HOCHDORF
BEST PARTNER

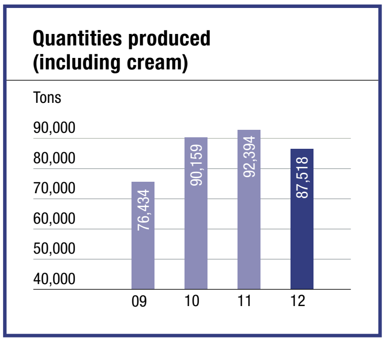
117th Annual Report 2012

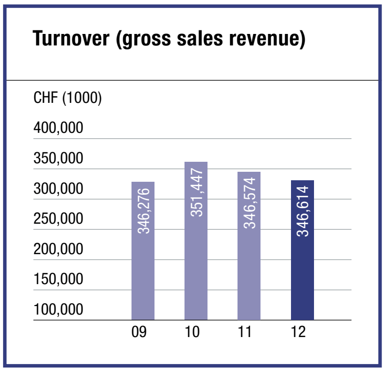
Contents

Overview for 2012: Key figures

The HOCHDORF Group

The HOCHDORF Group, headquartered at Hochdorf in Lucerne, maintains two production sites in Switzerland and one in Lithuania. The group, with over 380 employees, achieved a consolidated gross sales revenue of CHF 346.6 million in 2012. It is one of the leading foodstuffs companies in Switzerland. Made from the natural ingredients of milk and cereals, HOCHDORF products have contributed to healthy living for young and old alike since 1895 and our customers include the global food and retail industries. Our products are sold in around 80 countries.





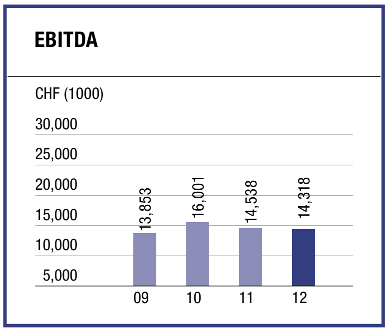
Our strategic objective

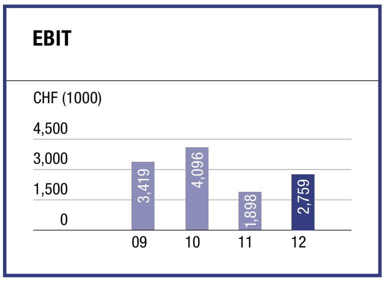
HOCHDORF as BEST PARTNER is a developer, manufacturer and marketer of functional ingredients as well as milk and cereal-based speciality products for the global food and retail industries, with a high level of innovation and service quality. By 2015 the Group will achieve a total sales revenue of CHF 500 million. To achieve this objective, we are aiming for internal growth with existing and new products. We are constantly considering and deciding on specific company takeovers that match the HOCHDORF portfolio. In the coming years, the group expects highest growth to be in the area of infant formula. Milk derivatives will remain the largest business area.

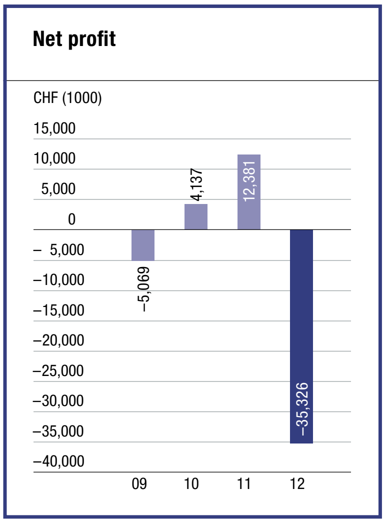
Top lines compared to last year

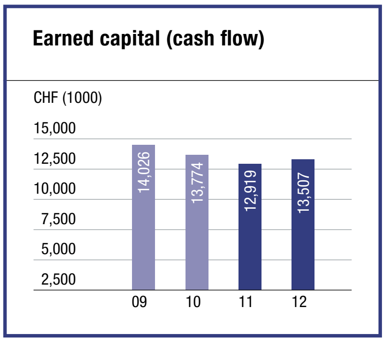
The HOCHDORF Group

- produced 87,518 tons of products (including cream) in its plants (–5.3%);
- processed a total of 423.4 million kg of milk, whey and permeate (–2.9%);
- earned a net sales revenue of CHF 344.1 million (+0.1%);
- achieved an BITDA of CHF 14.3 million (–1.5%);
- obtained an EBIT of CHF 2.8 million (+45.4%);
- made a loss of CHF –35.3 million (previous year: profits of CHF 12.4 million);
- achieved a cash flow figure (earned capital) of CHF 13.5 million (previous year: CHF 12.9 million);
- has a level of equity financing of 41.6% (previous year 48.6%).



