2011/12
Half-Year Report

Your Specialist
for Hazardous
Reactions.

Content

Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Half-Year Report for the period from April 1 to September 30, 2011.

This Half-Year Report shows – including a new decline in net sales and a slightly higher net loss compared to the same period of last year, but an end of short hours in all plant sections by end of September 2011 – the prospective bottom of a declining course of business that almost continued for two years, impacted by the profound restructuring process of the pharmaceutical industry.

The general uncertainty continues and shapes the economic landscape. Both, the regional and the global geopolitical balances of power are shifting. The awareness of desolate public finances among Western nations and the realization that for those countries this will result in a longer period of at best weak economic growth prevails more and more. Rising political unrest on various occasions as well as the release of social tensions by dissatisfied interest groups represent the harbinger of massive cuts to the social systems of the inflated welfare states.

KEY FIGURES, APRIL–SEPTEMBER

CHF million (unaudited)	2010	2011	Changes
Net sales	36.0	30.8	-14.4%
EBITDA	3.9	2.5	-35.2%
EBITDA margin (in % of net sales)	10.9%	8.3%	
EBIT	-3.3	-4.6	-38.0%
EBIT margin (in % of net sales)	-9.3%	-14.9%	
Net income (net loss)	-2.3	-2.7	-17.2%
Net income (net loss) margin (in % of net sales)	-6.4%	-8.8%	
Operating cash flow	24.1	1.9	-92.3%
Employees (FTEs, six-month average)	425	413	-2.8%

Along with the weakening of the financial power of Western nations, the USA is losing its political leadership role as the global warrantor for stability. The globalization process pushed ahead by the USA will be replaced by regional fragmentation and will derogate the globally set up value chains of complete industry sectors such as the food but also the pharmaceutical industry. However, such instability and interruption of global value and supply chains offer new opportunities for regional, flexible players, in the short-term by means of regional supply to fill the gaps.

The continuous uncertainty of public and financial institutions' latent insolvency and possible supply interruptions cause a value shift, away from immaterial services toward material industries, in the original sense: production of material goods. Terms such as safety, security, trust, reliability, sustainability, and intrinsic values, which were carelessly used in the past and therefore reduced to empty shells, suddenly regain their essential meanings. In particular, it is of great importance in an increasingly virtual-driven environment to be aware of the actual essence and meaning of trust, safety, and security with respect to property and law again and thus to act accordingly. The slogan "creating trust/security" often used by politicians and their communication and legal consultants in the context of discussions about possible methods of solution to the current financial and confidence crisis ignores the fact that trust and security rely not on verbal but on physical compliance to a promised action. From an industrial viewpoint: on-time delivery of goods in agreed quantity and quality to the price agreed on one side, and the acceptance of goods and the timely payment of the agreed sales price on the other side.

The expiration of patents as well as lower drug prices, regulated by governments due to the debt crisis in order to reduce health care costs, further increase price and margin pressure on pharmaceutical companies. As a consequence, most large pharmaceutical companies experience a decline or at least deferred growth of sales and profit in their core business. To counteract this development, further cost reduction measures are implemented. The portfolio reviews of drugs in clinical development are mainly completed and result, for the time being, first in diluted product pipelines, whereas most of the freed-up capacities were reduced. The development costs of ongoing projects are still shifted to later clinical stages and the gained capital redirected to promising projects in late clinical stages. As a consequence of this refocusing, synthesis route selection and process development are intentionally neglected, while valuable experience is often lost at the interfaces by these tactical measures.

