2013/14
Half-Year Report

Your Specialist
for Hazardous
Reactions.

Dottikon ES Holding AG

Content

Dear Shareholder,

Herewith we present to you DOTTIKON ES Group's Half-Year Report 2013/14 for the period from April 1 to September 30, 2013.
In the first business half-year, net sales as well as the production output – net sales plus inventory changes in semi-finished and finished goods – increased compared to the previous year. New projects were acquired and existing ones further developed. As a result, a positive operating profit before depreciation and amortization was achieved. Despite growth, net sales were still too low and led again overall to an operational net loss, even though lower in comparison to the period of the previous year.
For the entire current business year 2013/14, we are expecting an increase in net sales compared to the previous year due to extending existing business as well as broadening of customer, project, and product base through new project acquisitions.

The economic and geopolitical uncertainty persists worldwide. In Europe, the overall economic growth remains weak. The decoupling of the North and the South is continuing. The risk of social tensions remains in the South and bears potential for conflict. Lack of political discipline to implement inevitable governmental spending cuts is evident. The structural inherent risk of the oversized and globally linked financial system has not been removed. The top banks are

KEY FIGURES, APRIL–SEPTEMBER

CHF million (unaudited)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16

[B] Reporting period 2013/14: relative change to absolute amount

	2012[A]	2013	Changes
Net sales	37.7	39.2	+3.8%
EBITDA[B]	–1.0	1.0	+203.1%
EBITDA margin (in % of net sales)	–2.6%	2.6%	
EBIT[B]	–8.1	–5.9	+26.9%
EBIT margin (in % of net sales)	–21.5%	–15.2%	
Net income (net loss)[B]	–5.0	–4.5	+9.0%
Net income (net loss) margin (in % of net sales)	–13.1%	–11.5%	
Operating cash flow[B]	–1.7	7.6	+557.0%
Employees (FTEs, six-month average)	434	438	+0.9%

today even bigger than before the last financial crisis. Also in China, banks have reached the status of "too big to fail". Asian growth continues to be mainly carried by governmental investments. In China as well as in southern Europe a strong and further increasing tension evolves raised by mistrust between the common people and the political elite. The nervousness of the latter is correspondingly high. The show of strength by the strong is carried out by diplomatic power demonstrations in the increasing numbers of trouble spots around the world. A new regionalized world order is emerging.

Decades of value growth due to the use of economy of scales and specialization exploiting the worldwide consolidation of value chains and their segments has become exhausted and is showing signs of stagnation. Share buyback programs to support the rise of stock prices through profit concentration are increasingly replacing company acquisitions of the past realized to create major global players and oligopolies. Investment in industrial innovation, development, and production infrastructure continues to be dangerously neglected. For many years, investments of large global companies have been below depreciations and, in terms of amount, to some extent they even turn out to be lower than their share buyback programs. In various industry sectors, during years of reducing costs for development and production, companies have neglected product innovation. The success of the future will lie in investment in technological differentiation and specialization, as well as entering and developing for regionalizing, fragmenting markets.

The pharmaceutical market is characterized by the effects of patent expiries, regulated price cuts, the promotion of generics combined with higher quality requirements, their consistent enforcement by authorities, and questionable enforced growth efforts in emerging pharmaceutical markets, particularly China.

Pharmaceutical companies that have already left the patent cliff – with considerable sales drops and deferred new product development in order to rescue profitability margins – behind them, have initiated activities to increase the number of new products and to accelerate their development. The declared ambitious goal is to halve the time to market. The routefinding and decision of final chemical synthesis route to the active pharmaceutical ingredient (API) and its process development have been neglected in the preclinical phase in the past years and are now, as predicted by us, becoming increasingly a critical success factor: the timely availability of the API in adequate amount and quality in order to be able to meet the aggressive timelines for clinical tests. As the pharmaceutical companies have considerably reduced their own chemical development capacity through the past years and several of them have fallen into severe difficulties with the regulatory authorities for non-compliance with the cGMP quality guidelines for pharmaceutical products, some even were forced to shut down their production sites in consequence, this work is increasingly being outsourced. Preference is given to external suppliers which can cover everything from chemical synthesis routefinding, development of chemical processes and analytical methods, multi-step production up to the API and validation to stability testing. The favored suppliers should also have a state-of-the-art development and production infrastructure, an impeccable quality track record, and a broad technology platform, as well as profound experience in the development of chemical processes and production of APIs. The newly shortened time targets in the API development do not enable time-consuming knowledge and process transfer from one supplier to another between two clinical phases, hence pharmaceutical companies wish to have a limited number of interfaces and closely cooperate with a reduced set of strategic partners, which they retain from development up to the market introduction.

