**– 1 142**	**– 1 975**	**– 262**	**–**	**– 3 487**
Net book value	**300**	**580**	**698**	**78**	**427**	**2 083**

in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construction	Total 2014
Cost						
As per 1 January	455	1 902	2 917	349	76	5 699
Additions	–	21	62	25	202	310
Acquired in business combinations (see note 24)	3	5	6	–	–	14
Reclassifications	–	37	79	16	– 132	–
Reclassified to held for sale (see note 22)	– 2	– 26	– 54	– 1	– 1	– 84
Disposals	–	– 22	– 72	– 31	–	– 125
Exchange rate differences	– 4	19	67	11	16	109
At 31 December	**452**	**1 936**	**3 005**	**369**	**161**	**5 923**
Accumulated depreciation and impairment						
As per 1 January	– 125	– 1 259	– 1 986	– 273	– 15	– 3 658
Reclassified to held for sale (see note 22)	–	6	20	1	1	28
Disposals	–	22	54	29	–	105
Depreciation	–	– 49	– 138	– 34	–	– 221
Impairment (see note 25)	– 1	– 2	– 1	–	–	– 4
Exchange rate differences	1	– 10	– 56	– 5	1	– 69
At 31 December	**– 125**	**– 1 292**	**– 2 107**	**– 282**	**– 13**	**– 3 819**
Net book value	**327**	**644**	**898**	**87**	**148**	**2 104**

Impairments recognized in 2015 and 2014 arose as a result of restructuring measures entailing site closures and of disposal projects.

Exchange rate differences mainly arise from the changes in the euro/Swiss franc and Brasilian real/Swiss franc exchange rates. Both currencies significantly devalued against the Swiss franc in 2015.

As at 31 December 2015, commitments for the purchase of property, plant and equipment concerned various projects mainly in Germany, the United States and in China, and totalled CHF 105 million (2014: CHF 83 million).

As per 31 December 2015, property, plant and equipment acquired by way of finance lease, with costs of CHF 24 million (2014: CHF 31 million) and a net book value of CHF 11 million (2014: CHF 15 million) were recorded.

In a number of cases Clariant companies act as lessors in operating lease arrangements. This concerns exclusively land and buildings, mainly in Germany and Switzerland. The net book value of land and buildings subject to such arrangements amounted to CHF 168 million (gross book value of CHF 667 million, accumulated depreciation and impairment of CHF 499 million) on 31 December 2015 (2014: gross book value of CHF 734 million, accumulated depreciation and impairment of CHF 552 million and a net book value of CHF 182 million). Leasing income in the reporting period amounted to CHF 16 million (2014: CHF 14 million). Expected minimum lease income varies between CHF 10 million and CHF 15 million (2014: CHF 10 million and CHF 14 million) per annum for the next five years and amounts to CHF 116 million for later periods (2014: CHF 129 million).

6. Intangible assets

in CHF m	Goodwill	Technology	Customer relation-ships	Trade names	Other	**Total 2015**
Cost						
As per 1 January	1 324	187	187	74	259	2 031
Additions	–	–	–	–	27	27
Acquired in business combinations	4	2	1	–	9	16
Disposals	–	– 30	–	– 3	– 3	– 36
Reclassifications	30	42	87	37	63	259
Exchange rate differences	– 95	– 9	– 5	–	– 25	– 134
At 31 December	**1 263**	**192**	**270**	**108**	**330**	**2 163**
Accumulated amortization and impairment						
As per 1 January	– 210	– 86	– 51	– 38	– 159	– 544
Disposals	–	30	–	3	3	36
Amortization	–	– 15	– 8	– 7	– 24	– 54
Impairment (see note 25)	– 7	–	–	–	– 4	– 11
Reclassifications	– 30	– 53	– 115	– 27	– 34	– 259
Exchange rate differences	3	3	–	–	13	19
At 31 December	**– 244**	**– 121**	**– 174**	**– 69**	**– 205**	**– 813**
Net book value	**1 019**	**71**	**96**	**39**	**125**	**1 350**

in CHF m	Goodwill	Technology	Customer relation-ships	Trade names	Other	**Total 2014**
Cost						
As per 1 January	1 330	179	178	69	296	2 052
Additions	–	–	–	–	13	13
Acquired in business combinations (see note 24)	10	3	2	5	1	21
Disposals	–	–	–	–	– 60	– 60
Reclassifications	– 9	6	3	–	–	–
Exchange rate differences	– 7	– 1	4	–	9	5
At 31 December	**1 324**	**187**	**187**	**74**	**259**	**2 031**
Accumulated amortization and impairment						
As per 1 January	– 208	– 50	– 43	– 22	– 180	– 503
Disposals	–	–	–	–	59	59
Amortization	–	– 17	– 8	– 7	– 29	– 61
Impairment (see note 25)	–	– 20	–	– 8	–	– 28
Exchange rate differences	– 2	1	–	– 1	– 9	– 11
At 31 December	**– 210**	**– 86**	**– 51**	**– 38**	**– 159**	**– 544**
Net book value	**1 114**	**101**	**136**	**36**	**100**	**1 487**

Amortization is allocated to the line in the income statement, which represents the function to which the intangible asset pertains.

Impairments recognized in 2015 and 2014 arose as a result of the restructuring measures and the disposal projects.

As per end of 2015, other intangible assets include costs in the amount of CHF 44 million (2014: CHF 46 million) capitalized in connection with the REACH regulation and CHF 23 million (2014: CHF 15 million) of capitalized internally generated intangibles.

Impairment test for goodwill. Goodwill is allocated to the Group's cash generating units (CGU). Cash generating units consist of Business Units which are for external reporting purposes reported under the corresponding business areas (reportable segments, see note 1.23).

Goodwill is allocated to the following CGUs:

in CHF m	**31.12.2015**	31.12.2014
Industrial & Consumer Specialties	46	43
Masterbatches	174	185
Pigments	18	25
Functional Minerals	143	158
Catalysts	622	685
Oil & Mining Services	16	18
Total net book value	**1019**	**1114**

Continuing operations
The recoverable amount for all CGUs is determined based on their value-in-use. The value-in-use calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. Beyond this five-year period growth in accordance with market growth is assumed. The main assumptions used for cash flow projections were EBITDA in percent of sales and sales growth. The assumptions regarding these two variables are based on Management's past experience and future expectations of business performance. The pre-tax discount rates used are based on the Group's weighted average cost of capital. The assumed pre-tax discount rate was 11.31 % for all cash generating units (2014: 12.01 %).

For all CGUs it was assumed that they achieve sales growth in line with or higher than market growth based on the current specific strategic plans for those CGUs. It was also assumed that the EBITDA in percentage of sales will improve over present performance as a result of the continuous improvement measures implemented. It was also determined that the net present value of their expected cash flows exceeds the carrying amount of the net assets allocated on a value-in-use basis.

The estimated recoverable amount of the CGU Catalysts exceeds its carrying amount including goodwill by CHF 141 million. The recoverable amount would be equal to the carrying amount if the assumed average annual sales growth rate during the planning period were reduced by 0.6 %, or alternatively, if the operating margin was reduced by 1.5 % of sales.

7. Investments in associates and joint ventures

in CHF m	**2015**	2014
As per 1 January	**635**	**608**
Change in the scope of consolidation	– 13	– 6
Additions	7	187
Impairment (see note 25)	– 1	– 84
Disposals	–	– 74
Share of profit	77	75
Share of other comprehensive income of associates and joint ventures	1	– 9
Dividends received	– 57	– 50
Exchange rate differences	– 63	– 12
At 31 December	**586**	**635**
Thereof joint ventures	177	190

The key financial data of the Group's principal associates is as follows:

INVESTMENTS IN ASSOCIATES:

	Stahl Lux 2 SA		Infraserv GmbH & Co. Höchst KG		Infraserv GmbH & Co. Gendorf KG		Infraserv GmbH & Co. Knapsack KG		Others	
	Luxembourg		Germany		Germany		Germany			
in CHF m	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Summarized financial information										
Interest held %	23%	23%	32%	32%	50%	50%	21%	21%	–	–
Revenue	619	436	1 112	1 247	231	269	193	203	289	304
Net income/loss	56	11	75	102	17	20	13	15	9	– 1
Total comprehensive income	56	11	77	109	14	18	13	15	9	– 1
Other comprehensive income	–	–	– 2	– 7	3	– 2	–	–	–	–
Current assets	342	352	300	373	57	79	57	63	214	213
Non current assets	348	372	653	763	147	151	98	100	146	163
Current liabilities	– 143	– 148	– 220	– 111	– 37	– 72	– 41	– 39	– 150	– 156
Total non-current liabilities	– 313	– 370	– 417	– 665	– 71	– 59	– 29	– 30	– 100	– 99
Net assets	**234**	**206**	**316**	**360**	**96**	**99**	**85**	**94**	**110**	**121**
Book value beginning of period	**187**	**–**	**123**	**119**	**50**	**50**	**19**	**19**	**66**	**74**
Additions	–	186	–	–	–	–	–	–	7	1
Change in the scope of consolidation	–	–	–	–	–	–	–	–	– 13	– 6
Impairment	–	–	–	–	–	–	–	–	– 1	–
Share of profit for the period	11	3	26	38	10	8	3	3	10	5
Share of other comprehensive income	–	–	– 1	– 7	2	– 2	–	–	–	–
Dividends received	–	–	– 32	– 23	– 6	– 8	– 3	– 3	– 5	– 6
Foreign exchange rate differences	– 18	– 2	– 12	– 4	– 5	2	– 2	–	– 7	– 2
Book value end of the period	**180**	**187**	**104**	**123**	**51**	**50**	**17**	**19**	**57**	**66**
Group's Share in net assets	**54**	**47**	**101**	**115**	**48**	**50**	**18**	**20**	**57**	**66**
Fair value adjustment/Goodwill	124	140	–	–	–	–	–	–	–	–
Taxes, Minorities and other adjustments	2	–	3	8	3	–	– 1	– 1	–	–
Book value at the end of the period	**180**	**187**	**104**	**123**	**51**	**50**	**17**	**19**	**57**	**66**

On 30 April 2014, Clariant sold its Leather Services Business to the Netherlands-based Stahl group for a cash consideration of CHF 89 million and a 23% stake in the acquiring group. Stahl is a producer of high-quality chemicals, dyes and coatings for leather and other applications and has about 1 700 employees.

The Infraserv companies were set up by the former Hoechst group to cater to the infrastructure needs of its subsidiaries in Germany prior to 1997. The shareholdings in associates summarized under »Others« concern mainly companies specializing in selling Clariant products.

On 31 December 2015, accumulated unrecognized losses amounted to CHF 18 million (2014: CHF 14 million).

The key financial data of the Group's principal joint ventures is as follows:

INVESTMENTS IN JOINT VENTURES:

	ASK Group		Scientific Design Company Inc.		Süd-Chemie India Pvt Ltd	
	Germany		USA		India	
in CHF m	**2015**	2014	**2015**	2014	**2015**	2014
Summarized financial information						
Interest held %	0%	50%	50%	50%	50%	50%
Revenue	–	320	85	93	98	94
Net income	–	6	8	11	21	21
Total comprehensive income	–	6	8	11	23	23
Other comprehensive Income	–	–	–	–	– 2	– 2
Current assets	–	–	84	87	172	140
Non-current assets	–	–	29	32	14	13
Current liabilities	–	–	– 20	– 19	– 82	– 63
Total non-current liabilities	–	–	– 8	– 19	– 5	– 2
Net assets	**–**	**–**	**85**	**81**	**99**	**88**
Book value beginning of period	**–**	**159**	**108**	**109**	**82**	**78**
Impairment	–	– 84	–	–	–	–
Disposals	–	– 74	–	–	–	–
Share of profit/loss for the period	–	–	5	7	12	11
Dividends received	–	–	– 7	– 5	– 4	– 5
Foreign exchange rate differences	–	– 1	– 11	– 3	– 8	– 2
Book value end of the period	**–**	**–**	**95**	**108**	**82**	**82**
Group's Share in net assets at the end of the period	**–**	**–**	**42**	**40**	**49**	**44**
Fair value adjustment/Goodwill	–	–	66	67	28	33
Taxes, Minorities and other adjustments	–	–	– 13	1	5	5
Book value at the end of the period	**–**	**–**	**95**	**108**	**82**	**82**

Scientific Design Company Inc. is a producer of ethylene and oxide catalysts headquartered in the United States and has around 140 employees. Co-owner is the Saudi Arabia-based Sabic group.

Süd-Chemie India Pvt Ltd is a producer of syngas, air purification and refinery catalysts. It has around 400 employees and is headquartered in India. It is co-owned by private investors based in India.

During 2014, Clariant sold its 50% participation in the ASK group, a German-based supplier of additives and supplies for the foundry industry. Co-owner was the US-based Ashland group and acquirer was the London and New York-based private equity investment firm Rhône Group LLC (see note 23).

8. Financial assets

in CHF m	2015	2014
As per 1 January	44	27
Additions	2	17
Reclassified from other current assets (see note12)	38	–
Repayments and diposals	– 4	–
Exchange rate differences	– 3	–
At 31 December	**77**	**44**

Financial assets include loans to joint ventures, loans arising on disposals and a number of small-scale participations in companies, mostly in Germany, engaged in activities closely related to the ones of Clariant.

Loans are carried at amortized cost.

Financial assets are mostly denominated in euros, US-dollars and in Swiss francs.

9. Taxes

in CHF m	2015	2014
Current income taxes	– 76	– 161
Deferred income taxes	2	9
Total taxes	**– 74**	**– 152**
Thereof reported under discontinued operations	1	8
Total continuing operations	**– 73**	**– 144**

The main elements contributing to the difference between the Group's overall expected tax expense/rate and the effective tax expense/rate are:

	2015 in CHF m	in %	2014 in CHF m	in %
Income before taxes from continuing operations	300		379	
Income before taxes from discontinued operations	13		– 10	
Income before taxes total	**313**		**369**	
Expected tax expense/rate [1]	**– 62**	**19.8**	**– 82**	**22.2**
Effect of taxes on items not tax-deductible	– 24	7.7	– 110	29.8
Effect of utilization and changes in recognition of tax losses and tax credits	13	– 4.2	9	– 2.4
Effect of tax losses and tax credits of current year not recognized	– 8	2.6	– 13	3.5
Effect of adjustments to taxes recognized in prior periods	– 2	0.6	– 16	4.3
Effect of tax exempt income and preferential tax rate	14	– 4.5	59	– 16.0
Effect of other items	– 5	1.6	1	– 0.3
Effective tax expense/rate	**– 74**	**23.6**	**– 152**	**41.2**
Thereof reported under discontinued operations	1	– 0.3	8	– 3.2
Effective tax expense/rate continuing operations	**– 73**	**23.3**	**– 144**	**38.0**

[1] Calculated based on the income before tax of each subsidiary (weighted average).

Compared to the expected tax rate, the effective tax rate was adversely impacted by dividend tax arising mainly from the repatriation of proceeds from a land sale in India and by the non-recognition of deferred tax asset on tax losses incurred by subsidiaries mainly in China and Canada as their recoverability was not considered probable. On the other hand, the effective tax rate was positively influenced by the utilization of previously unrecognized tax losses/tax credits by subsidiaries in particular in Switzerland and United Kingdom.

The movement of the net deferred income tax balance is as follows:

in CHF m	PPE and intangible assets	Retirement benefit obligations	Tax losses and tax credits	Other accruals and provisions	**Total**	Thereof offset within the same jurisdiction	**Total**
Deferred tax assets at 1 January 2014	60	141	146	111	458	– 213	245
Deferred tax liabilities at 1 January 2014	– 298	–	–	– 35	– 333	213	– 120
Net deferred tax balance at 1 January 2014	**– 238**	**141**	**146**	**76**	**125**	**–**	**125**
Charged/credited to income from continuing operations	30	– 23	– 20	18	5		
Effect of disposals	6	– 3	–	1	4		
Total charged/credited to income statement	**36**	**– 26**	**– 20**	**19**	**9**		
Charged/credited to other comprehensive income	–	60	–	–	60		
Exchange rate differences	– 1	– 2	9	– 1	5		
Net deferred tax balance at 31 December 2014	**– 203**	**173**	**135**	**94**	**199**	**–**	**199**
Deferred tax assets at 31 December 2014	50	173	135	112	470	– 199	271
Deferred tax liabilities at 31 December 2014	– 253	–	–	– 18	– 271	199	– 72
At 1 January 2015	**– 203**	**173**	**135**	**94**	**199**	**–**	**199**
Charged/credited to income from continuing operations	101	– 11	– 3	– 86	1		
Effect of disposals	1	–	–	–	1		
Total charged/credited to income statement	**102**	**– 11**	**– 3**	**– 86**	**2**		
Charged/credited to other comprehensive income	–	– 6	–	–	– 6		
Exchange rate differences	16	– 10	– 5	– 11	– 10		
Net deferred tax balance at 31 December 2015	**– 85**	**146**	**127**	**– 3**	**185**	**–**	**185**
Deferred tax assets at 31 December 2015	88	148	128	–	364	– 108	256
Deferred tax liabilities at 31 December 2015	– 173	– 2	– 1	– 3	– 179	108	– 71
Net deferred tax balance at 31 December 2015	**– 85**	**146**	**127**	**– 3**	**185**	**–**	**185**

Of the deferred tax assets capitalized on tax losses, CHF 76 million refer to tax losses of the US-subsidiaries (2014: CHF 86 million), CHF 10 million to tax losses of the Spanish subsidiaries (2014: CHF 12 million), CHF 8 million to tax losses of the Italian subsidiaries (2014: CHF 11 million) and CHF 4 million to tax losses of the Swiss subsidiaries (2014: CHF 8 million). Clariant considers it probable that these tax losses can be recovered.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. These unremitted earnings totaled CHF 1 734 million at the end of 2015 (2014: CHF 2 470 million).