The market demand, which almost ceased completely for more than one year, increased again in the last months, in particular for reliable process development for new or process-wise underdeveloped projects. The future will show, under the above-mentioned general conditions, how sustainable this demand recovery will be. Two facts, however, set mid-term an optimistic tone: First, a several decades long trend of declining new drug approvals by the FDA stopped. The amount of approvals by the FDA was already higher in the first half of 2011 than during the entire 2010. Second, with the first successful approvals of personalized drugs a new potential is establishing itself in the market. Based on biomarker diagnoses, this personalized medicine customized to a specific group of patients, previously tested positive, shows a more specific and thus higher efficacy in treatment. At the same time, this leads to a further sub-segmentation of pharmaceutical indication areas to specific target groups and

requires an increased number of different new drugs and thus significantly lower required quantities per active pharmaceutical ingredient (API). The synthesis of novel chemical core structures of these APIs requires mastery of state-of-the-art and demanding chemistry and technology. Their lower annual API quantities economically favor the production in multi-purpose plants over dedicated mono plant production for each single API. It is the quintessence that the successful future lays in coping with increasing requirements and challenges, in other words custom synthesis under strategic collaboration of biotech or pharmaceutical companies with experienced, reliable, and flexible exclusive synthesis manufacturers, which possess a versatile technology and equipment portfolio at the same time.
However, it will still need its time until projects, today in an early-clinical stage, will be developed toward market approval in sufficient number and therefore fill the product utilization gaps caused by the projects clear-cut of 2010.

The past first half of the business year 2011/12 was furthermore affected by the implications of the structural portfolio clear-up as well as by cost-cutting efforts by delaying and shifting the development expenses into later clinical phases by our pharmaceutical customers. As a result, net sales declined again by about 14 percent to CHF 30.8 million compared to last year's period. Personnel expenses were year-on-year once more reduced by 7 percent as well as other operating expenses by 8 percent. Investment activities returned after completion of the expansion phase, as announced, back to a significantly lower level, so that depreciation and amortization were even slightly declining compared to last year. Since the mid of the reporting period, indications are seen for an end of the downtrend in demand. The number of requests for reliable process development under adherence to highest eligibility criterions with respect to safety, quality, scalability, as well as timing for process-related technically underdeveloped projects significantly increased, even though the release for project realization has not been approved by all customers, mostly because of budget constraints. Moreover, shortages in supply due to excessive inventory downsizing by our customers led to orders of established products on short notice. The increase of incoming orders permitted to end short hours in all plant sections by end of September 2011 and resulted during the reporting period in an increase of the material expenses by about 15 percent and an inventory build-up in semi-finished and finished goods of CHF 7.7 million. The combination of a weak course of business in 2010/11 with the related lower cash flow from trade receivables of the previous period resulted in a lower operating cash flow of CHF 1.9 million compared to CHF 24.1 million in the same period of the previous year. During the reporting period, the disadvantage of the strong Swiss franc had less influence on the price and thus on the margin than could have been anticipated. In considering the general unstable environment, the above-mentioned need for more security, safety, stability, and trust has at this point a supportive effect. Furthermore, our Western competitors show clear signs of weakness at the market. One reason may be that some of them lost power of impact and competence due to excessive cuts while reducing costs. If this trend continues, it may turn out to be beneficial that we rationally decided not to cut peripheral areas, particularly research and development and quality management, as well as expenditures in future-oriented further development of the core technologies, while carefully managing cash and equity at the same time. At the end of the reporting period, DOTTIKON ES continues to possess a solid position in cash and cash equivalents and fixed deposits of CHF 58.3 million and an unchanged strong equity ratio of 86.5 percent.

The corporate strategy – performance leadership as specialist for hazardous reactions – will continue. DOTTIKON ES keeps focusing on high flexibility, speed, safety, and reliability.
We anticipate, due to the long lead times of new projects, that the current business year 2011/12 will still be a transitional year with a further increase in the number of new projects and net sales in line with the previous year, resulting again in a net loss.