All the framework conditions detailed above support the requirement for trustworthy business partners that are culturally and regionally close, and which are innovative, reliable, and fast when it comes to implementation.

In the first half of the business year, net sales increased by around 4 percent to CHF 39.2 million as well as the production output – net sales plus inventory changes in semi-finished and finished goods – by 12 percent in comparison with the previous year. Compared to the weak first quarter, capacity utilization was considerably better in the second quarter of the reporting period. Several larger production campaigns started in the second half of the reporting period and led, with their initially higher material share of semi-finished goods, to overall and relatively higher material expenses. Furthermore, personnel expenses, despite only a slight increase in full-time equivalents, were considerably higher mainly due to nonrecurring extraordinary anniversary effects as part of the 100-year celebrations and expenses-reducing effects in the previous year. With regard to production output, however, considerably higher added value has been achieved with these personnel expenses. Together with the lower repair and maintenance expenses, which led to lower other operating expenses, this resulted in a positive operating profit before depreciation and amortization, of CHF 1.0 million, which was CHF 2.0 million higher than in the same period of the previous year. Despite growth, net sales were still too low and led again after the – due to low investments – slightly lower depreciation and amortization overall to an operational net loss that was CHF 2.2 million lower than the previous year's CHF 5.9 million. The same period of the previous year included a positive extraordinary effect of CHF 1.2 million from deferred taxes due to a tax law revision. On the other hand, the reporting period showed a negative extraordinary effect of CHF 0.2 million caused by adjusted financial projection under application of the aforementioned tax law revision. In the end, a smaller net loss of CHF 4.5 million resulted compared to the same period of the previous year.

In the current pharmaceutical environment described above, DOTTIKON ES is strategically well positioned. The corporate strategy – performance leadership as specialist for hazardous reactions – therefore continues. The pharmaceutical market is and remains the main market

in which the growth in net sales, required to achieve profitability, will be acquired. We keep focusing on safety, reliability, high flexibility, as well as speed, and are positioning ourselves as strategic development and manufacturing partner. Therefore, the chemical process development capacities will be expanded by a further 20 percent until the end of summer 2014.
For the entire current business year 2013/14, we are expecting an increase in net sales compared to the previous year due to extending existing business as well as broadening of customer, project, and product base through new project acquisitions.

Dottikon, November 19, 2013

Dr. Markus Blocher
Chairman of the Board of Directors

Financial Report DOTTIKON ES Group

Consolidated Income Statements

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

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16
[B] There are no options or similar instruments that have a dilutive effect

	2012[A]	%	2013	%
Net sales	**37'745**	**100.0**	**39'187**	**100.0**
Changes in semi-finished and finished goods	–2'738		44	
Other operating income	1'258		1'532	
Material expenses	–8'415		–10'282	
Personnel expenses	–21'255		–22'820	
Other operating expenses	–7'595		–6'630	
EBITDA	**–1'000**	**–2.6**	**1'031**	**2.6**
Depreciation and amortization	–7'121		–6'969	
EBIT	**–8'121**	**–21.5**	**–5'938**	**–15.2**
Financial income	143		250	
Financial expenses	–60		–74	
Financial result	**83**		**176**	
Result from associated companies	**0**		**0**	
Net income (net loss) before taxes	**–8'038**	**–21.3**	**–5'762**	**–14.7**
Income taxes	3'083		1'253	
Net income (net loss)	**–4'955**	**–13.1**	**–4'509**	**–11.5**
Basic earnings (loss) per share in CHF[B]	**–3.99**		**–3.62**	
Weighted average number of shares	**1'242'404**		**1'244'208**	