The tax losses on which no deferred tax assets are recognized are reviewed for recoverability at each balance sheet date. The largest part of these tax losses arose in Switzerland (with a weighted average tax rate of 16.8 %), in France (with a tax rate of 33.3 %), in China (with a tax rate of 25 %) and in Luxemburg (with a tax rate of 29.2 %). At present their recoverability is not considered probable.

Tax losses on which no deferred tax assets were recognized are as follows:

in CHF m	**31.12.2015**	31.12.2014
EXPIRY BY:		
2015	–	12
2016	71	159
2017	60	61
2018	22	25
2019	32	–
after 2019 (2014: after 2018)	260	318
Total	**445**	**575**
CHF m	**31.12.2015**	31.12.2014
Unrecognized tax credits	**–**	**13**

Tax credits of CHF 13 million were recognized in 2015. They expire in 2020 or later. In 2014, unrecognized tax credits amounting to about half a million were expiring between 2015 and 2018 and the remaining tax credits of CHF 11 million were expiring in and after 2018.

Temporary differences on which no deferred tax recognized amount to CHF 37 million (2014: CHF 41 million).

10. Inventories

in CHF m	**31.12.2015**	31.12.2014
Raw material, consumables, work in progress	343	394
Finished products	468	544
Total	**811**	**938**
Reclassified to held for sale	–	– 8
Total as reported in the balance sheet	**811**	**930**

in CHF m	**2015**	2014
Movements in write-downs of inventories		
As per 1 January	35	35
Additions	21	29
Reversals	– 19	– 25
Effect of disposals	–	– 5
Exchange rate differences	– 5	1
At 31 December	**32**	**35**

As at 31 December 2015 and 2014, no inventories were pledged as collateral for liabilities.

The costs for raw materials and consumables recognized as an expense and included in »Costs of goods sold« amounted to CHF 2 400 million (2014: CHF 2 649 million).

11. Trade receivables

in CHF m	**31.12.2015**	31.12.2014
Gross accounts receivable – trade	949	998
Gross accounts receivable – associates and joint ventures	13	22
Less: provision for doubtful accounts receivable	– 28	– 31
Total trade receivables – net	**934**	**989**
Reclassified to held for sale	–	– 4
Total as reported in the balance sheet	**934**	**985**

The following summarizes the movement in the provision for doubtful accounts receivable:

in CHF m	**2015**	2014
As per 1 January	– 31	– 27
Charged to the income statement	– 21	– 21
Amounts used	10	8
Unused amounts reversed	8	10
Effect of disposals	1	–
Exchange rate differences	5	– 1
At 31 December	**– 28**	**– 31**

Of the total provision for doubtful accounts receivable, the following amounts concern trade receivables that were individually impaired:

in CHF m	**31.12.2015**	31.12.2014
Trade receivables aged up to six months	– 2	– 9
Trade receivables aged over six months	– 9	– 8
Total provision for impairment	**– 11**	**– 17**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers.

The Group recognizes the impairment of trade receivables in »Selling, general and administrative costs« in the income statement.

The maximum credit risk on trade receivables is equal to their fair value.

Collaterals are only required in rare cases (2015: CHF 1 million, 2014: CHF 2 million).

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
EUR	360	343
USD	268	278
CNY	61	80
BRL	40	55
JPY	37	40
INR	22	20
CHF	2	2
Other	144	171
Total trade receivables – net	**934**	**989**
Reclassified to held for sale	–	– 4
Total as reported in the balance sheet	**934**	**985**

As of 31 December 2015, »Total trade receivables – net« include an amount of CHF 138 million (2014: CHF 166 million) past due, but not impaired. These relate to a number of customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

in CHF m	**31.12.2015**	31.12.2014
Up to three months past due, but not impaired	119	147
Three to six months past due, but not impaired	10	6
More than six months past due, but not impaired	9	13
Total	**138**	**166**

12. Other current assets

Other current assets include the following:

in CHF m	**31.12.2015**	31.12.2014
Other receivables	228	266
Current financial assets	48	68
Prepaid expenses and accrued income	52	54
Total	**328**	**388**
Reclassified to held for sale	–	– 3
Total as reported in the balance sheet	**328**	**385**

Other receivables include, among others, staff loans and advances, VAT and sales tax receivables.

Other receivables are recognized at amortized cost in the balance sheet.

Current financial assets are mainly made up of notes receivables and short-term loans. These are classified as loans and receivables and recognized at amortized cost in the balance sheet.

A loan of CHF 38 million, granted to a related party was reclassified from current financial assets to financial assets in 2015.

The book value of current financial assets, recognized at amortized cost, equals their fair value.

There was no impairment of current financial assets in 2015 and 2014.

Other receivables are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
CHF	23	23
EUR	77	80
USD	9	26
JPY	17	12
BRL	13	20
CNY	9	10
INR	13	12
Other	67	83
Total	**228**	**266**

Current financial assets are denominated in the following currencies:

in CHF m	**31.12.2015**	31.12.2014
USD	7	44
CHF	29	20
EUR	1	2
CNY	9	–
INR	2	2
Total	**48**	**68**

The maximum exposure to credit risk of other current assets at the reporting date is their fair value.

13. Near-cash assets

Near-cash assets include short-term deposits with an original maturity between 90 and 365 days.

Near-cash assets are denominated in the following currencies:

in CHF m	31.12.2015	31.12.2014
CHF	4	86
EUR	133	–
GBP	15	94
Total	**152**	**180**

14. Cash and cash equivalents

in CHF m	31.12.2015	31.12.2014
Cash at bank and on hand	568	471
Short-term bank deposits	221	277
Total	**789**	**748**

Cash and cash equivalents are denominated in the following currencies:

in CHF m	31.12.2015	31.12.2014
USD	300	134
EUR	176	141
CHF	108	191
GBP	96	15
CNY	32	21
JPY	8	12
INR	7	160
BRL	4	7
Other	58	67
Total	**789**	**748**

The effective average annual interest rate on short-term bank deposits in Swiss francs was 0.04 % (2014: 0.15%); these deposits have an average maturity of 66 days (2014: 32 days).

The effective average annual interest rate on short-term bank deposits in US-dollars was 0.28 % (2014: 0.22 %); these deposits have an average maturity of 38 days (2014: 45 days).

The effective average annual interest rate on short-term bank deposits in British pound was 0.48 % (2014: 0.45 %); these deposits have an average maturity of 50 days (2014: 49 days).

There were no material short-term bank deposits denominated in currencies other than the Swiss franc, the US-dollar and the British pound at the end of the reporting period.

The maximum exposure to credit risk on cash and cash equivalents is equal to their book value.

15. Changes in share capital and treasury shares and changes in non-controlling interests

Registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	Number of shares 2015	Par value 2015 in CHF m	Number of shares 2014	Par value 2014 in CHF m
Share capital as per 1 January	**331 939 199**	**1 228**	**331 939 199**	**1 228**
Share capital at 31 December	**331 939 199**	**1 228**	**331 939 199**	**1 228**
Treasury shares	– 9 195 810	– 34	– 12 087 920	– 45
Outstanding share capital at 31 December	**322 743 389**	**1 194**	**319 851 279**	**1 183**

Treasury shares (number of shares)	**2015**	**2014**
Shares held as per 1 January	12 087 920	13 204 851
Shares purchased at market value	1 016 761	1 200 000
Shares sold to counterparty out of options (management options 2010)	– 2 077 650	–
Shares sold at market value	– 1 016 741	– 1 580 456
Shares transferred to employees	– 814 480	– 736 475
Shares held at 31 December	**9 195 810**	**12 087 920**

All shares are duly authorized and fully paid in.

Dividends are paid out as and when declared equally on all shares, excluding treasury shares. The information concerning payments per share to the shareholders are disclosed in the notes to the financial statements of Clariant Ltd.

In accordance with article 5 of the company's Articles of Incorporation, no limitations exist with regard to the registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with article 13 of the company's Articles of Incorporation, each share has the right to one vote.

Significant shareholdings of 3 % or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2015 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG [1]	13.89 %
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) [2]	*3.73 %*
APG Asset Management N.V., Amsterdam, Netherlands	5.01 %
Cymbria, Canada Edge Point Global Portfolio, Canada Edge Point Canadian Growth and Income Portfolio, Canada Edge Point Canadian Portfolio, Canada Edge Point Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06 %
Black Rock Inc., New York Black Rock Advisors, LLC Black Rock (UK) Limited	3.05 %

[1] The following former shareholders of Süd-Chemie AG form a group:

Wilhelm, Dr. Winterstein, Germany	Konstantin Alfred Winterstein, Germany
Dolf, Dr. Stockhausen, Switzerland	Max-Theodor, Dr. Schweighart, Germany
Axel, Dr. Schweighart, Germany	Peter, Dr. Schweighart, Germany
Rosemarie Schweighart, Germany	Moritz Ostenrieder, Germany
Dominique Kraus, Germany	Christian Ratjen, Germany
Karl, Dr. Wamsler, Germany	Bettina Wamsler, Germany
Irene W. Banning, USA	Pauline Joerger, USA
Susanne Wamsler-Singer, Austria	Marianne Kunisch, Germany
Caroline A, Dr. Wamsler, USA	Maximilian Ratjen, Germany
Amelie Ratjen, Germany	Julius Ratjen, Germany
Christof Ratjen, Germany	Elisabeth Prinzessin zu Sayn-Wittgenstein, Germany
Christopher Weitnauer, Germany	Georg A. Weitnauer, Germany
Johanna Bechtle, Germany	Charlotte Bechtle, Germany
Kaspar Bechtle, Germany	Clara Redetzki, Germany
Luisa Redetzki, Germany	Marie Redetzki, Germany
Karl T. Banning, USA	Sophia P. Joerger, USA
Schuyler H. Joerger, USA	

[2] According to a disclosure notification published on 18 January 2013, a group consisting of Konstantin Winterstein, 80333 München, Germany and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 München, Germany holds 3.73 % partially through Blue Beteiligungsgesellschaft mbH, Grossdingharting (Germany) and partially through Maple Beteiligungsgesellschaft mbH, Grossdingharting (Germany). The 3.73 % held by this group are included in the 13.89 % mentioned under footnote 1, but form a separate sub-group.

Disclosure notifications during the financial year 2015 reported to the Stock Exchange Disclosure Office pursuant to Art. 20 of the Stock Exchange Act as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_de.html

At 31 December 2015, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89 % of the share capital of Clariant Ltd. These shareholders are affiliated with each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

In addition, at 31 December 2014, the following shareholders held a participation of 3 % or more of the total share capital:
Group of former shareholders of Süd-Chemie AG: 13.89 % (thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.73 %); APG Asset Management N.V., Amsterdam, Netherlands: 3.01 %; Cymbria, (Canada): 3.06 %.

At 31 December 2015, Clariant AG itself held 9 195 810 shares in treasury, corresponding to 2.77 % of the share capital.

Distribution to shareholders

On 31 March 2015 the Annual General Meeting of Clariant AG approved a distribution from the confirmed capital contribution reserves of CHF 0.40 per share. This was paid out on 8 April 2015 reducing the capital contribution reserves by CHF 129 million.

Non-controlling interests

In October 2015 Clariant Chemicals (India) Ltd engaged in a share buyback. This resulted in the amount of CHF 21 million being paid out to minority shareholders and CHF 29 million to Group-internal parent companies. As a consequence the percentage of non-controlling interests in this company decreased from 36.6 % to 35.8 %.

On 20 October 2014, Clariant sold a 40 % stake in Clariant Masterbatches (Saudi Arabia) Ltd to Rowad National Plastic Co. Ltd. The transaction reduced Clariant's total stake in Clariant Masterbatches (Saudi Arabia) Ltd from 93 % to 53 % but Clariant retains control of the entity. The total net consideration of the sale amounted to CHF 25 million.

At 31 December 2015, non-controlling interests reported are primarily made up of those of the three following companies. They amount to more than 65 % of the minority shares reported:

Clariant Huajin Catalysts (Panjin) Ltd, reported sales in the amount of CHF 27 million in the reporting period and total assets in the amount of CHF 42 million as per 31 December 2015. The non-controlling interests of 40 % of the shares outstanding is held by Northern Huajin Chemical Industry Group Co. Ltd.

Clariant Chemicals (India) Ltd reported sales in the amount of CHF 134 million in the reporting period and CHF 130 million of total assets as per 31 December 2015. The non-controlling interests of 35.8 % of the shares outstanding is traded on the Bombay Stock Exchange (BSE) in Mumbai.

Clariant Catalysts (Japan) K.K. reported sales in the amount of CHF 129 million in the reporting period and CHF 92 million of total assets as per 31 December 2015. The non-controlling interests of 38.6 % of the shares outstanding are held by Nissan Industries Ltd.

16. Non-current financial debts

in CHF m	Interest rate in %	Term	**Notional amount**	**Net amount 31.12.2015**	Net amount 31.12.2014
Straight bond	2.750	2011 – 2015	200 CHF m	–	200
Certificate of indebtedness	mixed	2011 – 2016	123 EUR m	134	148
Straight bond	5.625	2012 – 2017	500 EUR m	540	599
Straight bond	3.125	2011 – 2017	100 CHF m	100	99
Straight bond	2.500	2012 – 2018	250 CHF m	249	249
Straight bond	3.250	2012 – 2019	285 CHF m	285	284
Certificate of indebtedness	mixed	2015 – 2020	150 EUR m	162	–
Straight bond	3.500	2012 – 2022	175 CHF m	174	174
Certificate of indebtedness	mixed	2015 – 2023	150 EUR m	162	–
Straight bond	2.125	2014 – 2024	160 CHF m	160	160
Total straight bonds and certificates of indebtedness				**1 966**	**1 913**
Liabilities to banks and other financial institutions				**16**	**35**
Obligations under finance leases				**11**	**13**
Subtotal				**1 993**	**1 961**
Less: current portion (see note 20)				**– 134**	**– 200**
Total				**1 859**	**1 761**
Breakdown by maturity					
			2016	–	165
			2017	654	710
			2018	250	254
			2019	285	285
			2020	162	
			after 2020 (2014: after 2019)	508	347
Total				**1 859**	**1 761**
Breakdown by currency			CHF	968	967
			EUR	888	789
			Others	3	5
Total				**1 859**	**1 761**
Fair value comparison (including current portion)					
Straight bonds				1 600	1 901
Certificates of indebtedness				458	148
Others				27	48
Total				**2 085**	**2 097**

On 17 April 2015, Clariant issued four certificates of indebtedness with a total amount of EUR 300 million. These certificates have a term of 5 years (EUR 150 million) and 8 years (EUR 150 million) respectively. For each term there is one certificate with a fixed coupon (based on mid-swap) and one with a floating coupon (based on six months Euribor).

On 9 December 2015, the straight bond issued in 2011 with a notional amount of CHF 200 million reached maturity and was repaid. On 17 October 2014, Clariant launched a CHF 160 million domestic bond for a term of ten years, with a coupon of 2.125 % per annum and an issue price of 101.053 % for the first tranche of CHF 150 million and 101.412 % for the second tranche of CHF 10 million.

On 21 October 2014, the certificates of indebtedness issued in 2011 and 2012 with notional amounts of EUR 242 million and EUR 25 million respectively, reached maturity and were repaid.

Valuation. Non-current financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. There are no long-term financial liabilities valued at fair value through profit and loss.

Fair values of straight bonds are determined by quoted market prices (level 1 in the fair value hierarchy).

Certificates of indebtedness and other financial debts are recorded at notional amounts, which are a reasonable approximation of the fair values.

Covenants. There were no financial covenants for non-current financial debts as of end of 2015 and 2014.

Exposure of the Group's borrowings to interest rate changes

- Bonds: the interest rates of all bonds are fixed.
- Certificates of indebtedness: the major part of the existing certificates of indebtedness has a fixed coupon.
- Liabilities to banks and other financial institutions consist of bank loans with fixed interest rates mainly.

Collateral. In 2015 and 2014, no assets were pledged as collateral.