Dottikon, November 17, 2011

Dr. Markus Blocher
Chief Executive Officer

Financial Report DOTTIKON ES Group

Consolidated Income Statements

April–September
CHF thousand and % (unaudited)
Notes, No 1

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

	2010	%	2011	%
Net sales	**36'015**	**100.0**	**30'842**	**100.0**
Changes in semi-finished and finished goods	1'910		7'717	
Other operating income	3'847		1'237	
Material expenses	-9'859		-11'303	
Personnel expenses	-21'049		-19'548	
Other operating expenses	-6'934		-6'400	
EBITDA	**3'930**	**10.9**	**2'545**	**8.3**
Depreciation and amortization	-7'270		-7'155	
EBIT	**-3'340**	**-9.3**	**-4'610**	**-14.9**
Financial income	701		867	
Financial expenses	-373		-107	
Financial result	**328**		**760**	
Result from associated companies	**0**		**0**	
Net income (net loss) before taxes	**-3'012**	**-8.4**	**-3'850**	**-12.5**
Income taxes	703		1'144	
Net income (net loss)	**-2'309**	**-6.4**	**-2'706**	**-8.8**
Basic earnings (loss) per share in CHF[A]	**-1.86**		**-2.18**	
Weighted average number of shares	**1'238'763**		**1'240'434**	

Consolidated Statement of Comprehensive Income

April–September
CHF thousand (unaudited)

	2010	2011
Net income (net loss)	**-2'309**	**-2'706**
Realized gains (losses) on foreign exchange forwards	-416	-2
Changes in fair value of foreign exchange forwards	920	-187
Employee benefits		
Actuarial gains (losses)	-7'979	-15'564
Adjustments for article IAS 19.58	2'104	4'060
Income taxes on other comprehensive income	1'019	2'221
Other comprehensive income, net of taxes	**-4'352**	**-9'472**
Total comprehensive income	**-6'661**	**-12'178**

Consolidated Balance Sheets

CHF thousand and % (unaudited)
Notes, No 2

	31.03.2011	%	30.09.2011	%
Intangible assets	967		899	
Property, plant and equipment	225'788		220'811	
Investments in associated companies	946		946	
Pension surplus	33'573		22'330	
Non-current assets	**261'274**	**71.2**	**244'986**	**69.4**
Inventories	31'374		39'220	
Trade receivables	13'750		7'718	
Other receivables	1'937		3'023	
Current financial assets	35'000		30'000	
Cash and cash equivalents	23'463		28'307	
Current assets	**105'524**	**28.8**	**108'268**	**30.6**
Assets	**366'798**	**100.0**	**353'254**	**100.0**
Share capital	6'363		6'363	
Share premium	60'513		60'541	
Own shares	-6'735		-6'402	
Retained earnings	257'188		245'010	
Shareholders' equity	**317'329**	**86.5**	**305'512**	**86.5**
Deferred tax liabilities	35'727		32'052	
Non-current liabilities	**35'727**	**9.7**	**32'052**	**9.1**
Trade payables	3'506		3'880	
Income tax liabilities	1'465		1'770	
Other current liabilities	8'771		10'040	
Current liabilities	**13'742**	**3.8**	**15'690**	**4.4**
Liabilities	**49'469**	**13.5**	**47'742**	**13.5**
Shareholders' equity and liabilities	**366'798**	**100.0**	**353'254**	**100.0**

Consolidated Cash Flow Statements

April–September
CHF thousand (unaudited)
Notes, No 3

[A] Cash and bank accounts:
CHF 28'307 thousand (previous year: CHF 42'048 thousand)
Fixed deposits (original maturity of up to 90 days):
CHF 0 thousand (previous year: CHF 0 thousand)