Consolidated Statement of Comprehensive Income

April–September
CHF thousand (unaudited)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16

	2012[A]	2013
Net income (net loss)	**–4'955**	**–4'509**
Foreign exchange forwards		
Realized gains (losses) on foreign exchange forwards	–11	22
attributable income taxes	2	–4
Changes in fair value of foreign exchange forwards	–123	–157
attributable income taxes	23	30
Items that will be reclassified subsequently to the income statement	**–109**	**–109**
Employee benefits		
Actuarial gains (losses)	–5'942	115
attributable income taxes	1'093	–21
Limitation of the asset ceiling in accordance with IAS 19.64	5'053	–701
attributable income taxes	–929	129
Interest on the effect of the asset ceiling	204	140
attributable income taxes	–38	–26
Items that will not be reclassified subsequently to the income statement	**–559**	**–364**
Other comprehensive income, net of taxes	**–668**	**–473**
Total comprehensive income	**–5'623**	**–4'982**

Consolidated Balance Sheets

CHF thousand and % (unaudited)
Notes, No 2

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16

	01.04.2012[A]	%	31.03.2013	%	30.09.2013	%
Intangible assets	1'021		840		870	
Property, plant and equipment	215'442		207'990		203'615	
Investments in associated companies	874		833		833	
Pension surplus	33'071		32'834		32'834	
Non-current assets	**250'408**	**69.9**	**242'497**	**71.3**	**238'152**	**72.6**
Inventories	35'102		33'840		35'101	
Trade receivables	13'102		25'769		16'900	
Other receivables	2'233		1'611		2'062	
Current financial assets	20'000		10'000		0	
Cash and cash equivalents	37'633		26'275		35'966	
Current assets	**108'070**	**30.1**	**97'495**	**28.7**	**90'029**	**27.4**
Assets	**358'478**	**100.0**	**339'992**	**100.0**	**328'181**	**100.0**
Share capital	6'363		6'363		6'363	
Share premium	60'542		60'550		60'545	
Own shares	–6'420		–5'992		–5'644	
Retained earnings	251'176		237'702		227'742	
Shareholders' equity	**311'661**	**86.9**	**298'623**	**87.8**	**289'006**	**88.1**
Deferred tax liabilities	32'672		27'751		26'117	
Non-current liabilities	**32'672**	**9.1**	**27'751**	**8.2**	**26'117**	**7.9**
Trade payables	3'249		3'617		2'589	
Income tax liabilities	681		581		844	
Other current liabilities	10'215		9'420		9'625	
Current liabilities	**14'145**	**4.0**	**13'618**	**4.0**	**13'058**	**4.0**
Liabilities	**46'817**	**13.1**	**41'369**	**12.2**	**39'175**	**11.9**
Shareholders' equity and liabilities	**358'478**	**100.0**	**339'992**	**100.0**	**328'181**	**100.0**

Consolidated Cash Flow Statements

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

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16
[B] Cash and bank accounts:
CHF 35'966 thousand (previous year: CHF 38'217 thousand)
Fixed deposits (original maturity of up to 90 days):
CHF 0 thousand (previous year: CHF 0 thousand)