17. Retirement benefit obligations

Apart from the legally required social security schemes, the Group has numerous independent pension plans. The assets are principally held externally. For certain Group companies however, no independent assets exist for the pension and other non-current employee benefit obligations. In these cases the related liability is included in the balance sheet as part of the non-current liabilities.

Defined benefit post-employment plans. Defined benefit pensions and termination plans cover the majority of the Group's employees. Future obligations and the corresponding assets of those plans considered as defined benefit plans under IAS 19 (revised) are reappraised annually and reassessed at least every three years by independent actuaries. Assets are valued at fair value. US-employees transferred to Clariant with the Hoechst Specialty Chemicals business remain insured with Hoechst for their pension claims incurred prior to 30 June 1997.

Pension assets for funded defined benefit pension plans are managed according to local rules and legislation in each country.

The actual asset allocation is determined by current and expected economic and market conditions and in consideration of specific asset class risks in the risk profile. For this purpose Asset Liability Matching studies are conducted by third-party experts on a regular basis to ensure that investment strategies for pension assets are in line with the structure of the plan members of the pension plan concerned.

In all countries with funded defined benefit plans the body governing the investment policy is constituted in accordance with local legal requirements. To the extent legally permitted Clariant Corporate exercises influence to ensure that the investment policy is set in a way to serve best the needs of the pension plan and its members.

The largest defined benefit plans are operated in Switzerland, the United Kingdom, the United States and Germany. These plans make up 94 % of the total defined benefit obligation.

The most important German plan is unfunded and covers the supplementary pension liabilities for plan members whose salaries exceed the level of the German mandatory social security coverage. Contributions are made primarily by the employer and vary depending on the salary level of the plan members. Employees contribute to the plan up to 2 % of pensionable earnings on a voluntary basis, to which the employer contributes an equal amount on top of the regular contributions. Benefits are paid out as annual pensions amounting to 20 % of total contributions. Lump sum payments to employees are possible to the extent of the voluntary contributions. In addition there exists a smaller, similarly structured funded defined benefit plan for former employees of the Süd-Chemie group, acquired in 2011. All other pension liabilities regarding German staff members are covered by a funded multi-employer plan which is accounted for as a defined contribution plan.

The defined benefit obligation in the United Kingdom is a funded plan covering the pension liabilities of UK-employees who joined the company before 31 December 2001. Staff members who joined after this date are covered by a defined contribution plan. Contributions are made by employees as a fixed percentage of their pensionable earnings, varying in dependence of their salary levels, while the employer covers the difference to the costs of the plan determined in accordance with legal requirements. In general the employer covers more than 90 % of the total plan contributions. Benefits are paid out as lifetime pensions determined based on a career average calculation. The United Kingdom pension plan is marked by a shrinking operating basis and a resulting smaller number of active plan members as compared to deferred and retired plan members. The pension plan is fully funded according to legal requirements. Yet, in view of the high number of non-active plan members, additional contributions may be necessary in future years. In 2015, it was decided to close the plan to further contributions effective as of April 2016. All active members of the pension plan will become members of the defined contribution plan for all benefits acquired subsequent to this date.

In the United States Clariant operates a funded defined benefit pension plan covering the pension liabilities of employees who joined the company before 31 December 2000. Contributions are paid by the employer exclusively. Benefits are paid out as lifetime pensions determined on the basis of a final/career average calculation.

Staff members who joined on 1 January 2001 or later are covered by a defined contribution plan. For members of Management whose annual salaries exceed the amount of CHF 260 000 an additional pension scheme is in place in the form of an unfunded defined benefit obligation, which covers the part exceeding this amount. The US pension plan is currently underfunded according to local legal requirements. Additional funding measures in the amount of up to CHF 64 million are scheduled over the next six years.

In Switzerland, Clariant operates a funded defined benefit pension plan that covers the pension liabilities of all employees of the Swiss Clariant companies up to a salary level of CHF 200 000.

Both the employer and the employees contribute to the plan, the employer paying two thirds of the total contributions. The pension plan provides lifetime pensions determined based on cumulative savings of the individual plan member and converted into an annual pension at a fixed conversion rate. Lump sum payments are possible to up to 40 percent of the total individual cumulative savings.

The Swiss pension plan is marked by a shrinking operating basis, and as a result, an increasing share of retired members. Additional funding measures in the amount of CHF 42 million are therefore scheduled over the next ten years.

For members of Management whose annual salaries exceed the amount of CHF 200 000, an additional pension scheme is in place in the form of a funded defined benefit obligation.

Any shortfalls in funded provisions for pension commitments to members of the Executive Committee are accounted for as an unfunded defined benefit obligation.

Post-employment medical benefits. The Group operates a number of post-employment medical benefit schemes in the United States, Canada and France. The method of accounting for the liabilities associated with these plans is largely equal to the one used for defined benefit pension schemes. These plans are not externally funded, but are recognized as provisions in the balance sheets of the Group companies concerned.

Expenses for net benefits are recorded in the same line and function in which the personnel costs are recorded.

Changes in the present value of defined benefit obligations are as follows:

in CHF m	Pension plans (funded and unfunded)		Post-employment medical benefits (unfunded)	
	2015	2014	**2015**	2014
Beginning of the year	2 714	2 248	88	96
Current service cost	39	39	1	2
Past service cost/gain including curtailments	– 22	5	–	– 13
Gain/loss on settlements	–	– 6	–	– 2
Interest costs on obligation	58	77	3	4
Contributions to plan by employees	11	11	–	–
Benefits paid out to personnel in reporting period	– 113	– 113	– 5	– 4
Remeasurements:				
Actuarial gain/loss arising from changes in demographic assumptions	– 6	20	– 1	–
Actuarial gain/loss arising from changes in financial assumptions	– 27	405	– 2	14
Actuarial gain/loss due to experience adjustments	– 1	13	– 2	– 9
Effect of disposals	– 1	– 8	–	– 7
Effect of liabilities extinguished on settlements	– 7	– 15	–	–
Exchange rate differences	– 94	38	– 1	7
End of the year	**2 551**	**2 714**	**81**	**88**

Changes in the fair value of plan assets are as follows:

in CHF m	**2015**	2014
Beginning of the year	1 896	1 718
Interest income on plan assets	43	58
Contributions to plan by employees	11	11
Contributions to plan by employer	59	51
Benefits paid out to personnel in reporting period	– 90	– 89
Remeasurements:		
Return on plan assets (excluding amount included in interest expense)	– 32	118
Effect of assets distributed in settlements	– 5	– 15
Effect of disposals	– 1	– 2
Exchange rate differences	– 31	46
End of the year	**1 850**	**1 896**

As at 31 December 2015 and 2014, the pension plan assets did not include any directly held registered shares or bonds issued by Clariant Ltd.

The amounts recognized in the balance sheets are as follows:

in CHF m	Defined benefit pension plans		Post-employment medical benefits		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Present value of funded obligations	– 1 988	– 2 062	–	–	– 1 988	– 2 062
Fair value of plan assets	1 850	1 896	–	–	1 850	1 896
Overfunding/Deficit	**– 138**	**– 166**	**–**	**–**	**– 138**	**– 166**
Present value of unfunded obligations	– 563	– 652	– 81	– 88	– 644	– 740
Net liabilities in the balance sheet	**– 701**	**– 818**	**– 81**	**– 88**	**– 782**	**– 906**

Thereof recognized in:

in CHF m	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Retirement benefit obligations	– 748	– 836	– 81	– 88	– 829	– 924
Prepaid pension assets	47	18	–	–	47	18
Net liabilities in the balance sheet for defined benefit plans	**– 701**	**– 818**	**– 81**	**– 88**	**– 782**	**– 906**

The amounts recognized in the income statement and in other comprehensive income are as follows:

in CHF m	**2015**	2014	**2015**	2014	**2015**	2014
Current service cost	– 39	– 39	– 1	– 2	– 40	– 41
Net interest cost	– 15	– 19	– 3	– 4	– 18	– 23
Past service cost/gain including curtailments	22	– 5	–	13	22	8
Gain/loss on settlements	–	6	–	2	–	8
Components of defined benefit expense reported in the income statement	**– 32**	**– 57**	**– 4**	**9**	**– 36**	**– 48**
Actuarial gain/loss arising from changes in demographic assumptions	6	– 20	1	–	7	– 20
Actuarial gain/loss arising from changes in financial assumptions	27	– 405	2	– 14	29	– 419
Actuarial gain/loss due to experience adjustments	1	– 13	2	9	3	– 4
Return on plan assets (excluding amount included in net interest expense)	– 32	118	–	–	– 32	118
Components of defined benefit expense reported in other comprehensive income	**2**	**– 320**	**5**	**– 5**	**7**	**– 325**
Total defined benefit expense	**– 30**	**– 377**	**1**	**4**	**– 29**	**– 373**

The fair value of the plan assets is split into the major assets categories as follows:

in CHF m	31.12.2015	31.12.2014
Equities	541	545
thereof based on quoted market prices	*541*	*545*
Bonds	611	733
thereof based on quoted market prices	*499*	*386*
Cash	64	71
thereof based on quoted market prices	*64*	*71*
Property	290	276
thereof based on quoted market prices	*280*	*219*
Alternative investments	344	271
thereof based on quoted market prices	*299*	*6*
Total fair value of plan assets	**1850**	**1896**

The principal actuarial assumptions at the balance sheet dates in percent are as follows:

		2015 in %					2014 in %				
		Group	**Most important countries**				**Group**	**Most important countries**			
		Weighted average	Switzerland	United Kingdom	United States	Germany	Weighted average	Switzerland	United Kingdom	United States	Germany
Discount rate		2.2	0.8	3.8	4.2	2.3	2.3	1.0	3.7	3.9	2.0
Future salary increases		2.5	1.5	4.5	3.0	2.5	2.6	1.5	4.4	3.0	2.5
Long-term increase in health care costs		7.3	–	–	8.0	–	7.3	–	–	8.0	–
Current average life expectancy for a 65 year old male	in years	19	20	22	21	19	19	20	23	22	19
Current average life expectancy for a 65 year old female	in years	21	22	24	23	23	21	22	25	24	23

A one percentage-point change in health care cost trend rates would have the following effects on the obligation for post-employment medical benefits:

in CHF m	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1	– 1
Effect on defined benefit obligation	7	– 6

A 25 basis-point change in discount rate would have the following effects on the obligation for pension plans:

in CHF m	25 basis-point increase	25 basis-point decrease
Effect on defined benefit obligation	– 85	90

Would life expectancy increase by one year, the defined benefit obligation would increase by CHF 71 million.

Defined contribution post-employment plans. In 2015, CHF 21 million were charged to the income statements as contributions to defined contribution plans (2014: CHF 23 million).

In Germany, approximately 4 900 Clariant employees are insured in a defined benefit plan which is a multi-employer plan and as such is accounted for as a defined contribution plan. The reason for this accounting practice is that the plan exposes the participating Clariant companies to actuarial risks associated with the current and former employees of other companies which are members of the same pension plan. There is no consistent or reliable basis for allocating the obligation, plan assets and costs to individual companies participating in the plan.

Based on the statutory actuarial calculation of 2015, the pension fund's obligations are fully funded. Also for 2016, it is anticipated that the pension plan liabilities are covered by the respective assets.

In case the multi-employer plan faces a situation where the pension plan liabilities exceed the assets, this can be remedied either by increasing the employer's contributions to the pension plan or by reducing the benefits paid out to the entitled parties. In the case of a reduction of the benefits this must be compensated by the employer according to German legislation.

In the case where the pension plan were unwound the remaining funds would be distributed among the plan members. In case there are no plan members left, the remaining funds would be transferred to social institutions. If Clariant withdrew from the pension fund, all rights and obligations of the employer against the pension plan would remain in force as long as the pension plan continues to render pension services to the Group's plan members. Based on the number of plan members (active and passive) Clariant's share in the pension plan amounts to approximately 10 %.

Clariant's contribution to this pension plan amounted to CHF 15 million in 2015 (CHF 16 million in 2014) and is expected to be CHF 18 million in 2016.

The multi-employer plan originates in the pension plan scheme of the German companies of the former Hoechst group, to which a part of the activities of Clariant pertained until 1997. Several of the companies which were formerly part of the Hoechst Group continue to participate in this multi-employer plan.

in CHF m	Pension plans		Post-employment medical benefits	
	2015	2014	**2015**	2014
Clariant Group's regular and supplemental contributions (employer's contributions):				
Actual contributions in 2014		51		–
Actual contributions in 2015 (2014: estimated)	59	53	–	–
Estimated contributions in 2016	59	48	–	–
Estimated contributions in 2017	53	49	–	–
Estimated contributions in 2018	53	50	–	–
Estimated contributions in 2019	45	40	–	–
Estimated contributions in 2020	45	–	–	–
Payments to beneficiaries:				
Actual payments in 2014		– 113		– 4
Actual payments in 2015 (2014: estimated)	– 113	– 115	– 5	– 5
Estimated payments in 2016	– 112	– 110	– 5	– 5
Estimated payments in 2017	– 110	– 113	– 5	– 5
Estimated payments in 2018	– 113	– 117	– 5	– 5
Estimated payments in 2019	– 114	– 120	– 5	– 5
Estimated payments in 2020	– 117	–	– 5	–
Allocation of defined benefit obligation to plan members (in CHF m):				
Active members	764	898	34	37
Deferred members	286	309	4	5
Retired members	1 501	1 507	43	46
Total funded and unfunded obligations at 31 December	**2 551**	**2 714**	**81**	**88**
Weighted average duration of the defined benefit obligation at the end of reporting period (in years):				
At 31 December	14.1	15.6	10.9	11.5

18. Movements in provisions

in CHF m	Environ-mental provisions	Personnel provisions	Restruct-uring provisions	Other provisions	**Total provisions 2015**	Total provisions 2014
As per 1 January	124	151	105	145	525	557
Additions	7	236	55	87	385	364
Disposals	–	–	–	–	–	– 9
Reclassified to/from held for sale	–	–	–	–	–	15
Amounts used	– 18	– 193	– 78	– 72	– 361	– 358
Unused amounts reversed	– 3	– 15	– 9	– 20	– 47	– 50
Changes due to the passage of time and changes in discount rates	3	–	–	1	4	6
Exchange rate differences	– 8	– 22	– 11	– 20	– 61	–
At 31 December	**105**	**157**	**62**	**121**	**445**	**525**
Of which						
– Current portion	30	142	44	72	288	315
– Non-current portion	75	15	18	49	157	210
Total provisions	**105**	**157**	**62**	**121**	**445**	**525**
Expected outflow of resources						
Within 1 year	30	142	44	72	288	315
Between 1 and 3 years	27	6	15	33	81	101
Between 3 and 5 years	10	2	3	4	19	22
Over 5 years	38	7	–	12	57	87
Total provisions	**105**	**157**	**62**	**121**	**445**	**525**

Environmental provisions. Provisions for environmental liabilities are made when there is a legal or constructive obligation for the Group which will result in an outflow of economic resources. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposal or release of chemical substances by Clariant or other parties and the associated costs, pursuant to environmental laws and regulations.

The material components of the environmental provisions consist of the costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe. The Group's future remediation expenses are affected by a number of uncertainties which include, but are not limited to, the method and extent of remediation and the percentage of material attributable to Clariant at the remediation sites relative to that attributable to other parties.

The environmental provisions reported in the balance sheet concern a number of different obligations, mainly in Switzerland, the United States, Germany, Brazil and Italy.

Provisions are made for remedial work where there is an obligation to remedy environmental damage, as well as for containment work where required by environmental regulations. All provisions relate to environmental liabilities arising in connection with activities that occurred prior to the date when Clariant took control of the relevant site. At each balance sheet date, Clariant critically reviews all provisions and makes adjustments where required.

Personnel provisions. Personnel provisions include holiday entitlements, compensated absences such as sabbatical leave, jubilee, annual leave or other long-service benefits, profit sharing and bonuses. Such provisions are established in proportion to the services rendered by the employee concerned.

Restructuring provisions. Restructuring provisions are established where there is a legal or constructive obligation for the Group that will result in the outflow of economic resources. The term restructuring refers to the activities that have as a consequence staff redundancies and the shutdown of production lines or entire sites.

When the Group has approved a formal plan and has either started to implement the plan or announced its main features to the public, a restructuring provision is created. The restructuring provisions newly added in 2015 concern site closures and headcount reductions in various countries with the largest amounts incurred in Germany and Switzerland.

For further information regarding restructuring measures refer to note 25.

Other provisions. Other provisions include provisions for obligations relating to tax (other than income tax) and legal cases and other items in various countries for which the amount can be reliably estimated.

All non-current provisions are discounted to reflect the time value of money where material. Discount rates reflect current market assessments of the time value of money and the risk specific to the provisions in the respective countries.

19. Trade and other payables

in CHF m	**31.12.2015**	31.12.2014
Trade payables	670	704
Payables to associates and joint ventures	48	56
Accruals	253	236
Other payables	122	159
Total trade and other payables	**1093**	**1155**
Reclassified to held for sale	–	– 8
Total as reported in the balance sheet	**1093**	**1147**

The amount recognized for trade payables is equal to their fair value.