	2010	2011
Net income (net loss)	-2'309	-2'706
Income taxes	-703	-1'144
Financial result	-328	-760
Depreciation of property, plant and equipment	7'211	7'087
Amortization of intangible assets	59	68
Result from associated companies	0	0
Other non-cash income and expenses	930	861
Interest received	38	56
Interest paid	-7	-7
Income taxes paid	-477	-5
Changes in		
Trade receivables	20'693	5'925
Other receivables	-950	-1'064
Inventories	170	-7'846
Trade payables	-33	364
Other current liabilities	-217	1'029
Cash flow from operating activities	**24'077**	**1'858**
Additions to		
Intangible assets	-68	0
Property, plant and equipment	-8'256	-1'943
Current financial assets	-15'000	0
Disposals of		
Intangible assets	0	0
Property, plant and equipment	0	1
Current financial assets	0	5'000
Cash flow from investing activities	**-23'324**	**3'058**
Dividends paid	0	0
Purchase of own shares	-70	0
Disposal of own shares	0	0
Cash flow from financing activities	**-70**	**0**
Currency translation effect on cash and cash equivalents	-41	-72
Net change in cash and cash equivalents	**642**	**4'844**
Cash and cash equivalents at the beginning of the reporting period	41'406	23'463
Cash and cash equivalents at the end of the reporting period [A]	**42'048**	**28'307**

Consolidated Statement of Changes in Equity

CHF thousand (unaudited)

	Share capital	Share premium	Own shares	Changes in fair value of foreign exchange forwards	Other retained earnings	Shareholders' equity
Balance 01.04.2010	**6'363**	**60'455**	**-7'057**	**674**	**263'977**	**324'412**
Net income (net loss)					**-2'309**	**-2'309**
Realized gains (losses) on foreign exchange forwards				-416		-416
Changes in fair value of foreign exchange forwards				920		920
Employee benefits						
Actuarial gains (losses)					-7'979	-7'979
Adjustments for article IAS 19.58					2'104	2'104
Income taxes on other comprehensive income				-97	1'116	1'019
Other comprehensive income, net of taxes				**407**	**-4'759**	**-4'352**
Total comprehensive income				**407**	**-7'068**	**-6'661**
Changes in own shares		45	273			318
Balance 30.09.2010	**6'363**	**60'500**	**-6'784**	**1'081**	**256'909**	**318'069**
Balance 01.10.2010	**6'363**	**60'500**	**-6'784**	**1'081**	**256'909**	**318'069**
Net income (net loss)					**-4'754**	**-4'754**
Realized gains (losses) on foreign exchange forwards				-415		-415
Changes in fair value of foreign exchange forwards				-917		-917
Employee benefits						
Actuarial gains (losses)					10'271	10'271
Adjustments for article IAS 19.58					-4'060	-4'060
Income taxes on other comprehensive income				253	-1'180	-927
Other comprehensive income, net of taxes				**-1'079**	**5'031**	**3'952**
Total comprehensive income				**-1'079**	**277**	**-802**
Changes in own shares		13	49			62
Balance 31.03.2011	**6'363**	**60'513**	**-6'735**	**2**	**257'186**	**317'329**
Balance 01.04.2011	**6'363**	**60'513**	**-6'735**	**2**	**257'186**	**317'329**
Net income (net loss)					**-2'706**	**-2'706**
Realized gains (losses) on foreign exchange forwards				-2		-2
Changes in fair value of foreign exchange forwards				-187		-187
Employee benefits						
Actuarial gains (losses)					-15'564	-15'564
Adjustments for article IAS 19.58					4'060	4'060
Income taxes on other comprehensive income				35	2'186	2'221
Other comprehensive income, net of taxes				**-154**	**-9'318**	**-9'472**
Total comprehensive income				**-154**	**-12'024**	**-12'178**
Changes in own shares		28	333			361
Balance 30.09.2011	**6'363**	**60'541**	**-6'402**	**-152**	**245'162**	**305'512**

Notes DOTTIKON ES Group

Corporate Accounting Principles (condensed)

BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements comprise DOTTIKON ES HOLDING AG and all entities which the holding directly or indirectly controls either by holding more than 50 percent of the voting rights or by having otherwise the power to govern their operating and financial policies. These entities are fully consolidated. The consolidation is based on the individual financial statements of the subsidiaries prepared on the basis of uniform accounting policies.