	2012[A]	2013
Net income (net loss)	–4'955	–4'509
Income taxes	–3'083	–1'253
Financial result	–83	–176
Depreciation of property, plant and equipment	7'030	6'879
Amortization of intangible assets	91	90
Result from associated companies	0	0
Other non-cash income and expenses	–618	17
Interest received	58	21
Interest paid	–11	–5
Income taxes paid	–27	–9
Changes in		
Trade receivables	–3'292	8'582
Other receivables	141	–450
Inventories	2'512	–1'261
Trade payables	660	–965
Other current liabilities	–87	643
Cash flow from operating activities	**–1'664**	**7'604**
Additions to		
Intangible assets	0	–120
Property, plant and equipment	–2'793	–2'809
Current financial assets	0	0
Disposals of		
Intangible assets	0	0
Property, plant and equipment	0	10
Current financial assets	10'000	10'000
Cash flow from investing activities	**7'207**	**7'081**
Dividends paid	–4'971	–4'978
Purchase of own shares	0	0
Disposal of own shares	0	0
Cash flow from financing activities	**–4'971**	**–4'978**
Currency translation effect on cash and cash equivalents	12	–16
Net change in cash and cash equivalents	**584**	**9'691**
Cash and cash equivalents at the beginning of the reporting period	37'633	26'275
Cash and cash equivalents at the end of the reporting period[B]	**38'217**	**35'966**

Consolidated Statement of Changes in Equity

CHF thousand (unaudited)

[A] Restated, see "Changes in Corporate Accounting Principles", pages 15 and 16

	Share capital	Share premium	Own shares	Changes in fair value of foreign exchange forwards	Other retained earnings	Shareholders' equity
Balance 01.04.2012[A]	**6'363**	**60'542**	**–6'420**	**49**	**251'127**	**311'661**
Net income (net loss)					**–4'955**	**–4'955**
Foreign exchange forwards						
Realized gains (losses) on foreign exchange forwards				–11		–11
Changes in fair value of foreign exchange forwards				–123		–123
Employee benefits						
Actuarial gains (losses)					–5'942	–5'942
Limitation of the asset ceiling in accordance with IAS 19.64					5'053	5'053
Interest on the effect of the asset ceiling					204	204
Income taxes on other comprehensive income				25	126	151
Other comprehensive income, net of taxes				**–109**	**–559**	**–668**
Total comprehensive income				**–109**	**–5'514**	**–5'623**
Dividends paid					–4'971	–4'971
Changes in own shares		8	428			436
Balance 30.09.2012	**6'363**	**60'550**	**–5'992**	**–60**	**240'642**	**301'503**
Balance 01.04.2013	**6'363**	**60'550**	**–5'992**	**–18**	**237'720**	**298'623**
Net income (net loss)					**–4'509**	**–4'509**
Foreign exchange forwards						
Realized gains (losses) on foreign exchange forwards				22		22
Changes in fair value of foreign exchange forwards				–157		–157
Employee benefits						
Actuarial gains (losses)					115	115
Limitation of the asset ceiling in accordance with IAS 19.64					–701	–701
Interest on the effect of the asset ceiling					140	140
Income taxes on other comprehensive income				26	82	108
Other comprehensive income, net of taxes				**–109**	**–364**	**–473**
Total comprehensive income				**–109**	**–4'873**	**–4'982**
Dividends paid					–4'978	–4'978
Changes in own shares		–5	348			343
Balance 30.09.2013	**6'363**	**60'545**	**–5'644**	**–127**	**227'869**	**289'006**

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, 2013 (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, 2013.

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, 2013.

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 2012/13, except for the following:

With effect from April 1, 2013, DOTTIKON ES Group applied the following new standards and interpretations issued by the IASB: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" as well as IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine". In addition, DOTTIKON ES Group applied the following revised standards and interpretations issued by the IASB with effect from April 1, 2013: "Improvements to IFRSs", IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities", IAS 1 "Presentation of Items of Other Comprehensive Income", IAS 19 "Employee Benefits", IAS 27 "Separate Financial Statements" as well as IAS 28 "Investments in Associates and Joint Ventures".

With the exception of the amendments to IAS 1 and IAS 19 revised, the aforementioned new or revised 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.

The application of the amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" led to additions and changes in the presentation of other comprehensive income with disclosure of items that will be reclassified or will not be reclassified subsequently to the income statement. Furthermore, an entity shall disclose the amount of income taxes relating to each item of other comprehensive income either in the statement of other comprehensive income or in the notes. DOTTIKON ES Group discloses income taxes relating to each item of other comprehensive income in the statement of comprehensive income. The disclosure of the previous year's figures has been restated accordingly.