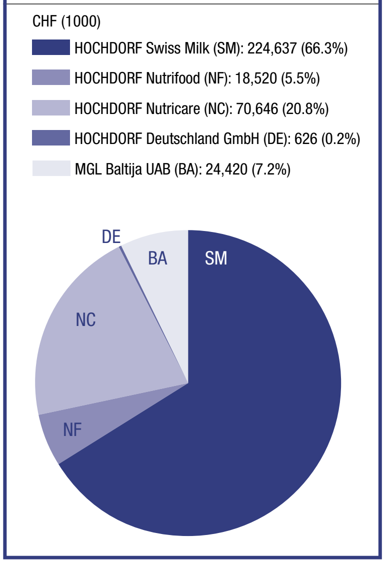




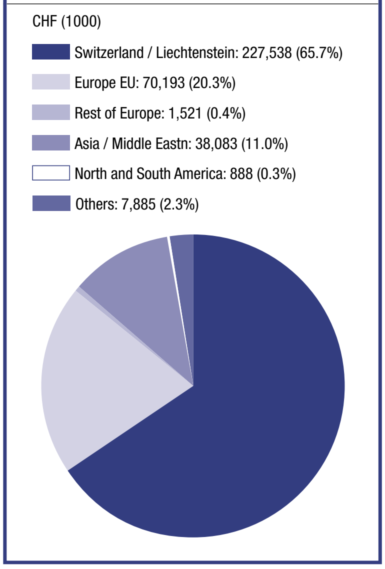


Sustainability key figures

Gross sales revenue for the sales companies

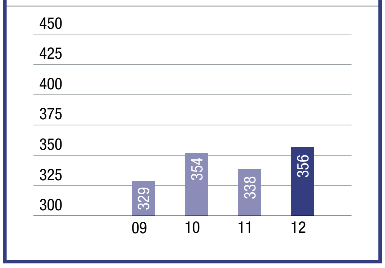


Gross sales revenue by region



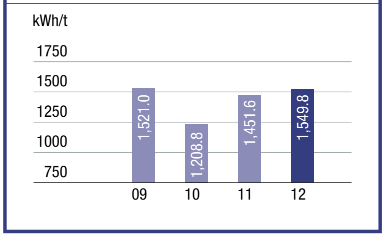
Every two years the HOCHDORF Group publishes a sustainability report along with its annual report, covering the issues of employees, energy and society. You will find the comprehensive sustainability report from page 81 of this annual report. The three most important key figures from our point of view are published here.

Number of full-time employees as of 31.12.



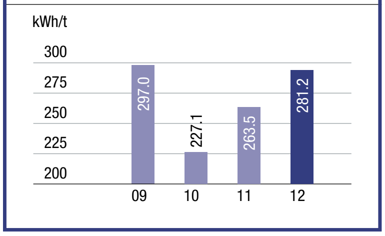
The slight increase in full-time employees can be explained by the acquisition of HOCHDORF Deutschland GmbH as well as by the increase in staffing at the new spray tower line and the adjacent packing plant. The spray tower line can now be run in a four-shift cycle and the packing plant in a three-shift cycle.

Energy/output fossil-based
(Swiss plants only)



The higher energy amount per tonne of product (fossil and electric) is mainly due to the slightly reduced asset utilisation compared to 2010 and 2011. Another impact is, that the HOCHDORF Group increasingly produces infant formula and other complex speciality products. These production processes are more energy intensive than those for full milk powder or low fat milk powder.

Energy/output electricity
(Swiss plants only)



The HOCHDORF Group was able to exceed its CO_2 target agreement, completed in 2001 with the Swiss Energy Agency for Industry (EnAW). We now produce around 4,500 tons less CO_2 per year than in 2001. HOCHDORF has committed to reduce its CO_2 emissions by 2020 by a further 15% – based on average emissions from 2010 and 2011.

Letter to the Shareholders

Dear Shareholders

The HOCHDORF Group met with challenges, many successes, but also some disappointments and much change in 2012. The export markets remained challenging due to the strong Swiss franc and the domestic markets continued to be affected by the changes in the milk market. Nevertheless, we were able to achieve significant turnover success on the foreign markets. The financial results at EBIT level are disappointing, although, there was an increase of 45.4%. However, we have decided on a revaluation of fixed assets.