20. Current financial debts

in CHF m	**31.12.2015**	31.12.2014
Banks and other financial institutions	260	230
Current portion of non-current financial debts (see note 16)	134	200
Total	**394**	**430**
Breakdown by maturity:		
in CHF m	**31.12.2015**	31.12.2014
Up to three months after the balance sheet date	203	179
Three to six months after the balance sheet date	150	5
Six to twelve months after the balance sheet date	41	246
Total	**394**	**430**

Current financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. Except for the derivatives, there are no current financial liabilities valued at fair value through profit and loss.

A Certificate of Indebtedness, issued in 2011 with a nominal value of EUR 123 million and a book value of CHF 134 million per end 2015, will fall due in 2016 and as a consequence was reclassified to current financial debt.

A domestic bond with a nominal value of CHF 200 million, reported as current portion of non-current financial debts in 2014, reached maturity in December 2015 and was repaid.

The fair value of financial debt at banks and other financial institutions approximates its carrying amount due to the short-term nature of these instruments.

21. Segment information

Clariant has grouped its activities into four Business Areas (reportable segments): Care Chemicals (BU ICS), Catalysis (BU Catalysts), Natural Resources (BU Oil & Mining Services, BU Functional Minerals) and Plastics & Coatings (BU Additives, BU Masterbatches, BU Pigments). The Energy Storage business which pertained to the BA Catalysis was sold in 2015.

Intersegment transactions are entered into under the normal circumstances and terms and conditions that would also be available to unrelated third parties.

Segment assets consist of property, plant and equipment, goodwill, intangible assets, inventories, receivables and investments in associates. They exclude deferred tax assets, financial assets and operating cash. Segment liabilities comprise trade payables. They exclude items such as tax liabilities, provisions, pension liabilities and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangibles.

In the context of the rearrangement of its portfolio of business activities, Clariant disposed the Leather Services business as per 30 April 2014. For these reasons, up to the transaction closing date, this business was reported as discontinued operations in the financial report.

On 28 February 2015, Clariant sold its Energy Storage Activities pertaining to the Business Area Catalysis to the UK-based Johnson Matthey. Therefore, the related assets and liabilities are reported as held for sale at the end of 2014.

SEGMENTS
in CHF m

	Care Chemicals		Catalysis		Natural Resources	
	2015	2014	**2015**	2014	**2015**	2014
Segment sales	1 446	1 514	704	729	1 219	1 300
Sales to other segments	– 1	– 3	–		– 2	– 3
Total sales	**1 445**	**1 511**	**704**	**729**	**1 217**	**1 297**
Operating expenses	– 1 225	– 1 302	– 565	– 646	– 1 044	– 1 234
Thereof:						
Income from associates and joint ventures	9	9	18	17	9	3
Gain from disposals not qualifying as discontinued operations	–		12		3	5
Restructuring, impairment and transaction-related costs	– 6	– 2	–	– 30	– 1	– 96
Operating income	**220**	**209**	**139**	**83**	**173**	**63**
Net financial expenses and taxes						
Net result from continuing operations						
Result from discontinued operations						
Net income						
Segment assets	982	1 014	1 631	1 627	872	997
Segment liabilities	– 200	– 224	– 123	– 107	– 109	– 135
Net operating assets	**782**	**790**	**1 508**	**1 520**	**763**	**862**
Net assets held for sale	**–**	**–**	**–**	**62**	**–**	**–**
Corporate assets without cash						
Corporate liabilities without financial liabilities						
Net debt [2]						
Total net assets	**782**	**790**	**1 508**	**1 582**	**763**	**862**
Thereof:						
Investments in PPE and intangibles for the period	97	90	148	49	33	38
Investments in associates and joint ventures at the end of the period	57	59	187	200	15	19
Reconciliation of key figures						
Operating income	220	209	139	83	173	63
Add: systematic depreciation of PPE	42	44	33	38	24	26
Add: impairment	–	–	–	30	–	87
Add: amortization of intangible assets	4	4	17	20	11	11
EBITDA [1]	**266**	**257**	**189**	**171**	**208**	**187**
Add: restructuring, impairment and transaction-related costs	6	2	–	30	1	96
Less: impairment (reported under restructuring and impairment)	–	–	–	– 30	–	– 87
Less: gain from disposals not qualifying as discontinued operations	–	–	– 12	–	– 3	– 5
EBITDA before exceptional items	**272**	**259**	**177**	**171**	**206**	**191**
Operating income	220	209	139	83	173	63
Add: restructuring, impairment and transaction-related costs	6	2	–	30	1	96
Less: gain from disposals not qualifying as discontinued operations	–	–	– 12	–	– 3	– 5
Operating income before exceptional items	**226**	**211**	**127**	**113**	**171**	**154**

[1] EBITDA is earning before interest, tax, depreciation and amortization.

	Plastics & Coatings		Total segments		Corporate		Total Group	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	2 458	2 599	5 827	6 142		–	5 827	6 142
	– 17	– 20	– 20	– 26		–	– 20	– 26
	2 441	**2 579**	**5 807**	**6 116**	**–**	**–**	**5 807**	**6 116**
	– 2 230	– 2 314	– 5 064	– 5 496	– 247	– 95	– 5 311	– 5 591
	30	35	66	64	11	11	77	75
	–		15	5	–	163	15	168
	– 23	– 10	– 30	– 138	– 85	– 90	– 115	– 228
	211	**265**	**743**	**620**	**– 247**	**– 95**	**496**	**525**
							– 269	– 290
							227	**235**
							12	– 18
							239	**217**
	1 700	1 889	5 185	5 527			5 185	5 527
	– 228	– 226	– 660	– 692			– 660	– 692
	1 472	**1 663**	**4 525**	**4 835**	**–**	**–**	**4 525**	**4 835**
	2	**2**	**2**	**64**	**–**	**– 2**	**2**	**62**
					1 333	1 388	1 333	1 388
					– 2 054	– 2 289	– 2 054	– 2 289
					– 1 312	– 1 263	– 1 312	– 1 263
	1 474	**1 665**	**4 527**	**4 899**	**– 2 033**	**– 2 166**	**2 494**	**2 733**
	78	79	356	256	45	65	401	321
	143	165	402	443	184	192	586	635
	211	265	743	620	– 247	– 95	496	525
	68	74	167	182	36	39	203	221
	13	–	13	117	1	– 1	14	116
	11	11	43	46	11	15	54	61
	303	**350**	**966**	**965**	**– 199**	**– 42**	**767**	**923**
	23	10	30	138	85	90	115	228
	– 13	–	– 13	– 117	– 1	1	– 14	– 116
	–	–	– 15	– 5	–	– 163	– 15	– 168
	313	**360**	**968**	**981**	**– 115**	**– 114**	**853**	**867**
	211	265	743	620	– 247	– 95	496	525
	23	10	30	138	85	90	115	228
	–	–	– 15	– 5	–	– 163	– 15	– 168
	234	**275**	**758**	**753**	**-162**	**-168**	**596**	**585**

2

Calculation of net debt in CHF m	**31.12.2015**	31.12.2014
Non-current financial debt	1 859	1 761
Add: current financial debt	394	430
Less: cash and cash equivalents	– 789	– 748
Less: Near-cash assets	– 152	– 180
Net debt	**1 312**	**1 263**

Reconciliation of segment assets to total assets in CHF m	**31.12.2015**	31.12.2014
Segment assets	5 185	5 527
Segment assets reported as assets held for sale	2	66
Corporate assets reported as assets held for sale	–	6
Corporate assets without cash	1 333	1 388
Cash	789	748
Near-cash assets	152	180
Total Assets	**7 461**	**7 915**

GEOGRAPHIC INFORMATION

in CHF m	Sales[1]		Non-current assets[2]	
	2015	2014	**31.12.2015**	31.12.2014
EMEA	2 336	2 693	2 484	2 802
of which Germany	*654*	*809*	*1 559*	*1 968*
of which Switzerland	*38*	*50*	*574*	*459*
of which MEA	*405*	*461*	*71*	*83*
North America	1 077	1 006	893	805
of which USA	*981*	*902*	*872*	*779*
Latin America	1 021	984	224	268
of which Brazil	*336*	*405*	*110*	*138*
Asia/Pacific	1 373	1 433	495	395
of which China	*450*	*519*	*217*	*182*
of which India	*159*	*141*	*63*	*62*
Total	**5 807**	**6 116**	**4 096**	**4 270**

[1] Allocated by region of third-party sale's destination.
[2] Non-current assets exclude deferred tax assets and pension plan assets.

All of the Group's segments generate their revenues to the largest extent from the sale of products. These come in such a great variety that a meaningful grouping below the segment information is not possible. The amounts reported for sales cover only continuing operations for both years.

For a description of the Business Units see note 1.23.

22. Discontinued operations

On 1 January 2014, Clariant sold its Detergents & Intermediates business to the Luxembourg-based International Chemical Investors Group (ICIG). The final total consideration of the sale amounts to CHF 23 million split between cash proceeds of CHF 18 million and vendor loan of CHF 5 million and the after-tax loss realized in 2014 on the transaction amounts to CHF 23 million.

On 30 April 2014, Clariant sold its Leather Services business to Stahl Holdings B.V., a Dutch company majority owned by Wendel Group. In the transaction, Clariant received 23 % of the shares of Stahl and a cash consideration of CHF 89 million. The disposal loss after tax amounts to CHF 5 million.

The Business Units concerned by these transactions were reported as discontinued operations in the financial reports of 2014 and 2015 after their reclassification to assets held for sale in the balance sheet at the end of 2013.

DISCONTINUED OPERATIONS

in CHF m	Total discontinued operations [1]	
	2015	2014
Sales	–	98
Operating expenses	–	– 83
Restructuring and impairment	15	– 8
Operating result	**15**	**7**
Financial result and taxes	– 1	– 5
Result from discontinued operations after taxes	**14**	**2**
Loss on the disposal of discontinued operations	– 2	– 15
Taxes (current and deferred)	–	– 5
Net result from discontinued operations	**12**	**– 18**
Operating cash flows	–	– 19
thereof: payments for restructuring	–	*– 2*
Investing cash flows	–	130
thereof: net proceeds from the disposal of discontinued operations	–	*132*
Total cash flow	**–**	**111**
Cash flow from disposals:		
Gross proceeds	–	348
Less cash and cash equivalents transferred	–	– 10
Less equity investment	–	– 187
Less outstanding amounts [2]	–	– 19
Net proceeds from disposal	**–**	**132**

[1] Activities sold in 2014 comprise the Business Units Detergents & Intermediates (sold on 1 January 2014) and Leather Services (sold on 30 April 2014)

[2] Of the amount outstanding at the end of 2014, an amount of CHF 14 million was offset against claims made by the purchasers. The remaining amount of CHF 5 million is still outstanding at the end of 2015.

In 2015, Clariant recorded a net profit of CHF 12 million from discontinued operations, mainly resulting from the reversal of provisions that had been set up in the context of the disposal transactions realized by Clariant over the last three years, partially offset by a negative price adjustment on the sale of the Leather Services business of CHF 2 million.

The result of the disposal of discontinued operations in 2014 is as follows:

in CHF m	**2014**
Total cash proceeds received as of 31 December 2014	142
Outstanding amounts	19
Equity investment	187
Total consideration for the sale	**348**
Net assets sold including disposal-related expenses and cumulated amounts in equity pertaining to the disposal group which were recycled through income statement upon disposal	– 363
Loss on the disposal of discontinued operations before taxes	**– 15**
Taxes (current and deferred)	– 5
After tax loss on disposal	**– 20**

23. Disposals

Activities not qualifying as discontinued operations

In this section, disposals of subsidiaries, associates and activities are reported that do not qualify as discontinued operations in the sense of IFRS 5. The following disposals took place in 2015 and 2014:

On 28 February 2015 Clariant sold its Energy Storage Activities pertaining to the Business Area Catalysis & Energy to the UK-based Johnson Matthey for a total consideration of CHF 73 million. After the impairment charge of CHF 30 million recorded in 2014, the pertaining net assets sold, including the costs of disposal, amounted to CHF 62 million. The net result recorded on the transaction in 2015 amounts to a profit of CHF 12 million, net of taxes of CHF 1 million.

On 30 June 2014, Clariant and Ashland Inc. sold their German headquartered joint venture ASK Chemicals to Rhône Group LLC, a London- and New York-based private equity investment firm. The selling price of CHF 180 million, out of which CHF 155 million in cash and CHF 25 million as vendor loan, was evenly split between Clariant and Ashland at the closing date. The devaluation of the 50 % participation to the agreed selling price resulted in a CHF 84 million impairment charge in the first quarter of 2014. After impairment, the net profit realized on the disposal by Clariant amounted to CHF 6 million in 2014. In 2015, Clariant recorded an income of CHF 3 million coming from a pre-disposal tax reimbursement received.

On 30 June 2014, Clariant sold its Water Treatment Business Line, which was part of the Business Unit Functional Minerals, reported in the Business Area Natural Resources. The final cash proceeds received amount to CHF 34 million and the realized profit amounts to CHF 6 million after tax.

The result of the disposal of activities not qualifying as discontinued operations is as follows:

in CHF m	2015
Total consideration received, from the disposal of activities not qualifying as discontinued operations, as of 31 December 2015	78
Cash transferred in the transaction	– 4
Total cash proceeds received from the disposal of activities not qualifying as discontinued operations	**74**
Net assets sold, after impairment, including disposal-related expenses and accumulated amounts in equity recycled through the income statement upon disposal	– 59
Profit before taxes on the disposal of activities not qualifying as discontinued operations	**15**
Taxes (current and deferred)	– 1
After tax profit on disposal	**14**

in CHF m	2014
Total cash proceeds received, from the disposal of activities not qualifying as discontinued operations, as of 31 December 2014	112
Total cash proceeds received, from the sale of land in India, as per 31 December 2014, reported under sale of PPE and intangible assets in the cash flow statement	173
Outstanding amounts	9
Total consideration for the sale	**294**
Net assets sold, after impairment, including disposal-related expenses and cumulated amounts in equity pertaining to the disposal group which were recycled through the income statement upon disposal	– 126
Fair value valuation	
Profit before taxes on the disposal of activities not qualifying as discontinued operations	**168**
Taxes (current and deferred)	– 27
After tax profit on disposal	**141**

Other assets held for sale

An amount of CHF 2 million relates to other assets held for sale in Italy and in China (2014: CHF 5 million).

In December 2014, Clariant sold a plot of land in India, realizing a profit of CHF 163 million before taxes. After tax, the realized gain recorded in 2014 amounted to CHF 129 million.

24. Acquisitions

Acquisition of the remaining shares of Companhia Brasileira de Bentonita

On 1 July 2015 Clariant acquired the remaining 50 % shares of Companhia Brasileira de Bentonita (CBB) from the Brazilian-based company Geosol. This transaction was treated as a two step acquisition. Therefore, according to IFRS 3, the 50 % shares already held were remeasured to fair value which resulted in a CHF 4 million gain recorded as »income from associates and joint ventures« in the income statement.

The acquisition of the remaining 50 % shares for an amount of CHF 5 million paid in cash resulted in a gain on a bargain purchase in the amount of CHF 3 million, mainly from the remeasurement of mining rights, which was recognized in the income statement.

Acquisition of the de-icing activities from Kilfrost Ltd

On 30 September 2015 Clariant acquired from the British-based Kilfrost Ltd the de-icing activities in the United States, China and Korea, consisting mainly of customer relationships, know-how and inventories. Total consideration paid in cash was CHF 10 million and the provisional goodwill determined amounts to CHF 3 million.

Various smaller acquisitions were made in 2015 totalling a purchase price of CHF 7 million and generating a goodwill of CHF 1 million.

Acquisition of Plastichemix Industries in India

In April 2014, Clariant acquired Plastichemix Industries, a masterbatch business in India, for a consideration of CHF 19 million mainly attributed to property, plant and equipment. The goodwill realised on that transaction amounted to CHF 5 million.

Acquisition of Aerochem in Scandinavia

In September 2014, Clariant acquired Aerochem, a Swedish- and Norwegian-based group, active in the de-icing and anti-icing fluids business. The purchase price mainly attributed to inventories amounts to CHF 15 million and the goodwill amounted to CHF 3 million.

Acquisition of VitaPac in China

In December 2014, Clariant acquired the Hong-Kong-based VitaPac, a specialist for healthcare packaging for a consideration of CHF 7 million and a goodwill of CHF 1.4 million. The acquisition complements the Medical Specialties Business Line of Clariant.

The impact from these acquisitions was not material to the result of the Group in 2015 and 2014.