The impacts of the application of IAS 19 revised "Employee Benefits" are explained below.

Changes in accounting policy regarding employee's defined benefit plans in accordance with IAS 19 revised

Under IAS 19 revised "Employee Benefits", actuarial gains and losses have to be recognized within other comprehensive income. The option of deferred recognition according to the corridor method is no longer allowed. DOTTIKON ES Group already recognizes actuarial gains and losses within other comprehensive income. Therefore, this circumstance has no impact on the consolidated interim financial statements of the Group.

The implementation of the risk sharing for determining the defined benefit obligation under IAS 19 revised "Employee Benefits" – risks within employee benefits are not borne by the employer alone – lead to the fact that the increase of future employees' contributions are not recognized by the employer anymore. According to this circumstance, the defined benefit obligations decreased by CHF 1'250 thousand retrospectively as of April 1, 2012. The surplus as well as the limitation of the asset ceiling in accordance with IAS 19.64 increased accordingly so that the surplus of pension assets remains unchanged at CHF 33'071 thousand. Therefore, the restatement had no impact on the consolidated equity.

Furthermore, the return on plan assets by estimating the expected return on plan assets based on asset allocation was eliminated under IAS 19 revised "Employee Benefits". The return is now calculated by multiplying the plan assets with the discount rate. The implementation of this new method had a material impact on the consolidated interim financial statements of the Group and the previous year's figures have been restated retrospectively.

As of September 30, 2013, the previous year's figures have been restated as follows

- Increase in personnel expenses (net defined benefit expenses) of CHF 1'181 thousand
- Decrease in income taxes of CHF 217 thousand
- Positive effect within other comprehensive income due to revaluation of employee benefits of CHF 1'181 thousand
- Negative effect within other comprehensive income due to deferred income taxes as a consequence of revaluation of employee benefits of CHF 217 thousand

The aforementioned restatements charge the income statement of the same period of the previous year with CHF 964 thousand, net of taxes, and lead to an opposite effect in the same amount within other comprehensive income. Therefore, the adaptation of the revised standard had no impact on pension surplus, deferred tax liabilities, and consolidated equity.

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 10, IFRS 12, and IAS 27 – Investment Entities	A	January 1, 2014	Business year 2014/15
Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	B	January 1, 2014	Business year 2014/15
Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	A	January 1, 2014	Business year 2014/15
Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	A	January 1, 2014	Business year 2014/15
IFRIC 21 – Levies	A	January 1, 2014	Business year 2014/15
IFRS 9 – Financial Instruments	C	n/a	n/a

[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. Original date (January 1, 2015) of the effective date has been postponed to a later date, not yet defined

Notes to the Consolidated Interim Financial Statements (condensed)

1 INCOME STATEMENT

Net sales rose by CHF 1.4 million or 3.8 percent to CHF 39.2 million compared to the same period of the previous year, caused by increased incoming orders. As a consequence of increased capacity utilization since the second quarter of the business year 2013/14 semi-finished and finished goods slightly increased and were CHF 2.8 million higher compared to the same period of the previous year. Material expenses rose by CHF 1.9 million compared to the same period of the previous year, due to higher net sales and the buildup in inventory of semi-finished and finished goods.

Personnel expenses increased by CHF 1.6 million compared to the same period of the previous year, due to nonrecurring extraordinary costs in the reporting period relating to the 100-year anniversary of DOTTIKON ES Group's oldest and operating subsidiary, DOTTIKON EXCLUSIVE SYNTHESIS AG. In this context, a palladium bar was handed over to each employee, among other things. Additional contribution to the rise in personnel expenses were a further slight expansion and development of qualified staff to fulfill the broadening of the project pipeline and the product range, as well as personnel preparatory efforts, mainly due to increased capacity utilization since the second quarter of the business year 2013/14. Also, the same period of the previous year was positively influenced by extraordinary effects due to the dissolution of accruals which were no longer required. Furthermore, the actuarial valuation led to net defined benefit expenses that are CHF 0.4 million lower than the actual employer contributions in the reporting period (same period of the previous year: lower net defined benefit expenses of CHF 0.7 million). Without consideration of extraordinary effects and nonrecurring costs, the result was a rise of CHF 0.4 million only.