Entities, in which DOTTIKON ES Group holds at least 20 percent of the voting rights, but less than 50 percent, or over which it otherwise has significant influence, are accounted for using the equity method and are classified as investments in associated companies.

The consolidated interim financial statements are prepared for the half year ended September 30, 2011 (reporting period), and have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The interim financial statements have not been audited.

These consolidated interim financial statements do not include all information available in the annual financial statements and should therefore be read in conjunction with the financial statements of the Group for the year ended March 31, 2011.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities at the date of the consolidated interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the consolidated interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

No new significant estimates and assumptions were made in these consolidated interim financial statements compared to the consolidated financial statements for the year ended March 31, 2011.

Income taxes are recognized based upon the best estimate of the weighted average annual income tax rate expected for the full business year.

CHANGES IN CORPORATE ACCOUNTING PRINCIPLES

Applied standards and interpretations

The interim financial statements have been prepared in accordance with the accounting policies set out in the annual financial statements 2010/11, except for the following:

With effect from April 1, 2011, DOTTIKON ES Group applied IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", newly issued by the IASB. In addition, DOTTIKON ES Group applied the following revised standards and interpretations issued by the IASB with effect from April 1, 2011: "Improvements to IFRSs" (effective date: July 1, 2010, and January 1, 2011), IAS 24 "Related Party Disclosures", as well as IFRIC 14 "Prepayments of a Minimum Funding Requirement".

The afore-mentioned revised or new standards and interpretations did not have significant impact on equity, profit or loss, cash flow, and presentation of the consolidated interim financial statements of the Group.

STANDARDS AND INTERPRETATIONS THAT HAVE BEEN ISSUED BUT NOT YET APPLIED

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

Standard/Interpretation		Effective date	Planned application by DOTTIKON ES Group
Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets	C	July 1, 2011	Business year 2012/13
Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets	C	January 1, 2012	Business year 2012/13
Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income	B	July 1, 2012	Business year 2013/14
IFRS 9 – Financial Instruments	C	January 1, 2013	Business year 2013/14
IFRS 10 – Consolidated Financial Statements	C	January 1, 2013	Business year 2013/14
IFRS 11 – Joint Arrangements	C	January 1, 2013	Business year 2013/14
IFRS 12 – Disclosure of Interests in Other Entities	B	January 1, 2013	Business year 2013/14
IFRS 13 – Fair Value Measurement	C	January 1, 2013	Business year 2013/14
IAS 19 revised – Employee Benefits	C	January 1, 2013	Business year 2013/14
Amendments to IAS 27 – Separate Financial Statements	A	January 1, 2013	Business year 2013/14
Amendments to IAS 28 – Investments in Associates and Joint Ventures	A	January 1, 2013	Business year 2013/14
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	A	January 1, 2013	Business year 2013/14

[A] No impact or no significant impact is expected on the consolidated financial statements of DOTTIKON ES Group

[B] The impact on the consolidated financial statements of DOTTIKON ES Group is expected to result in additional disclosures or changes in presentation

[C] The impact on the consolidated financial statements of DOTTIKON ES Group cannot yet be determined with sufficient reliability

Notes to the Consolidated Interim Financial Statements (condensed)

1 INCOME STATEMENT

Net sales decreased by CHF 5.2 million to CHF 30.8 million compared to the same period of the previous year, caused by the discontinued and delayed projects in the late development phase, the difficult market environment at the beginning of the reporting period, as well as the related lower capacity utilization, and has prospectively reached the bottom.

The increase in semi-finished and finished goods of CHF 7.7 million along with preparatory efforts due to increased incoming orders – for products to be delivered in the second half of the business year 2011/12 and in the business year 2012/13 – was CHF 5.8 million higher than in the same period of the previous year. Material expenses increased by CHF 1.4 million compared to the same period of the previous year, mainly as a result of preparatory efforts for the inventory build-up in semi-finished and finished goods.