25. Restructuring, impairment and transaction-related costs

in CHF m	2015	2014
Restructuring expenses	**51**	**96**
Payments for restructuring	78	89
Impairment loss	**14**	**116**
thereof charged to PPE (see note 5)	*2*	*4*
thereof charged to intangible assets (see note 6)	*11*	*28*
thereof charged to investments in associates and joint ventures (see note 7)	*1*	*84*
Transaction-related costs	**35**	**24**
Total restructuring, impairment and transaction-related costs	**100**	**236**
thereof reported under discontinued operations (see note 22)	15	– 8
Total continuing operations	**115**	**228**

In order to increase profitability over a sustained period, Clariant implements measures designed to improve the Group's performance. The aim of these efforts is to increase the Group's operating result and to reduce net working capital. The changes made to the processes and structures result in a loss of jobs across the Group.

Restructuring. In 2015, Clariant recorded expenses for restructuring in the amount of CHF 51 million (2014: CHF 96 million). This concerned restructuring measures mainly in Switzerland and Germany.

Impairment. The impairment loss recognized in 2015 relates to disposal projects. In 2014, Clariant recorded an impairment loss of CHF 30 million on its Energy Storage activities and an impairment loss of CHF 84 million on its ASK joint venture participation. Both were sold subsequently (see note 23).

Transaction-related costs comprise expenses incurred in connection with acquisition or disposal projects and also costs incurred in connection with the implementation of internal reorganizational measures, such as the currently ongoing project of setting up the Business Area Plastics & Coatings as a sub-group. Costs incurred totalled CHF 35 million for 2015.

26. Finance income and costs

FINANCE INCOME

in CHF m	**2015**	2014
Interest income	11	11
thereof interest on loans, receivables and deposits	*11*	*7*
thereof interest from derivative financial instruments	*–*	*4*
Other financial income	3	3
Total finance income	**14**	**14**

FINANCE COSTS

in CHF m	**2015**	2014
Interest expense	– 104	– 129
thereof effect of discounting of non-current provisions	*– 4*	*– 6*
thereof interest component of pension provisions	*– 18*	*– 23*
Other financial expenses	– 10	– 8
Currency result, net	– 96	– 25
Total finance costs	**– 210**	**– 162**
thereof reported under discontinued operations	–	2
Total continuing operations	**– 210**	**– 160**

Other financial expenses include bank charges and miscellaneous financial expenses.

In 2015 and 2014, no foreign exchange gains pertaining to the ineffective part of hedges on net investments were recognized in the income statement.

Interest expense, other than the effect of discounting of non-current provisions and the interest component of pension provisions, pertain to financial debts measured at amortized cost.

Interest costs capitalized on qualifying assets for 2015 were CHF 1 million (2014: CHF 1 million).

27. Earnings per share (EPS)

Earnings per share are calculated by dividing the Group net income by the average number of outstanding shares (issued shares less treasury shares).

	2015	2014
Net income attributable to shareholders of Clariant Ltd undiluted and diluted (CHF m)		
Continuing operations	217	175
Discontinued operations	12	– 23
Total	**229**	**152**
Weighted average number of shares outstanding		
As per 1 January	319 689 210	312 611 085
Effect of transactions with treasury shares on weighted average number of shares outstanding	2 513 635	7 078 125
Weighted average number of shares outstanding at 31 December	**322 202 845**	**319 689 210**
Adjustment for granted Clariant shares	2 089 675	2 120 278
Adjustment for dilutive share options	90 692	145 410
Weighted average diluted number of shares outstanding at 31 December	**324 383 212**	**321 954 898**
Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.67	0.55
Discontinued operations	0.04	– 0.07
Total	**0.71**	**0.48**
Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.67	0.54
Discontinued operations	0.04	– 0.07
Total	**0.71**	**0.47**

The dilution effect is triggered by two different items. One is the effect of Clariant shares granted as part of the share-based payment plan, which have not yet vested. To calculate this dilutive potential it is assumed that they had vested on 1 January of the respective period.

The second item is the effect of options granted as part of the share-based payment plan, which have not yet vested. To calculate this dilutive potential, it is assumed that all options which were in the money at the end of the respective period had been exercised on 1 January of the same period. The effect of the services still to be rendered during the vesting period were taken into consideration. Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

In 2015, a payout of CHF 0.40 per share was made out of the capital contribution reserves (see note 15).

28. Derivative financial instruments

Risk management (hedging) instruments and off-balance sheet risks. Clariant uses forward foreign exchange rate and option contracts, currency options as well as other financial instruments to hedge the Group's risk exposure to volatility in interest rates, currencies and prices and to manage the return on cash and cash equivalents. Risk exposures from existing assets and liabilities as well as anticipated transactions are managed centrally.

Interest rate management. It is the Group's policy to manage the costs of interest using fixed and variable rate debt and interest-related derivatives.

Foreign exchange management. To manage the exposure to the fluctuations in foreign currency exchange rates, the Group follows a strategy of hedging both balance sheet and revenue risk, partially through the use of forward contracts and currency swaps in various currencies. In order to contain costs, the Group does not hedge the entire exposure.

The following tables show the contract or underlying principal amounts and the respective fair value of derivative financial instruments by type at year-end.

The contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent the amount at risk.

DERIVATIVE FINANCIAL INSTRUMENTS

in CHF m	Contract or underlying principal amount		Positive fair values		Negative fair values	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Currency related instruments						
Forward foreign exchange rate contracts	76	62	2	–	– 1	– 2
Currency options	20	40	–	–	–	–
Total derivative financial instruments	**96**	**102**	**2**	**–**	**– 1**	**– 2**

The fair value of these derivative financial instruments is recorded in Other current assets in the balance sheet in the case of a positive value or as Current financial debts in the case of a negative value and if the instruments expire within the next twelve months.

DERIVATIVE FINANCIAL INSTRUMENTS BY MATURITY

in CHF m	**31.12.2015**	31.12.2014
Breakdown by maturity:		
Up to one month after the balance sheet date	44	65
More than one and up to three months after the balance sheet date	48	37
More than three and up to twelve months after the balance sheet date	4	–
Total derivative financial instruments	**96**	**102**

If the remaining lifetime exceeds twelve months, the value is recorded in Financial assets in case it is positive and in Non-current financial debts in case it is negative.

DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY

in CHF m	**31.12.2015**	31.12.2014
USD	95	99
EUR	1	1
JPY	–	2
Total derivative financial instruments	**96**	**102**

FINANCIAL INSTRUMENTS EFFECTIVE FOR HEDGE-ACCOUNTING PURPOSES

in CHF m	**31.12.2015**	31.12.2014
Borrowings denominated in foreign currencies	– 998	– 747

On 24 January 2012, Clariant issued a bond in the amount of EUR 500 million (see note 16), which on 1 June 2012 was designated as a hedge of a net investment in some of Clariant's European subsidiaries. The unrealized foreign exchange rate gain resulting from the translation of the bond into Swiss francs amounting to CHF 60 million for 2015 (2014: CHF 12 million loss) is recorded in the cumulative translation difference in shareholders' equity.

In October 2011, Clariant issued a certificate of indebtedness amounting to EUR 123 million (see note 20), which was designated as a hedge of a net investment in some of Clariant's European subsidiaries. In April 2015, four new certificates of indebtedness amounting to EUR 300 million (see note 16) were issued by Clariant and designated as a hedge of net investment in some of Clariant's European subsidiaries, whereas the certificate of indebtedness issued in October 2011 was de-designated at the same time. The unrealized foreign exchange rate loss resulting from the translation of the new certificates of indebtedness into Swiss francs amounted to CHF 15 million for 2015 and is recorded in the cumulative translation difference in shareholders' equity. The unrealized foreign exchange rate gain resulting from the translation of the older certificate of indebtedness into Swiss francs as per de-designation date amounted to CHF 21 Mio for 2015 (2014: CHF 3 million gain) and is frozen in the cumulative translation difference in shareholder's equity.

29. Employee participation plans

Under the Group Senior Management – Long Term Incentive Plan (GSM-LTIP) a certain percentage of the actual bonus is granted to the plan participants in the form of registered shares of Clariant Ltd (investment shares). These shares vest immediately upon grant, but are subject to a 3-year blocking period. The plan participants receive an additional share free of cost (matching share) for each investment share held at the end of the blocking period.

These shares were granted for the first time in 2011, based on the performance achieved in the base year 2010. Similar plans were launched in all subsequent years. The number of shares not yet vested and thus disclosed are the matching shares already granted.

The options granted under the Clariant Executive Stock Option Plan (CESOP) established in 1999 entitle the holder to acquire registered shares of Clariant Ltd (one share per option) at a predetermined strike price. They become vested and are exercisable after three years and expire after ten years. This stock option plan expired at the end of 2015.

In April 2008, Clariant established a stock option plan for members of management and the Board of Directors. Options granted under this plan entitle the holder to acquire registered shares of Clariant Ltd (one share per option) at a predetermined strike price. Clariant contracted a third-party bank to issue tradable options to the plan participants in accordance with the rules of the plan. The plan participants can sell the options back to this bank after they have vested. The bank in return has the right to claim a share from Clariant at the pre-determined strike price for each option that is sold to it by plan participants. The options become vested and are exercisable after two years and expire after five years.

The last grant of the stock option plan to members of Management and the Board of Directors took place in April 2012.

The Restricted Plan for members of the Board of Directors replacing the Option Plan had its first grant date in early 2014.

For the first time in 2013, the Performance Share Unit (PSU) Plan was introduced for all senior managers to replace the former Tradable Option Plan. The term of Clariant's Performance Share Unit Plan is a three-year vesting period. The vesting is conditional upon achievement of the performance targets at the end of the vesting period. If the performance targets are achieved, each PSU will be converted into one Clariant share.

A new grant took place on 16 September 2015. The review of the target achievements (vesting criteria) for this plan will be held in summer 2018 and vesting is scheduled to take place in September 2018.

The expense recorded in the income statement spreads the costs of each grant over the measurement period and the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for the vested amounts.

During 2015, CHF 15 million (2014: CHF 15 million) were charged to the income statement for equity-settled share-based payments exclusively.

As of 31 December 2015, the total carrying value of liabilities arising from equity-settled share-based payments, entirely recognized in equity, is CHF 29 million (2014: CHF 24 million).

OPTIONS FOR BOARD OF DIRECTORS (NON-EXECUTIVE MEMBERS)[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2010	2012	2015	15.50	12.74	–	142 950
2011	2011	2013	2016	18.00	15.02	138 553	192 769
Total						**138 553**	**335 719**

[1] Past and current members.

OPTIONS FOR SENIOR MEMBERS OF MANAGEMENT AND EXECUTIVE COMMITTEE[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2004	2005	2008	2015	19.85	19.85	–	146 237
Total						**–**	**146 237**

OPTIONS FOR MEMBERS OF MANAGEMENT AND EXECUTIVE COMMITTEE[1]

Base year	Granted	Exercisable from	Expiry date	Exercise price	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2010	2012	2015	15.50	12.74	–	358 300
2011	2011	2013	2016	18.00	15.02	230 775	825 217
2012	2012	2014	2017	16.50	12.59	864 343	2 711 500
Total						**1 095 118**	**3 895 017**

[1] Past and current members.

As per 31 December 2015, the weighted average remaining contractual life of all share options was 0.94 years (2014: 1.71 years).

SHARES FOR MEMBERS OF MANAGEMENT AND THE EXECUTIVE COMMITTEE

Base year	Granted	Vesting in	Share price at grant date	**Number 31.12.2015**	Number 31.12.2014
2010	2013	2015	13.81	–	50 000
2011	2012	2015	12.50	–	480 612
2012	2012	2016	9.49	32 000	32 000
2012	2013	2016	13.12	556 414	591 631
2013	2013	2016	13.74	637 242	676 092
2013	2013	2015	14.13	–	15 000
2013	2013	2016	15.61	5 000	5 000
2013	2013	2016	15.93	–	4 000
2013	2013	2015	15.88	–	10 000
2013	2014	2017	17.24	247 707	266 228
2014	2014	2017	17.35	517 000	543 297
2014	2014	2017	17.35	2 741	–
2014	2015	2018	19.71	201 060	–
2015	2015	2018	19.70	5 000	–
2015	2015	2018	17.39	13 813	–
2015	2015	2018	19.08	3 000	–
2015	2015	2018	19.10	464 926	–
Total				**2 685 903**	**2 673 860**

	Weighted average exercise price	**Options 2015**	**Shares 2015**	Weighted average exercise price	Options 2014	Shares 2014
Shares/options outstanding at 1 January	16.85	4 376 973	2 673 860	16.65	8 993 833	2 373 641
Granted			967 522			1 188 771
Exercised/distributed*	19.21	– 2 997 065	– 814 480	17.66	– 4 489 935	– 736 475
Cancelled/forfeited		– 146 237	– 140 999		– 126 925	– 152 077
Outstanding at 31 December	**16.95**	**1 233 671**	**2 685 903**	**16.85**	**4 376 973**	**2 673 860**
Exercisable at 31 December	16.95	1 233 671		16.85	4 376 973	
Fair value of shares/options outstanding in CHF		3 201 355	51 059 007		6 975 845	44 706 939

* Options exercised/distributed include 2 267 276 options (2014: 2 943 344) pertaining to the 2010, 2011 and 2012 Option Plans, which were sold by the plan participants in the market and are currently held by third parties. Total outstanding options of these plans sold in the market at 31 December 2015 are 4 723 048 (31 December 2014: 4 533 422) with a fair value at 31 December 2015 of 12 141 634 (31 December 2014: 7 052 197).

The fair value of shares granted during 2015 is CHF 19 million (2014: CHF 20 million) calculated based on market value of shares at grant date.

No options were granted in 2015 and 2014.

30. Personnel expenses

in CHF m	**2015**	**2014**
Wages and salaries	– 1 036	– 1 056
Social welfare costs	– 255	– 339
Shares and options granted to directors and employees	– 15	– 15
Pension costs – defined contribution plans	– 21	– 23
Pension costs – defined benefit plans	– 17	– 38
Other post-employment benefits	– 1	13
Total personnel expenses	**– 1 345**	**– 1 458**
thereof reported under discontinued operations	–	23
Total personnel expenses continuing operations	**– 1 345**	**– 1 435**

31. Related party transactions

Clariant maintains business relationships with related parties. One group consists of the associates and joint ventures, where the most important ones are described in note 7. The most important business with these companies is the purchase of services by Clariant (e.g. energy and rental of land and buildings) in Germany, the rendering of services to the Stahl group following the disposal of the Leather Business and the rendering of services to Global Amines.

The second group of related parties is key management comprising the Board of Directors and the Executive Committee. The information required by the ordinance against excessive compensation in stock exchange listed companies regarding the emoluments for the members of the Board of Directors and the Executive Committee is disclosed in the Compensation Report on pages 130 to 144 of this report. More information on the relationship with the Board of Directors is given in the chapter **Corporate Governance** (non-audited).

The third group of related parties are the pension plans of major subsidiaries. Clariant provides services to its pension plans in Switzerland, the United Kingdom, and the United States. These services comprise mainly administrative and trustee services. The total costs in 2015 of these services is CHF 1 million (2014: CHF 1 million), of which approximately half is charged back to the pension plans. The number of full-time employees corresponding to these is approximately five (2014: approximately five).

TRANSACTIONS WITH RELATED PARTIES

in CHF m	2015	2014
Income from the sale of goods to related parties	36	52
thereof to joint ventures	*2*	*12*
thereof to associates	*34*	*40*
Income from the rendering of services to related parties	50	54
thereof to joint ventures	*–*	*22*
thereof to associates	*50*	*32*
Expenses from the purchase of goods from related parties	– 114	– 128
thereof from joint ventures	*– 13*	*– 36*
thereof from associates	*– 101*	*– 92*
Expenses from services rendered by related parties	– 205	– 235
thereof by joint ventures	*–*	*– 23*
thereof by associates	*– 205*	*– 212*
Expenses from the purchase of property, plant and equipment from related parties	– 5	– 5
thereof from associates	*– 5*	*– 5*
Expense from lease contracts with related parties	– 7	– 8
thereof with associates	*– 7*	*– 8*

PAYABLES AND RECEIVABLES WITH RELATED PARTIES

in CHF m	31.12.2015	12.31.2014
Receivables from related parties	13	20
thereof from joint ventures	*2*	*6*
thereof from associates	*11*	*14*
Payables to related parties	48	56
thereof to joint ventures	*3*	*9*
thereof to associates	*45*	*47*
Loans to related parties	67	59
thereof to joint ventures	*–*	*35*
thereof to associates	*67*	*24*
Guarantees to third parties on behalf of related parties [1]	75	109
thereof on behalf of joint ventures	*75*	*109*

[1] The guarantee extended on behalf of a related party concerns a bank loan to a US joint venture.

TRANSACTIONS WITH KEY MANAGEMENT

in CHF m	2015	2014
Salaries and other short-term benefits	10	9
Post-employment benefits	3	3
Share-based payments	3	4
Total	**16**	**16**

There are no outstanding loans by the Group to any members of the Board of Directors or Executive Committee.