Other operating expenses decreased by CHF 1.0 million compared to the same period of the previous year. The prior-year period was used to accomplish more comprehensive revisions of existing plants.

Depreciation and amortization were CHF 0.2 million lower compared to the same period of the previous year and amount to CHF 7.0 million due to lower investing activities.

Compared to the same period of the previous year, EBIT increased by CHF 2.2 million, mainly due to the higher production yield as a consequence of increased capacity utilization since the second quarter of the business year 2013/14, as well as higher personnel expenses and lower costs for plant revisions. Nevertheless, EBIT amounts to minus CHF 5.9 million.

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.

Income taxes showed a decrease of CHF 1.8 million in the reporting period – due to a lower net loss in the reporting period on the one hand as well as a positive extraordinary effect of CHF 1.2 million in the same period of the previous year from the deferred tax rate adjustment as a result of local tax law revision, effective as of January 1, 2016, and a negative extraordinary effect of CHF 0.2 million in the reporting period caused by adjusted financial projection under application of the aforementioned tax law revision on the other hand – 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 4.3 million in the reporting period. The additions in intangible assets as well as in property, plant and equipment amount to CHF 2.7 million in the reporting period and were considerably lower than the recognized depreciation and amortization of CHF 7.0 million. The corresponding additions led to a cash outflow of CHF 2.9 million in the reporting period. Due to further capacity expansion in development caused by increased development and validation effort for the higher number of development and growth projects, investing activities will increase again in the second half of the business year 2013/14.

An independent certified actuary estimated the recoverability of the capitalized surplus as of September 30, 2013. Actuarial gains of CHF 0.1 million, interest on the effect of the asset ceiling of CHF 0.2 million, as well as the negative effect from the limitation of the asset ceiling in accordance with IAS 19.64 of CHF 0.7 million were recognized within other comprehensive income. At the same time, net defined benefit expenses were CHF 0.4 million lower than the actual employer contributions. The resulting difference was recognized within the income statement. Therefore, the surplus of pension assets remains unchanged at CHF 32.8 million as of end of September 2013.

Current assets decreased by CHF 7.5 million compared to end of March 2013. The sharply increased trade receivables – due to strong sales in the fourth quarter of the business year 2012/13 – were reduced by CHF 8.9 million in the reporting period. In the first half of the business year, however, inventories – mainly raw materials – rose by CHF 1.3 million, as a consequence of increased capacity utilization since the second quarter of the business year 2013/14. Other receivables increased by CHF 0.5 million mostly due to prepayments relating to insurance premiums. Cash and cash equivalents as well as fixed deposits (current financial assets) decreased by CHF 0.3 million in the reporting period – mainly due to the cash inflow of CHF 7.6 million from operating activities, the dividend of CHF 5.0 million paid to the shareholders of DOTTIKON ES HOLDING AG, as well as the cash outflow for investing activities of CHF 2.9 million – and amount to CHF 36.0 million as of end of September 2013.

Shareholders' equity decreased by CHF 9.6 million compared to end of March 2013 and now amounts to CHF 289.0 million as of end of September 2013. The equity ratio is 88.1 percent as of end of September 2013, representing a marginal increase compared to end of March 2013. The decrease in shareholders' equity is due to the Group's net loss of CHF 4.5 million, the dividend of CHF 5.0 million paid to the shareholders approved at the Annual General Meeting of July 2013, as well as the aforementioned recognition within other comprehensive income caused by actuarial gains, interest on the effect of the asset ceiling less the negative effect from the limitation of the asset ceiling in accordance with IAS 19.64 – net of deferred tax impact – within the valuation of surplus of pension assets of CHF 0.4 million. In the first half of the business year, transactions with own shares resulted in a net reduction due to the registered shares granted at no cost to employees, which DOTTIKON ES Group considers as top performers.