Other operating income was mainly influenced by claims – related to the delayed commissioning of new apparatus groups in the business year 2009/10 – of CHF 1.6 million in the same period of the previous year. In addition, capitalized own production was lower in this reporting period than that of the previous year, due to significantly lower investing activities.

As a consequence of lower net sales, personnel expenses were decreased another CHF 1.5 million or 7 percent.

Other operating expenses were further reduced by CHF 0.5 million as a result of cost efficiencies.

After completion of the expansion phase of high-quality, technologically advanced plant components, as announced in the last business year, depreciation and amortization are in line with the same period of the previous year and amount to CHF 7.2 million.

EBIT decreased by CHF 1.3 million to minus CHF 4.6 million and was again negative, mainly due to lower net sales caused by the discontinued and delayed projects in the late development phase as well as the difficult market environment, whereas the situation has slightly eased in the second half of the reporting period.

The associated company (SYSTAG, System Technik AG) reports its figures once a year for the Annual Report as of March 31. The impact on the Group's equity and net income (net loss) is not material and will therefore be considered in the Annual Report as of March 31 only.

As a consequence of the reported loss, income taxes showed a slightly disproportionate increase of CHF 0.4 million in the reporting period – due to changes in the composition of the Group companies results – and led to a tax revenue, as in the same period of the previous year.

The Group's operations are not subject to significant seasonal fluctuations.

2 BALANCE SHEET

Non-current assets decreased by CHF 16.3 million in the reporting period. This decrease is mainly due to the surplus of pension assets. The independent certified actuary estimated the recoverability of the capitalized surplus as of September 30, 2011. The discount rate for the valuation of the defined benefit obligation had to be reduced due to the actual decreased and prospective expected low return on high-quality, fixed-rate corporate bonds on the market. In addition, the predicted and expected long-term return on plan assets could not be reached. This resulted in a decrease of surplus of pension assets by CHF 11.2 million and was mainly recognized within other comprehensive income due to actuarial losses of CHF 15.6 million as well as income resulting from adjustments for article IAS 19.58 of CHF 4.1 million. Net defined benefit expenses were CHF 0.3 million lower than the actual employer contributions. The resulting difference was recognized within the income statement.

Intangible assets as well as property, plant and equipment decreased by CHF 5.0 million in the reporting period. This decrease was mostly due to completion of the targeted expansion phase of high-quality, technologically advanced capacity extension in the last business year. The additions amount to CHF 2.2 million (same period of the previous year: CHF 7.9 million) and were considerably lower than the recognized depreciation and amortization of CHF 7.2 million in the reporting period.

Current assets increased by CHF 2.7 million compared to end of March 2011. The inventory build-up of CHF 7.8 million results mostly from higher semi-finished and finished goods of CHF 7.7 million due to increased incoming orders, for products to be delivered in the second half of the business year 2011/12 and in the business year 2012/13. Trade receivables decreased by CHF 6.0 million in the reporting period due to active cash management and lower net sales. Other receivables increased by CHF 1.1 million mainly due to receivables from public fees. Despite a net loss, cash and cash equivalents as well as fixed deposits (current financial assets) only decreased by CHF 0.2 million in the reporting period – mainly due to cash inflow of CHF 1.9 million from operating activities, reduced by cash outflow for investing activities of CHF 1.9 million in property, plant and equipment – and amount to CHF 58.3 million as of end of September 2011.

Shareholders' equity decreased by CHF 11.8 million compared to end of March 2011, and now amounts to CHF 305.5 million as of end of September 2011. The equity ratio is 86.5 percent as of end of September 2011, representing no change compared to end of March 2011. The decrease in shareholders' equity is due to the Group's net loss of CHF 2.7 million, but mainly to the afore-mentioned recognition within other comprehensive income caused by actuarial losses as well as income resulting from adjustments for article IAS 19.58 – net of deferred tax impact – within the valuation of surplus of pension assets of CHF 9.3 million. In the first half of the business year, transactions with own shares resulted in a net reduction for the acquirement of gratuitously registered shares for employees, which DOTTIKON ES Group considers as performance drivers.