32. Commitments and contingencies

Leasing commitments. The Group leases land, buildings, machinery and equipment, furniture and vehicles under fixed-term agreements. The leases have varying terms, escalation clauses and renewal rights.

Commitments arising from fixed-term operating leases mainly concern buildings in Switzerland and Germany. The most important partners for operating leases of buildings in Germany are the Infraserv companies. There exist no particular renewal options other than annual prolongations in case there is no explicit termination of the lease contract.

Expected expenses for operating leases breakdown by maturities as follows:

in CHF m	**31.12.2015**	31.12.2014
2015	–	44
2016	44	29
2017	30	21
2018	21	16
2019	16	13
2020	12	–
Thereafter	30	32
Total	**153**	**155**

Expenses for operating leases were CHF 73 million in 2015 (2014: CHF 66 million).

Guarantees. No guarantees on behalf of third parties were issued in 2015 and 2014.

Purchase commitments. In the regular course of business, Clariant enters into relationships with suppliers whereby the Group commits itself to purchase certain minimum quantities of materials in order to benefit from better pricing conditions. These commitments are not in excess of current market prices and reflect normal business operations.

Clariant is engaged in contracts to buy a minimum quantity of ethylene starting in 2015 for the next years (between 4 to 10 years depending on the contract) and in two contracts to buy a minimum quantity of propylenoxid in the years 2016 – 2018. This implies a total purchase commitment of about CHF 1.35 billion (2014: CHF 1.2 billion).

Contingencies. Clariant operates in countries where political, economic, social, legal, and regulatory developments can have an impact on the operational activities. The effects of such risks on the company's results, which arise during the normal course of business, are not foreseeable and are therefore not included in the accompanying financial statements.

In the aftermath of the procedure to acquire subsequent to the acquisition of Süd-Chemie, the 1.36 % of shares still in possession of third parties (squeeze-out) at the time, several minority shareholders initiated appraisal proceedings to reassess the adequacy of the cash compensation paid to the minority shareholders. Clariant opines that the cash compensation agreed is fair and complies with all legal and economic requirements. At this time it cannot be detemined to what extent these proceedings will lead to additional financial liabilities.

In connection with the dismantlement of a waste water treatment plant in France Clariant is faced with a claim by the Swiss-based group Novartis in the amount of EUR 10 million. Clariant has the view that this claim is unfounded. The case is currently pending at court.

In India, Clariant is confronted with a demand notice from the Sales Tax Authorities. The claim may lead to obligations of up to CHF 21 million. Clariant is disputing this demand and has filed appeals. Management is confident that it will be able to produce all necessary documentation to achieve a revocation of the claim.

In the ordinary course of business, Clariant is involved in lawsuits, claims, investigations and proceedings, including product liability, intellectual property, commercial, environmental, and health and safety matters. Although the outcome of any legal proceedings cannot be predicted with certainty, Management is of the opinion that, apart from those cases where a provision has already been recognized, there are no such matters pending which would likely have any material adverse effect in relation to its business, financial position, or results of operations.

Environmental risks. Clariant is exposed to environmental liabilities and risks relating to its past operations, principally in respect of remediation costs. Provisions for non-recurring remediation costs are made when there is a legal or constructive obligation and the costs can be reliably estimated. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposal or release of chemical substances by Clariant or other parties, and the associated costs, pursuant to environmental laws and regulations. The material components of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe.

33. Exchange rates of principal currencies

Rates used to translate the consolidated balance sheets (closing rate):

	31.12.2015	31.12.2014
1 USD	0.99	0.99
1 EUR	1.08	1.20
1 BRL	0.25	0.37
1 CNY	0.15	0.16
100 INR	1.50	1.57
100 JPY	0.82	0.83

Sales-weighted average exchange rates used to translate the consolidated income statements and consolidated statements of cash flows:

	2015	2014
1 USD	0.96	0.92
1 EUR	1.07	1.21
1 BRL	0.29	0.39
1 CNY	0.15	0.15
100 INR	1.50	1.50
100 JPY	0.80	0.86

34. Important subsidiaries

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
Argentina	Clariant (Argentina) SA, Lomas de Zamora	ARS	54 650	100.0		■	■	
Australia	Clariant (Australia) Pty. Ltd, Glen Waverley	AUD	4 402	100.0	■	■	■	
Austria	Clariant (Österreich) GmbH, Vienna	EUR	1 000	100.0		■	■	
Belgium	Clariant Masterbatches Benelux SA, Louvain-La-Neuve	EUR	9 629	100.0		■	■	
Brazil	Clariant Administração de Bens Ltda., São Paulo	BRL	7 696	100.0	■			
	Clariant S.A., São Paulo	BRL	184 863	100.0	■	■	■	■
	Companhia Brasileira de Bentonita Ltd	BRL	17 470	100.0		■	■	
British Virgin Islands	Clariant Clearwater Technologies Ltd, Tortola	USD	1	100.0	■			
	Clariant Finance (BVI) Ltd, Tortola	CHF	10	100.0	■			
Canada	Clariant (Canada) Inc., Toronto	CAD	10 415	100.0	■	■	■	■
Chile	Clariant Colorquímica (Chile) Ltda., Maipú-Santiago de Chile	CLP	14 797	100.0		■	■	
China	Clariant (China) Ltd, Hong Kong	HKD	93 250	100.0	■	■	■	
	Clariant Bohai Pigments Preparations (Tianjin) Ltd, Tianjin	CNY	49 176	90.0		■	■	■
	Clariant Catalysts (Nanjing) Ltd, Nanjing	USD	45 000	100.0		■	■	■
	Clariant Chemicals (China) Ltd, Shanghai	USD	10 000	100.0		■	■	■
	Clariant Chemicals (Guangzhou) Ltd, Guangzhou	USD	9 500	100.0		■	■	
	Clariant Chemicals (Huizhou) Ltd, Daya Bay, Huizhou	USD	27 948	100.0		■	■	
	Clariant China Holding Limited, Hong Kong	HKD	67	100.0	■			
	Clariant Huajin Catalysts (Panjin) Ltd, Panjin City	CNY	69 511	60.0		■	■	
	Clariant Masterbatches (Beijing) Ltd, Beijing	USD	1 099	100.0		■	■	
	Clariant Masterbatches (Shanghai) Ltd, Shanghai	USD	3 199	100.0		■	■	
	Clariant Redhill Bentonite (Liaoning) Ltd, Jianping	USD	3 070	100.0		■	■	
	Clariant Specialty Chemicals (Zhenjiang) Co., Ltd, Zhenjiang	USD	18 523	100.0		■	■	
	Jiangsu Süd-Chemie Chemical Materials Co., Ltd, Zhenjiang	EUR	8 000	100.0		■	■	
	Jiangsu Süd-Chemie Performance Packaging Material Co., Ltd, Changshu	EUR	1 225	100.0		■	■	
	Süd-Chemie Investment Management (Shanghai) Co., Ltd, Shanghai	USD	3 300	100.0	■			
Colombia	Clariant (Colombia) SA, Cota (Cundinamarca)	COP	2 264 786	100.0		■	■	
Finland	Clariant Masterbatches (Finland) Oy, Vantaa	EUR	169	100.0		■		
France	Clariant Masterbatches (France), Choisy-le-Roi	EUR	1 561	100.0		■	■	
	Clariant Production (France), Choisy-le-Roi	EUR	6 273	100.0			■	■
	Clariant Services (France), Choisy-le-Roi	EUR	21 200	100.0	■			
	CRM International	EUR	650	100.0		■	■	
Germany	Clariant Advanced Materials GmbH, Frankfurt a.M.	EUR	102	100.0		■	■	■
	Clariant Masterbatches (Deutschland) GmbH, Lahnstein	EUR	53	100.0		■	■	■
	Clariant Produkte (Deutschland) GmbH, Frankfurt a.M.	EUR	9 348	100.0	■	■	■	■

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
	Clariant SE, Frankfurt a.M.	EUR	915	100.0	■	■		
	Clariant Verwaltungsgesellschaft mbH, Frankfurt a.M.	EUR	2 560	100.0	■			
	Süd-Chemie IP GmbH & Co KG, Munich	EUR	803	100.0	■			■
Great Britain	Clariant Distribution UK Limited, Yeadon, Leeds	GBP	500	100.0	■			
	Clariant Horsforth Limited, Yeadon, Leeds	GBP	12	100.0	■			
	Clariant Masterbatches UK Ltd, Yeadon, Leeds	GBP	500	100.0		■		
	Clariant Oil Services UK Ltd, Yeadon, Leeds	GBP	400	100.0		■	■	■
	Clariant Production UK Ltd, Yeadon, Leeds	GBP	500	100.0	■		■	■
	Clariant Services UK Ltd, Yeadon, Leeds	GBP	500	100.0	■			
Greece	Süd-Chemie Hellas Monoprosopi E.P.E., Adamas, Milos	EUR	555	100.0			■	
Guatemala	Clariant (Guatemala) SA, Guatemala City	GTQ	14 000	100.0		■	■	
India	Clariant Chemicals (India) Ltd, Thane	INR	230 818	64.2		■	■	
	Clariant India Private Limited, New Delhi	INR	500	100.0		■		
Indonesia	P.T. Clariant Specialties Indonesia, Tangerang	USD	500	100.0		■		
	P.T. Clariant Adsorbents Indonesia, Cileungsi, Bogor	IDR	12 375 000	100.0		■	■	
	P.T. Clariant Indonesia, Tangerang	USD	23 950	100.0	■	■	■	
Ireland	Clariant Masterbatches Ireland Limited, Naas	EUR	411	100.0		■	■	
Italy	Clariant (Italia) S.p.A., Milan	EUR	36 000	100.0	■			
	Clariant Masterbatches (Italia) S.p.A., Milan	EUR	3 000	100.0		■	■	■
	Clariant Prodotti (Italia) S.p.A., Milan	EUR	1 000	100.0		■	■	■
	Società Sarda di Bentonite S.r.l., Santa Giusta	EUR	2 050	100.0	■	■	■	
Japan	Clariant (Japan) K.K., Tokyo	JPY	450 000	100.0		■	■	■
	Clariant Catalysts (Japan) K.K., Tokyo	JPY	543 594	61.4	■	■	■	■
Korea	Clariant Industrial Minerals (Korea) Co., Ltd, Pohang, Gyeongbuk	KRW	7 067 990	100.0		■	■	
Liechtenstein	Clariant Insurance AG, Triesen	CHF	5 000	100.0	■			
Luxemburg	Clariant Finance (Luxembourg) S.A., Luxemburg	EUR	52 990	100.0	■			
Malaysia	Clariant (Malaysia) Sdn. Bhd., Kuala Lumpur	MYR	12 347	100.0		■		
	Clariant Masterbatches (Malaysia) Sdn Bhd, Petaling Jaya	MYR	2 000	60.0		■	■	
	Clariant Oil Services (Malaysia) Sdn Bhd	MYR	137	48.9		■		
Mexico	Clariant (Mexico) S.A. de C.V., Ecatepec de Morelos	MXN	23 106	100.0	■	■	■	■
	Clariant Productos Químicos S.A. de C.V., Ecatepec de Morelos	MXN	52 409	100.0	■			
Morocco	Clariant (Maroc) S.A., Casablanca	MAD	31 250	100.0		■	■	
Netherlands	Clariant Participations (The Netherlands) B.V., Maastricht	EUR	20	100.0	■			
New Zealand	Clariant (New Zealand) Ltd, Auckland	NZD	1 000	100.0	■	■	■	
Norway	Clariant Oil Services Scandinavia AS, Bergen	NOK	4 725	100.0		■	■	
Pakistan	Clariant Chemical Pakistan (Pvt) Ltd, Karachi-Korangi	PKR	1 130 226	100.0		■	■	
Peru	Clariant (Perú) SA, Lima	PEN	25 063	100.0	■	■	■	
Poland	Clariant Polska Spolka z.o.o., Zgierz	PLN	19 000	100.0		■	■	
Qatar	Clariant Qatar W.L.L., Mesaieed	QAR	60 000	65.0		■	■	

Country	Company name	Currency	Share-/paid in capital (in thousands)	Participation[1] in %	Holding/ Finance/ Service	Sales	Production	Research
Russia	Clariant (RUS) LLC, Moscow	RUB	16 200	100.0		■		
Saudi Arabia	Clariant Masterbatches (Saudi Arabia) Ltd, Riyadh	SAR	50 000	53.0		■	■	
Singapore	Clariant (Singapore) Pte. Ltd, Singapore	SGD	2 500	100.0		■	■	■
	Clariant South East Asia Pte. Ltd, Singapore	SGD	1 560	100.0	■			
South Africa	Clariant Sasol Catalysts (Proprietary) Limited, Chloorkop, Gauteng	ZAR	1 417	80.0		■	■	
	Clariant Southern Africa (Pty) Ltd. Chloorkop, Gauteng	ZAR	6	100.0	■	■	■	
Spain	Clariant Ibérica Producción S.A., El Prat de Llobregat	EUR	6 023	100.0	■	■	■	■
	Clariant Ibérica Servicios S.L., El Prat de Llobregat	EUR	358	100.0	■			
	Clariant Masterbatch Ibérica S.A., Sant Andreu de la Barca	EUR	2 524	100.0		■	■	
Sweden	Clariant Masterbatches Norden AB, Malmö	SEK	3 200	100.0		■	■	
	Aerochem AB	SEK	400	100.0				
Switzerland	Clariant Beteiligungen AG, Muttenz	CHF	100	100.0	■			
	Clariant Chemiebeteiligungen AG, Muttenz	CHF	96 929	100.0	■			
	Clariant Consulting AG, Muttenz	CHF	200	100.0	■			
	Clariant International AG, Muttenz	CHF	180 704	100.0	■	■		
	Clariant Oil Services AG	CHF	300	100.0	■			
	Clariant Produkte (Schweiz) AG, Muttenz	CHF	5 000	100.0	■		■	■
	Clariant Reinsurance AG, Muttenz	CHF	3 000	100.0	■			
	EBITO Chemiebeteiligungen AG, Muttenz	CHF	202	100.0	■			
	Infrapark Baselland AG	CHF	5 000	100.0	■			
Taiwan	Clariant Chemicals (Taiwan) Co., Ltd, Taipei	TWD	23 888	100.0		■	■	
Thailand	Clariant (Thailand) Ltd, Klongton, Bangkok	THB	400 000	100.0		■	■	
	Clariant Masterbatches (Thailand) Ltd, Chonburi	THB	325 000	100.0		■	■	■
Turkey	Clariant (Türkiye) A.S., Gebze	TRY	8 702	100.0		■	■	
UAE	Clariant (Gulf) FZE, Jebel Ali, Dubai	AED	1 000	100.0	■	■	■	
Ukraine	Clariant Ukraine LLC, Severodonetsk	UAH	28 688	100.0		■	■	
USA	Clariant Corporation, Charlotte, NC	USD	1	100.0	■	■	■	■
	Katapullt LLC, Albany, NY	USD	1	100.0				
	Octagon Process, L.L.C., Las Vegas, NV	USD	1	100.0		■	■	
Venezuela	Clariant Venezuela, S.A., Maracay	VEF	7 345	100.0		■	■	

[1] The participation in % reflects the captital- and voting rights in %.