Deferred tax liabilities decreased by CHF 1.6 million, mostly due to offset deferred tax assets caused by existing tax loss carryforwards as well as adjusted financial projection under application of the local tax law revision, effective as of January 1, 2016.

Compared to end of March 2013, current liabilities decreased by CHF 0.6 million. This is mainly due to a decrease of CHF 1.0 million in trade payables.

3 CASH FLOW STATEMENT

Cash flow from operating activities rose by CHF 9.3 million compared to the same period of the previous year and amounts to CHF 7.6 million in the first half of the business year. The sharply increased trade receivables – due to strong sales in the fourth quarter of the business year 2012/13 – were reduced by CHF 8.6 million in the reporting period. In the same period of the previous year, however, an increase of trade receivables by CHF 3.3 million occurred, which led to a higher realization of trade receivables of CHF 11.9 million compared to same period of the previous year. Inventory has decreased by CHF 2.5 million in the same period of the previous year, mainly due to the decline in semi-finished and finished goods of CHF 2.7 million. In the first half of the business year, however, inventories increased by CHF 1.3 million – mostly due to raw materials – caused by higher capacity utilization since the second quarter of the business year 2013/14. In the reporting period, other non-cash income and expenses mainly resulted from the difference between net defined benefit expenses and the actual employer contributions, which was recognized within the income statement, as well as from unrealized foreign currency gains/losses (same period of the previous year: difference between net defined benefit expenses and the actual employer contributions).

In the reporting period, DOTTIKON ES Group's outflow of cash and cash equivalents in investing activities amounts to CHF 2.9 million and was with CHF 0.1 million slightly higher compared to the same period of the previous year. In addition, fixed deposits of CHF 10.0 million – with an original maturity of more than 90 days – expired in the reporting period as in the same period of the previous year. A renewal of the expired fixed deposits was not considered because no significant interest advantage could be achieved.

Outflow of cash and cash equivalents from financing activities resulted from the dividend of CHF 5.0 million paid to the shareholders of DOTTIKON ES HOLDING AG of CHF 4 per registered share approved at the Annual General Meeting of July 2013, which is in the context with the previous year.

Cash and cash equivalents rose by CHF 9.7 million in the reporting period and amount to CHF 36.0 million as of end of September 2013. This mostly results from the cash inflow of CHF 7.6 million from operating activities as well as from the reduction in fixed deposits – with an original maturity of more than 90 days – of CHF 10.0 million less the dividend payment of CHF 5.0 million as well as the cash outflow from investing activities of CHF 2.9 million.

4 SEGMENT REPORTING

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

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

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

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

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

Entity-wide disclosures are as follows:

Net sales by product lines:

CHF thousand/April–September	2012	2013
Pharma Products	29'932	29'904
Performance Chemicals	4'613	7'090
Recycling & Waste Treatment	3'200	2'193
Net sales	**37'745**	**39'187**

Net sales by regions:

CHF thousand/April–September	2012	2013
Switzerland	14'976	15'586
Northern Europe	8'798	12'727
Southern Europe and others	1'901	904
America	9'976	9'414
Asia	2'094	556
Net sales	**37'745**	**39'187**

Share of sales by customers:

CHF thousand/April–September	2012	2013
Customers with more than 10% of net sales [A]	14'956	22'638
Customers with less than 10% of net sales	22'789	16'549
Net sales	**37'745**	**39'187**

[A] Reporting period 2013/14: three customers 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 19, 2013. No events have occurred between September 30, 2013, and November 19, 2013, 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 2013/14
May 30, 2014

Annual General Meeting for the Business Year 2013/14
July 4, 2014

Issue Half-Year Report 2014/15
November 28, 2014

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

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

Dottikon ES Holding AG
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