Deferred tax liabilities decreased by CHF 3.7 million, mostly due to a reduction of the valuation of surplus of pension assets and to offset deferred tax assets caused by existing tax loss carryforwards.

Current liabilities increased by CHF 1.9 million compared to end of March 2011. This is mainly due to an increase of CHF 1.3 million in other current liabilities.

3 CASH FLOW STATEMENT

Cash flow from operating activities decreased by CHF 22.2 million compared to the same period of the previous year and amounts to CHF 1.9 million. The same period of the previous year was mainly influenced by realization of trade receivables of CHF 20.7 million. In the reporting period, the realization of trade receivables only amounted to CHF 5.9 million due to lower stock of trade receivables caused by lower course of business at the end of the business year 2010/11. In addition, inventory was built up by CHF 7.8 million in the reporting period – mainly semi-finished and finished goods – due to increased incoming orders. In the reporting period, other non-cash income and expenses mainly resulted from unrealized foreign currency gains/losses (same period of the previous year: loss on disposal of non-current assets, as well as unrealized foreign currency gains/losses).

In the reporting period, DOTTIKON ES Group's outflow of cash and cash equivalents in investing activities amounts to CHF 1.9 million. Compared to the same period of the previous year, investments in intangible assets as well as in property, plant and equipment were CHF 6.4 million lower due to completion of the targeted expansion phase of high-quality, technologically advanced capacity extension in the last business year. In addition, fixed deposits of CHF 5.0 million – with an original maturity of more than 90 days – expired in the reporting period (same period of the previous year: conclusion of fixed deposits of CHF 15.0 million with an original maturity of more than 90 days).

In the reporting as in the last year, no dividend was paid to the shareholders of DOTTIKON ES HOLDING AG. The waiver of dividends is a consequence of the uncertain volatile market environment and in view of the need for working capital caused by an increase in demand again.

Cash and cash equivalents rose by CHF 4.8 million in the reporting period as a result of the reduction in fixed deposits – with an original maturity of more than 90 days – of CHF 5.0 million and amount to CHF 28.3 million as of end of September 2011.

4 SEGMENT REPORTING

DOTTIKON ES Group is specialized in hazardous chemical reactions and focuses on the exclusive synthesis of fine chemicals for the pharmaceutical and chemical industry worldwide.

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

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

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

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

Entity-wide disclosures are as follows:

Net sales by product lines:

CHF thousand/April–September	2010	2011
Pharma Products	28'285	25'266
Industrial Chemicals	5'375	2'890
Recycling & Waste Treatment	2'355	2'686
Net sales	**36'015**	**30'842**

Net sales by regions:

CHF thousand/April–September	2010	2011
Switzerland	8'480	10'620
Northern Europe	11'958	12'586
Southern Europe and others	6'970	525
America	7'820	6'311
Asia	787	800
Net sales	**36'015**	**30'842**

Share of sales by customers:

CHF thousand/April–September	2010	2011
Customers with more than 10% of net sales[A]	18'063	10'999
Customers with less than 10% of net sales	17'952	19'843
Net sales	**36'015**	**30'842**

[A] Reporting period 2011/12: one customer with more than 10% of net sales (same period of the previous year: three customers)

5 EVENTS AFTER THE BALANCE SHEET DATE

The consolidated interim financial statements were approved for issue by the Board of Directors on November 17, 2011.

No events have occurred between September 30, 2011, and November 17, 2011, that would require an adjustment of the Group's carrying amounts of assets and liabilities or that would need to be disclosed under this heading.

Investor Relations

Issue Annual Report 2011/12:
May 29, 2012

Annual General Meeting for the Business Year 2011/12:
July 6, 2012

Issue Half-Year Report 2012/13:
November 30, 2012

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

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

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