35. Events subsequent to the balance sheet date

There were no significant events subsequent to the balance sheet date.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF CLARIANT LTD, MUTTENZ

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Clariant Ltd, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statements of cash flows and notes (pages 148 to 211), for the year ended 31 December 2015.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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 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 Ltd

R. Sigel

Dr. Daniel Suter Audit expert Auditor in charge	Ruth Sigel Audit expert

Basel, 15 February 2016

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REVIEW OF TRENDS

Five-year Group overview

FIVE-YEAR GROUP OVERVIEW 2011–2015

		2015	2014	2013	2012 [3] (restated)	2012	2011 [2] (restated)	2011
Segment sales	CHF m	**5 827**	**6 142**	**6 113**	**6 073**	**6 073**	**5 598**	**7 413**
Change relative to preceding year								
in Swiss francs	%	– 5	1	1	8	8	–	3
in local currency	%	3	5	4	8	8	–	16
Group sales [1]	CHF m	**5 807**	**6 116**	**6 076**	**6 038**	**6 038**	**5 571**	**7 370**
Change relative to preceding year								
in Swiss francs	%	– 5	1	1	8	8	–	4
in local currency	%	3	5	4	8	8	–	16
Operating income before exceptionals	CHF m	**596**	**585**	**574**	**546**	**531**	**624**	**717**
Change relative to preceding year	%	2	2	5	– 13	– 15	–	3
as % of sales		10.3	9.6	9.4	9.0	8.8	11.2	9.7
Operating loss/income	CHF m	**496**	**525**	**470**	**411**	**396**	**432**	**507**
Change relative to preceding year	%	– 6	12	14	– 5	– 8	–	– 39
as % of sales		8.5	8.6	7.7	6.8	6.6	7.8	6.9
EBITDA	CHF m	**767**	**923**	**797**	**690**	**675**	**643**	**786**
Change relative to preceding year	%	– 17	16	16	7	5	–	22
as % of sales		13.2	15.1	13.1	11.4	11.2	11.5	10.7
EBITDA before exceptionals		**853**	**867**	**858**	**817**	**802**	**835**	**975**
Change relative to preceding year		– 2	1	5	– 2	– 4	– 7	8
as % of sales		14.7	14.2	14.1	13.5	13.3	15.0	13.2
Net income	CHF m	**239**	**217**	**5**	**228**	**238**	**251**	**251**
Change relative to preceding year	%	10	–	– 98	– 9	– 5	4.5	31
as % of sales		4.1	3.5	0.1	3.8	3.9	4.5	3.4
Investment in property, plant and equipment	CHF m	**374**	**310**	**292**	**311**	**311**	**370**	**370**
Change relative to preceding year	%	21	6	– 6	– 16	– 16	65	65
as % of sales		6	5	5	5	5	7	5
Personnel costs	CHF m	**1 345**	**1 435**	**1 407**	**1 434**	**1 452**	**1 341**	**1 623**
Change relative to preceding year	%	– 6	2	– 2	7	8	– 18	– 1
as % of sales		23	23	23	24	24	24	22
Employees at year-end	number	17 213	17 003	18 099	21 202	21 202	22 149	22 149
Change relative to preceding year	%	1	– 6	– 15	– 4	– 4	37	37

[1] Including trading.
[2] restated for the effects of discontinued operations – see note 1.04 of Annual Report 2012
[3] restated for the effects of the revised IAS 19 – see note 1.03 of Annual Report 2013

FINANCIAL STATEMENTS OF CLARIANT LTD, MUTTENZ

Clariant Ltd balance sheets at 31 December 2015 and 2014

	Notes	31.12.2015 in CHF	in %	31.12.2014[3] in CHF	in %
ASSETS					
Current assets					
Cash and cash equivalents	3	398 747 988		254 604 204	
Near cash assets	3	127 215 961		70 106 567	
Other short-term receivables	4	39 215 525		148 065 393	
Accrued income and prepaid expenses		3 898 118		3 739 265	
Total current assets		**569 077 592**	**11.1**	**476 515 429**	**9.8**
Non-current assets					
Loans to Group companies		2 901 979 563		1 993 354 368	
Other financial assets		3 060 000		5 999 323	
Shareholdings in Group companies	5	1 626 320 473		2 371 124 758	
Intangible assets		18 338 298		22 380 090	
Total non-current assets		**4 549 698 334**	**88.9**	**4 392 858 539**	**90.2**
Total assets		**5 118 775 926**	**100.0**	**4 869 373 968**	**100.0**
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities					
Other current non-interest bearing liabilities	6	79 762 703		86 738 122	
Other current interest bearing liabilities	7	200 053 322		386 426 495	
Current provision		774 057		1 763 055	
Accrued expenses		4 686 179		1 944 960	
Total current liabilities		**285 276 261**	**5.6**	**476 872 632**	**9.8**
Non-current liabilities					
Non-current interest bearing liabilities to third parties		1 328 685 920		1 150 524 406	
Non-current interest bearing liabilities to Group companies		177 639 212		4 590 000	
Total Non-current interest bearing liabilities	12	**1 506 325 132**	**29.4**	**1 155 114 406**	**23.7**
Total liabilities		**1 791 601 393**		**1 631 987 038**	
Equity	11				
Total share capital	8, 11	**1 228 175 036**		**1 228 175 036**	
Reserves from capital contribution[1]	9, 11	2 717 619 073		2 846 433 001	
Reserves from retained earnings[2]	9, 11	– 1 264 297 991		– 1 264 297 991	
Total statutory capital reserves	11	**1 453 321 082**		**1 582 135 010**	
Voluntary retained earnings	11	629 186 906		489 175 837	
Total reserves	9, 11	**2 082 507 988**		**2 071 310 847**	
Profit for the financial year		150 442 988		140 011 069	
Against reserves from capital contribution		– 21 607 230		– 86 873 624	
Others		– 112 344 249		– 115 236 398	
Total Treasury shares	10, 11	**– 133 951 479**		**– 202 110 022**	
Total equity		**3 327 174 533**	**65.0**	**3 237 386 930**	**66.5**
Total equity and liabilities		**5 118 775 926**	**100.0**	**4 869 373 968**	**100.0**

[1] In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as per 31 December 2015 due to distributions still amounting of approximately CHF 1.3 billion). For further information see also note 9 to the financial statements of Clariant Ltd.

[2] This amount corresponds to capital contribution reserves formerly offset with losses. For further information see also note 9 to the financial statements of Clariant Ltd.

[3] The prior year's figures were adjusted to the new structure (see notes 1,2).

CLARIANT LTD INCOME STATEMENTS

for the years ended 2015 and 2014

	Notes	**2015** in CHF	2014 [1] in CHF
Income			
Income from shareholdings in Group companies		1 168 811 853	114 062 990
Income from interest on loans to Group companies		58 440 507	76 985 843
Other financial income		9 516 653	20 116 709
Exchange rate gains realized		359 577 182	59 922 036
Reversal of revaluations on shareholdings in Group companies	5	74 600 000	141 800 000
Other income		6 323 014	20 938 688
Total income		**1 677 269 209**	**433 826 266**
Expenses			
Financial expenses		480 145 804	90 055 298
Administrative expenses		76 501 055	91 785 395
Revaluations on shareholdings in Group companies	5	920 600 000	103 346 861
Exceptional expenses	2	34 592 993	–
Other expenses		14 094 907	8 390 463
Taxes		891 462	237 180
Total expenses		**1 526 826 221**	**293 815 198**
Profit for the financial year		**150 442 988**	**140 011 069**

[1] The prior year's figures were adjusted to the new structure (see note 1,2).

NOTES TO THE FINANCIAL STATEMENTS OF CLARIANT LTD

1. Accounting policies

Introduction. The statutory financial statements of Clariant Ltd comply with the requirements of the Swiss Code of Obligations.

Revenue recognition. Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Dividends are recognized when the right to receive payment is established.

Exchange rate differences. Balance sheet items denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses as well as unrealized exchange losses are recorded in the income statement.

Intangible assets. Patents are capitalized at cost and amortized on a straight-line basis to the income statement over their estimated useful lives with a maximum of 20 years.

Capital increase costs are directly charged to the income statement according to the new accounting law. This had no impact for Clariant Ltd.

The Board of Directors approved the stand alone financial statement of Clariant Ltd for issue on 15 February 2016. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 21 April 2016.

2. Basis of preparation

The statutory financial statements of Clariant Ltd have been prepared for the first time according to the provisions of the new Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The first time application of that new Accounting Law required the representation of the prior year figures. No valuation adjustments were made.

The exceptional expenses include the revaluation of treasury shares from market price to historical purchase price. The losses on transactions with shareholdings are included in this position.

Clariant Ltd has no employees, except the members of the Board of Directors of the Clariant Group.

3. Cash and cash equivalents & near-cash assets

Cash and cash equivalents amounted to CHF 398 747 988 at the end of 2015 compared with CHF 254 604 204 at the end of 2014 and comprised cash in hand denominated mainly in euros and to a lesser extent in Swiss francs and British pounds.

Near-cash assets amounted to CHF 127 215 961 at the end of 2015 compared to CHF 70 106 567 at the end of 2014 and included short-term deposits with an original maturity between 90 and 365 days.

4. Other short-term receivables

Other short-term receivables amounted to CHF 39 215 525 at the end of 2015 compared to CHF 148 065 393 at the end of 2014. They comprised third-party receivables of CHF 1 665 477 (compared to CHF 8 680 135 at the end of 2014) and intragroup receivables for CHF 37 550 048 (compared with CHF 139 385 257 at the end of 2014).

5. Shareholdings in Group companies

Shareholdings in Group companies are reviewed on a yearly basis to assess their cash generating capabilities by applying either a mixed calculation method based on the equity value and the net result or, alternatively, the discounted cash flow model. In that review, the investments were classified and grouped in terms of sales and Business Areas.

The following shareholdings in Group companies were valued using the discounted cash flow method: Clariant S.A. (Brazil), Clariant (Japan) K.K. and Clariant Corporation (US).

At the end of 2015, shareholdings in Group companies amounted to CHF 1 626 320 473 compared to CHF 2 371 124 758 at the end of 2014. Following that review, a revaluation of CHF 74 600 000 and a devaluation of CHF 920 600 000 million were recorded in the income statement, as revaluation income and expense.

In the year 2015, no hidden reserves were reversed. (2014: CHF 295 million.)

The table below shows the shareholdings directly held by Clariant Ltd

Country	Company name		Capital interest (%)	Voting rights (%)	Capital interest (%)	Voting rights (%)
			2015	**2015**	2014	2014
Belgium	Clariant Masterbatches Benelux SA	Louvain-la-Neuve	100.00	100.00	100.00	100.00
Brazil	Clariant S.A.	Sao Paulo	46.32	46.32	46.32	46.32
Canada	Clariant (Canada) Inc.	Toronto	100.00	100.00	100.00	100.00
China	Clariant (China) Ltd	Hong Kong	100.00	100.00	100.00	100.00
Colombia	Clariant (Colombia) SA	Cota	5.13	5.13	5.13	5.13
Ecuador	Clariant (Ecuador) S.A.	Quito	0.03	0.03	0.03	0.03
Finland	Clariant Masterbatches (Finland) Oy	Vantaa	100.00	100.00	100.00	100.00
France	Clariant Services (France)	Choisy-le-Roi	43.00	43.00	43.00	43.00
Germany	Clariant Verwaltungsgesellschaft mbH	Sulzbach	100.00	100.00	100.00	100.00
Great Britain	Clariant Horsforth Ltd	Leeds	100.00	100.00	100.00	100.00
	Clariant Services UK Ltd	Leeds	100.00	100.00	100.00	100.00
Guatemala	Clariant (Guatemala) SA	Guatemala Stadt	10.00	10.00	10.00	10.00
Ireland	Clariant Masterbatches Ireland Ltd	Naas	100.00	100.00	100.00	100.00
Japan	Clariant (Japan) K.K.	Tokyo	100.00	100.00	100.00	100.00
	Clariant Catalysts (Japan) K.K.	Tokyo	61.45	61.45	61.45	61.45
Korea	Clariant Chemicals (Korea) Ltd	Pohang, Gyeongbuk	0.01	0.01	0.01	0.01
Liechtenstein	Clariant Insurance AG	Triesen	100.00	100.00	100.00	100.00
Luxemburg	Clariant Finance (Luxembourg) SA	Luxembourg	100.00	100.00	100.00	100.00
Malaysia	Clariant (Malaysia) Sdn Bhd	Kuala Lumpur	100.00	100.00	100.00	100.00
Morocco	Clariant (Maroc) SA	Casablanca	0.05	0.05	0.05	0.05
Mexico	Clariant (Mexico) SA de CV	Ecatepec de Morelos	100.00	100.00	100.00	100.00
New Zealand	Clariant (New Zealand) Ltd	Auckland	100.00	100.00	100.00	100.00
Norway	Clariant Oil Services Scandinavia AS	Bergen	100.00	100.00	100.00	100.00
Peru	Clariant (Peru) SA	Lima	0.23	0.23	0.23	0.23
Singapore	Clariant (Singapore) Pte Ltd	Singapore	100.00	100.00	100.00	100.00
	Clariant South East Asia Ltd	Singapore	100.00	100.00	100.00	100.00
Spain	Clariant Ibérica Servicios S.L.	El Prat de Llobregat	85.03	85.03	85.03	85.03
Sweden	Clariant Masterbatches Norden AB	Malmö	100.00	100.00	100.00	100.00
	Clariant Production Sweden	Mölndal	100.00	100.00	100.00	100.00
Switzerland	Clariant Beteiligungen AG	Muttenz	99.00	99.00	99.00	99.00
	Clariant Produkte (Schweiz) AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant Reinsurance AG	Muttenz	100.00	100.00	100.00	100.00
	Infrapark Baselland AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant International AG	Muttenz	100.00	100.00	100.00	100.00
	Clariant Oil Services AG	Muttenz	20.00	20.00	20.00	20.00
Thailand	Clariant (Thailand) Ltd	Klongton, Bangkok	100.00	100.00	100.00	100.00
Turkey	Clariant (Türkiye) AS	Gebze	100.00	100.00	100.00	100.00
UAE	Clariant (Gulf) FZE	Dubai	100.00	100.00	100.00	100.00
USA	Clariant Corporation	Charlotte	100.00	100.00	100.00	100.00

For further details on shareholdings indirectly held by Clariant Ltd, see note 34 Important subsidiaries on pages 209 – 211 of this report.

6. Other current non-interest bearing liabilities

Other current non-interest bearing liabilities amounted to CHF 79 762 703 at the end of 2015 compared to CHF 86 738 122 at the end of 2014. They comprised third-party liabilities for CHF 20 125 688 (compared to CHF 18 748 519 at the end of 2014) and intragroup liabilities for CHF 59 637 015 (compared with CHF 67 989 603 at the end of 2014). The intragroup liabilities comprise shareholder costs payable to Clariant International Ltd.

7. Other current interest bearing liabilities

Other current interest bearing liabilities amounted to CHF 200 053 322 at the end of 2015 compared to CHF 386 426 495 at the end of 2014. They comprised third-party liabilities for CHF 148 058 195 (compared to CHF 215 916 238 at the end of 2014) and intragroup liabilities for CHF 51 995 127 (compared with CHF 170 510 257 at the end of 2014).

The third-party liabilities comprised a Certificate of Indebtedness issued in 2011 with a nominal value of EUR 123 million and a book value of CHF 133 677 727, that will fall due in 2016.

The intragroup liabilities comprised the cash pool accounts and current accounts between Group companies.

8. Share capital

Capital issued	**31.12.2015**	**31.12.2014**
Number of registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	331 939 199	331 939 199
In CHF	1 228 175 036	1 228 175 036

Conditional capital	**31.12.2015**	**31.12.2014**
Number of registered shares each with a par value of CHF 3.70 (2014: CHF 3.70)	3 811 886	3 811 886
In CHF	14 103 978	14 103 978

9. Reserves

The general reserve must be at least 20 % of the share capital of Clariant Ltd as this is the minimum amount required by the Swiss Code of Obligations. As from 2011, if certain conditions are met, qualifying capital contributions made to Clariant Ltd by its shareholders since 1997 can be distributed without being subject to Swiss withholding tax. Qualifying capital contribution reserves of approximately CHF 1.7 billion are confirmed by the Swiss Federal Tax Administration (SFTA).

The SFTA is of the opinion that capital contribution reserves which were formerly offset with losses of CHF 1.26 billion will not qualify as capital contribution reserves anymore (even if compensated with newly generated retained earnings). The Swiss Administrative Court confirmed the SFTA's view in a particular case (decision of 4 June 2015, A-6072/2013), whilst the Swiss Supreme Court (as the highest Swiss court level) has up to now not dealt with this question. Clariant Ltd does not unconditionally share the above mentioned opinion. this is why potential capital contribution reserves are also documented as capital contribution reserves in the balance sheet.

10. Treasury shares

Treasury shares (number of shares)	**2015**	2014
Shares held as per 1 January	**12 087 920**	**13 204 851**
Shares purchased at fair market value	1 016 761	1 200 000
Shares sold to counterparty out of options (management options 2010)	– 2 077 650	–
Shares sold at fair market value	– 1 016 741	– 1 580 456
Shares transferred to employees	– 814 480	– 736 475
Shares held at 31 December	**9 195 810**	**12 087 920**

Each registered share has a par value of CHF 3.70 (2014: CHF 3.70).

The average price of shares bought in 2015 was CHF 20.69 (2014: CHF 17.27).

The average price of shares sold in 2015 was CHF 17.19 (2014: CHF 17.04).

The profit or loss from the sale of own shares is recorded in the income statement as other income or other expenses.

11. Reconciliation of equity

in CHF	Share capital	Statutory capital reserves		Voluntary retained earnings	Treasury shares		Net income	**Total**
		from capital contribution [1]	from retained earnings [2]		Against reserves from capital contribution	Others		
Balance 31 December 2014 [3]	**1 228 175 036**	**2 846 433 001**	**– 1 264 297 991**	**489 175 837**	**– 86 873 624**	**– 115 236 398**	**140 011 069**	**3 237 386 930**
Reclassification of profit carryforward to voluntary retained earnings				140 011 069			– 140 011 069	–
Distribution		– 128 813 928						– 128 813 928
Changes in treasury shares					60 040 051	– 21 034 432		39 005 619
Changes in valuation of treasury shares					5 226 343	23 926 581		29 152 924
Profit for the financial year							150 442 988	150 442 988
Balance 31 December 2015	**1 228 175 036**	**2 717 619 073**	**– 1 264 297 991**	**629 186 906**	**– 21 607 230**	**– 112 344 249**	**150 442 988**	**3 327 174 533**

[1] In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as per 31 December 2015 due to distributions still amounting of approximately CHF 1.3 billion). For further information see also note 9 to the financial statements of Clariant Ltd.

[2] This amount corresponds to capital contribution reserves formerly offset with losses. For further information see also note 9 to the financial statements of Clariant Ltd.

[3] The prior year's figures were adjusted to the new structure (see notes 1,2).

12. Non-current interest bearing financial liabilities

in CHF	Interest rate	Term	**Amount 31.12.2015**	Amount 31.12.2014
Non-current interest bearing liabilities to third parties				
Certificate of indebtedness	mixed	2011 – 2016	–	152 671 000
Certificate of indebtedness	mixed	2015 – 2020	164 026 004	–
Certificate of indebtedness	mixed	2015 – 2023	181 225 967	–
Bank loans with fixed interest rates	3.000	2012 – 2017	13 433 949	27 853 406
Straight bond	3.125	2011 – 2017	100 000 000	100 000 000
Straight bond	3.250	2012 – 2019	285 000 000	285 000 000
Straight bond	2.500	2012 – 2018	250 000 000	250 000 000
Straight bond	3.500	2012 – 2022	175 000 000	175 000 000
Straight bond	2.125	2014 – 2024	160 000 000	160 000 000
Total non-current interest bearing liabilities to third parties			**1 328 685 920**	**1 150 524 406**
Non-current interest bearing liabilities to Group Companies				
Financial liabilities to Clariant Produkte (Deutschland) GmbH	5.000	2014 – 2018	2 355 000	2 355 000
Financial liabilities to Clariant Service (France) SA	5.000	2014 – 2018	2 235 000	2 235 000
Financial liabilities to Clariant Oil Service Ltd	0.750	–	424 079	–
Financial liabilities to Clariant Beteiligungen Ltd	mixed	–	172 625 133	–
Non-current interest bearing liabilities to Group Companies			**177 639 212**	**4 590 000**
Total non-current interest bearing liabilities			**1 506 325 132**	**1 155 114 406**
Breakdown by maturity				
one to five years			1 171 325 132	820 114 406
more than five years			335 000 000	335 000 000
Total non-current interest bearing liabilities			**1 506 325 132**	**1 155 114 406**

On 17 April 2015, Clariant Ltd issued four certificates of indebtedness with a total amount of EUR 300 million. These certificates have a term of 5 years (EUR 150 million) and 8 years (EUR 150 million) respectively. For each term there is one certificate with a fixed (based on mid-swap) and one with a floating (based on six months Euribor) coupon. The interest costs of the tranches range from 0.9 % to 1.6 % per year.

On 17 October 2014, Clariant Ltd launched a CHF 160 million domestic bond for a term of ten years, with a coupon of 2.125 % per annum and an issue price of 101.053 % for the first tranche of CHF 150 million and 101.412 % for the second tranche of CHF 10 million.

13. Contingent liabilities

in CHF m	**Outstanding liabilities 31.12.2015**	Outstanding liabilities 31.12.2014
Outstanding liabilities as guarantees in favor of Group companies	770	822

The company belongs to the Swiss value-added tax (VAT) group of Clariant, and thus carries joint liability to the Swiss federal tax authority for value-added tax.

14. Shareholdings of members of the Board of Directors and the Executive Committee

1. Board of Directors

SHARES HELD

Name	**Number of shares granted** [1]	**Value of shares granted** [1]	Number of shares granted [1]	Value of shares granted [1]	**Number of shares within vesting period**	Number of shares within vesting period	**Number of privately held shares**	Number of privately held shares
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Rudolf Wehrli	11 765	200 005	11 765	200 005	–	–	54 897	43 132
Günter von Au	8 824	150 008	8 824	150 008	–	–	35 556	26 732
Peter Isler	5 883	100 011	5 883	100 011	–	–	116 204	64 375
Peter Chen	5 883	100 011	5 883	100 011	–	–	18 704	12 821
Dominik Koechlin	–	–	5 883	100 011	–	–	–	23 921
Carlo G. Soave	5 883	100 011	5 883	100 011	–	–	33 804	27 921
Hariolf Kottmann [2]	See EC Overview							
Susanne Wamsler	5 883	100 011	–	–	–	–	955 171 [3]	–
Konstantin Winterstein	5 883	100 011	5 883	100 011	–	–	6 008 744	6 002 861
Dolf Stockhausen	–	–	5 883	100 011	–	–	–	11 594 625
Total	**50 004**	**850 068**	**55 887**	**950 079**	**–**	**–**	**7 223 080**	**17 796 388**

OPTIONS HELD

Name	**Number of options granted**	**Value of options granted**	Number of options granted	Value of options granted	**Number of shares within vesting period**	Number of options within vesting period	**Number of excercisable options**	Number of excercisable options
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Rudolf Wehrli	–	–	–	–	–	–	–	30 120
Günter von Au	–	–	–	–	–	–	–	–
Peter Isler	–	–	–	–	–	–	–	47 946
Peter Chen	–	–	–	–	–	–	–	–
Dominik Koechlin	–	–	–	–	–	–	24 096	47 946
Carlo G. Soave	–	–	–	–	–	–	24 096	24 096
Hariolf Kottmann [2]	See EC Overview							
Susanne Wamsler	–	–	–	–	–	–	–	–
Konstantin Winterstein	–	–	–	–	–	–	–	–
Dolf Stockhausen	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**48 192**	**150 108**

[1] The number of shares granted for the period from annual general meeting to annual general meeting (April to March) as part of the BoD share programme will be determined after the balance sheet date. The number disclosed is based on the amount of an estimated fair value of the shares at the grant date. Therefore corrections for the prior year period were necessary.
[2] After taking over the function as CEO, no furth er Board of Directors' compensations are extended. Please refer to the Executive Committee table.
[3] Thereof: 240 271 held by »The Honoré T. Wamsler Trust«

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report on pages 130 to 144.

2. Executive Committee

SHARES HELD

Name	**Number of shares granted[1]**	**Value of shares granted[1]**	Number of shares granted	Value of shares granted	**Number of shares within vesting period**	Number of shares within vesting period	**Number of privately held shares**	Number of privately held shares
	for 2015	**for 2015**	for 2014	for 2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Hariolf Kottmann	72 815	1 209 158	66 161	1 146 235	202 731	212 289	473 893	444 814
Patrick Jany	36 408	569 611	33 082	573 145	107 526	115 569	304 973	265 168
Christian Kohlpaintner	36 408	569 611	33 082	573 145	107 526	115 569	231 112	201 307
Mathias Lütgendorf	13 090	219 258	33 082	573 145	107 526	115 569	61 830	292 213
Total	**158 721**	**2 567 638**	**165 407**	**2 865 670**	**525 309**	**558 996**	**1 071 808**	**1 203 502**

OPTIONS HELD

Name	**Number of options granted**	**Value of options granted**	Number of options granted	Value of shares granted	**Number of shares within vesting period**	Number of options within vesting period	**Number of excercisable options**	Number of excercisable options
	31.12.2015	**31.12.2015**	31.12.2014	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Hariolf Kottmann	–	–	–	–	–	–	–	383 682
Patrick Jany	–	–	–	–	–	–	–	191 841
Christian Kohlpaintner	–	–	–	–	–	–	–	120 000
Mathias Lütgendorf	–	–	–	–	–	–	–	–
Total	**–**		–	–	**–**	**–**	**–**	**695 523**

[1] The number of shares granted as part of the matching share program will be determined after the balance sheet date. The number disclosed is based on a bonus payout of 99.1 %, the amount of variable estimated remuneration accrued and an estimated fair value of the shares at the grant date. Therefore corrections are necessary.

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report on pages 130 to 144.

15. Voting and legal registration limitations

In accordance with article 5 of the Articles of Incorporation, no limitations exist with regard to registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with article 13 of the Articles of Incorporation, each share has the right to one vote.

16. Significant shareholdings of 3 % or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2015 the following shareholders held more than 3 % of voting rights in Clariant Ltd:

Shareholders	Voting rights
Group of former shareholders of Süd-Chemie AG [1]	13.89 %
Thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) [2]	*3.73 %*
APG Asset Management N.V., Amsterdam, Netherlands	5.01 %
Cymbria, Canada Edge Point Global Portfolio, Canada Edge Point Canadian Growth and Income Portfolio, Canada Edge Point Canadian Portfolio, Canada Edge Point Global Growth and Income Portfolio, Canada St. James Place Global Equity Unit Trust, UK	3.06 %
BlackRock Inc., New York BlackRock Advisors, LLC BlackRock Advisors (UK) Limited	3.05 %

[1] The following former shareholders of Süd-Chemie AG form a group:

Wilhelm, Dr. Winterstein, Germany	Konstantin Alfred Winterstein, Germany
Dolf, Dr. Stockhausen, Switzerland	Max-Theodor, Dr. Schweighart, Germany
Axel, Dr. Schweighart, Germany	Peter, Dr. Schweighart, Germany
Rosemarie Schweighart, Germany	Moritz Ostenrieder, Germany
Dominique Kraus, Germany	Christian Ratjen, Germany
Karl, Dr. Wamsler, Germany	Bettina Wamsler, Germany
Irene W. Banning, USA	Pauline Joerger, USA
Susanne Wamsler-Singer, Austria	Marianne Kunisch, Germany
Caroline A, Dr. Wamsler, USA	Maximilian Ratjen, Germany
Amelie Ratjen, Germany	Julius Ratjen, Germany
Christof Ratjen, Germany	Elisabeth Prinzessin zu Sayn-Wittgenstein, Germany
Christopher Weitnauer, Germany	Georg A. Weitnauer, Germany
Johanna Bechtle, Germany	Charlotte Bechtle, Germany
Kaspar Bechtle, Germany	Clara Redetzki, Germany
Luisa Redetzki, Germany	Marie Redetzki, Germany
Karl T. Banning, USA	Sophia P. Joerger, USA
Schuyler H. Joerger, USA	

[2] According to a disclosure notification published on 18 January 2013, a group consisting of Konstantin Winterstein, 80333 München, Germany and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 München, Germany holds 3.73 % partially through Blue Beteiligungsgesellschaft mbH, Grossdingharting (Germany) and partially through Maple Beteiligungsgesellschaft mbH, Grossdingharting (Germany). The 3.73 % held by this group are included in the 13.89 % mentioned under footnote 1, but form a separate sub-group.

Disclosure notifications during the financial year 2015 reported to the Stock Exchange Disclosure Office pursuant to Art. 20 of the Stock Exchange Act as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_de.html

At 31 December 2015, former shareholders of Süd-Chemie AG, who had exchanged their shares against Clariant shares in April 2011, held a total of 13.89 % of the share capital of Clariant AG. These shareholders are affiliated with each other for family or other reasons (especially the Wamsler, Winterstein, Schweighart and Stockhausen families).

In addition, at 31 December 2014, the following shareholders held a participation of 3 % or more of the total share capital:
Group of former shareholders of Süd-Chemie AG: 13.89 % (thereof (as a separate sub-group): Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany) and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.73 %); APG Asset Management N.V., Amsterdam, Netherlands: 3.01 %; Cymbria, (Canada): 3.06 %.

At 31 December 2015, Clariant AG itself held 9 195 810 shares in treasury, corresponding to 2.77 % of the share capital.

APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes to appropriate the profit of 2015 of Clariant Ltd in the amount of CHF 150 442 988 as follows.

Annual result	in CHF
Carried forward from previous year	–
Profit for the year 2015	150 442 988
Total available earnings	**150 442 988**

Appropriation	in CHF
Voluntary retained earnings as at Dec. 31, 2015	629 186 906
Transfer to voluntary retained earnings	150 442 988
Voluntary retained earnings as at Jan. 1, 2016	779 629 894
Balance to be carried forward	**0**
Distribution of CHF 0.40 per share from reserves from capital contribution [1]	**129 100 000**

[1] Depending on the number of issued shares on the date of the distribution. Shares held by Clariant Ltd or its subsidiaries are not entitled to a distribution and are not taken into account. The distribution amount is therefore expected to be in the region of CHF 129 100 00.

Distribution of reserves from capital contribution

The Board of Directors proposes a distribution from the confirmed capital contribution reserves of CHF 0.40 per share (following reclassification of the full distribution amount from reserves from capital contribution to voluntary retained earnings).

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF CLARIANT LTD, MUTTENZ

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Clariant Ltd, which comprise the balance sheet, income statement and notes (pages 214 to 224), for the year ended 31 December 2015.

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 2015 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 that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers Ltd

Dr. Daniel Suter	Ruth Sigel
Audit expert	Audit expert
Auditor in charge	

Basel, 15 February 2016

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FORWARD-LOOKING STATEMENTS

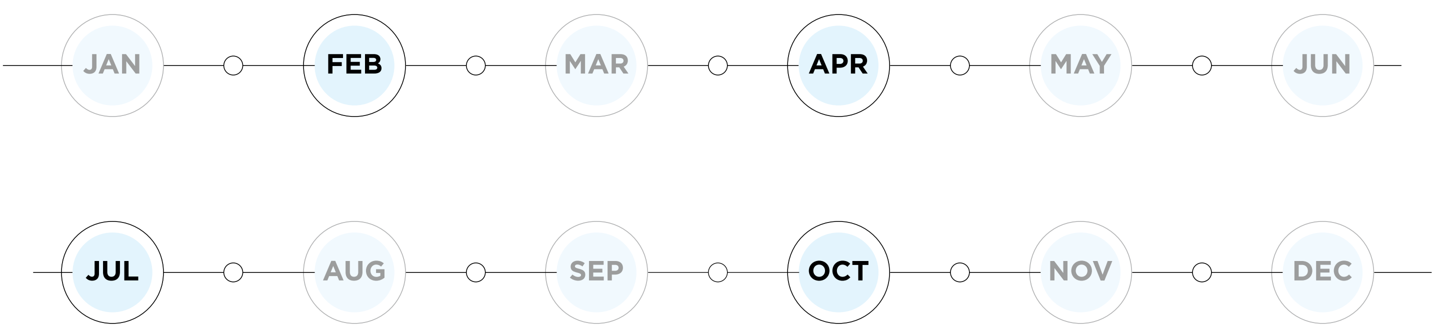
Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings; pricing strategies of competitors; the company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

Financial
CALENDAR 2016

21 April
Annual General Meeting

17 February
Full Year 2015 Results

28 April
First Quarter 2016 Results



28 July
First Half 2016 Results

27 October
Nine Month 2016 Results

Five-Year Group Overview
2011 – 2015

CHF m	2015	2014	2013	2012	2011
Group sales	**5 807**	**6 116**[1]	**6 076**[1]	**6 038**[1]	**7 370**
Change relative to preceding year					
in Swiss francs (%)	**–5**	1	1	8	4
in local currencies (%)	**3**	5	4	8	16
Operating income before exceptionals	**596**	**585**[1]	**574**[1]	**546**[1,2]	**717**
Operating income	**496**	**525**[1]	**470**[1]	**411**[1,2]	**507**
EBITDA before exceptionals	**853**	**867**[1]	**858**[1]	**817**[1,2]	**975**
EBITDA	**767**	**923**[1]	**797**[1]	**690**[1,2]	**786**
Net income	**227**	**235**[1]	**323**[1]	**203**[1,2]	**251**
Basic earnings per share (in CHF)	**0.67**	**0.55**[1]	**0.98**[1]	**0.68**[1,2]	**0.86**
Distribution per share (in CHF)	**0.40**	**0.40**	**0.36**	**0.33**	**0.30**
EBITDA margin before exceptionals (%)	**14.7**	**14.2**	**14.1**	**13.5**[2]	**13.2**
Return on invested capital (ROIC) (%)	**9.7**	**9.4**[1]	**9.5**[1]	**9.4**[1]	**13.1**
Operating cash flow	**502**	**334**	**301**	**468**	**206**
Investment in property, plant and equipment	**374**	**310**	**292**	**311**	**370**
Research & Development expenditures	**204**	**213**[1]	**199**[1]	**175**[1]	**176**
Depreciation and amortization	**257**	**282**	**284**	**316**	**258**
Net working capital	**1 027**	**1 169**[1]	**1 036**[1]	**1 079**[1]	**1 442**
in % of sales	**17.7**	19.1[1]	17.1[1]	17.9[1]	19.6
Total assets	**7 461**	**7 915**	**8 174**	**9 467**[2]	**9 081**
Equity (including non-controlling interests)	**2 494**	**2 733**	**2 780**	**2 666**[2]	**3 026**
Equity ratio (%)	**33.4**	**34.5**	**34.0**	**28.2**[2]	**33.3**
Net financial debt	**1 312**	**1 263**	**1 500**	**1 789**	**1 740**
Gearing ratio (%)	**53**	**46**	**54**	**67**[2]	**58**
Employees	**17 213**	**17 003**	**18 099**	**21 202**	**22 149**

[1] Continuing operations (see note 1.04 in the Financial Report of the 2012 Annual Report)

[2] Restated (see note 1.03 of the Financial Report of the 2013 Annual Report)