A solid but unsatisfactory result

The amount of product sold in tons is important for the HOCHDORF Group. This indicator shows performance, irrespective of the fluctuating milk price. We sold a total of 90,196 tons of products in 2012. This value is only slightly less (–1.7%) than the previous year's amount of 91,766 tons. Gross sales revenue (CHF 346.6 million) and EBITDA (CHF 14.3 million) are likewise in line with the previous year's levels. The EBIT did in fact increase as a percentage by +45.4%. However, in absolute terms, the increase to CHF 2.8 million was clearly below expectations. We therefore have to accept a capital loss of CHF –1.3 million
in the ordinary results. The main reason for the extremely negative company results at Group level of CHF –35.3 million is the revaluation of fixed assets.

In 2012, we managed to increase the gross margin from 23.1% to 24.8%. The Export margin sank to a low level because of the persistently strong Swiss franc. In fact we even decided against some export business because the margins generated would have been too low. Not least because of this decision, the Group was unable to achieve its growth target of between 4 and 8%

The importance of the milk price

The unsatisfactory operational results were mainly influenced by two factors. We will briefly highlight these in greater detail:

- In the half-year report we mentioned that too much milk was bought at the A-milk price; that it was not possible to market this properly on the domestic market and so we had to export at world market prices. Due to the sharp fall in the quantity of milk from August 2012, it was not possible to offset this gap as we had expected.
- The HOCHDORF Group is one of the recipients of export aid ("Schoggi" law). The financial support provided by the Swiss government and the milk industry organization (BOM) was unfortunately not enough to last until the end of the invoicing period at the end of November. We nevertheless still had to honour contractually agreed exports. This was another case, where the milk was basically purchased at too high a price.

In the meantime measures were implemented to ensure that this does not happen again in the future. However, these risks cannot be completely eradicated due to the time lag between milk purchase and product sale and on account of milk price segmentation. Milk purchasing is an important part of our business and will remain a challenge for us in 2013.

Growth target exceeded

HOCHDORF Nutricare Ltd. was a successful player in selling its Swiss-made infant formula. Despite the strong Swiss franc, there was a significant increase in the amount sold by +55.8% to 11,087 tons and there was also a corresponding improvement in asset utilisation. In the huge Chinese market in particular we were able to gain contracts with new partners. There was also significant growth with existing customers in the Maghreb and in other North African countries.

After a few initial problems, HOCHDORF Nutrimedical Ltd. brought its first products to market at the end of 2012. However, there has been no turnover in 2012.

Although, less chocolate was produced in Switzerland in 2012, HOCHDORF Swiss Milk Ltd. sold slightly more in this market. Moreover, the first products made from nanofiltration were sold in the area of milk derivatives. Given more investment, we will also be able to use products from the filtration plant to make infant formula in the medium term.

The second company active in the area of milk derivatives, MGL Baltija UAB, is significantly more dependent on the international milk price than HOCHDORF Swiss Milk Ltd. Over 90% of its products are exported. In Lithuania, there is strong competition for the amount of milk available and so milk producers expect prices that reflect this competition. The company had to purchase and process significantly less milk due to the low international milk price at the start of 2012. From the middle of the year, the international price level increased, enabling the company to pay a better milk price. This meant, that more milk was procured and the asset utilisation improved.

In the area of Cereals & Ingredients, it was possible to maintain our strong position in the domestic market in Switzerland with VIOGERM® wheatgerm and
VIOGERM® wheatgerm oil. However, the strong Swiss franc caused us to decide against some deliveries in the export market. The takeover of Femtorp GmbH in Siegburg, Germany – retroactive to the beginning of 2012 – was an important milestone for us. The company has been renamed to HOCHDORF Deutschland GmbH and serves as a sales and trading platform for various HOCHDORF products in the European economic region.

Personnel changes

On 18 December 2012 we announced the departure of Damian Henzi from our company. We went our separate ways, because we no longer shared the same outlook in important strategic areas and our mutual trust was compromised. The Board of Directors made this unanimous decision as a clear signal, that the Group places profitability before rapid growth through mergers and acquisitions. Our inability to produce the promised revenue figures was another reason for parting company.

At the end of the year Vincent Lebet, Managing Director of HOCHDORF Nutrifood Ltd., also left the company after some 15 years of service. Vincent Lebet handed over his responsibilities as MD to Michel Burla on 1st February 2013.

We would like to take this opportunity to thank Damian Henzi and Vincent Lebet for their achievements on behalf of the HOCHDORF Group.

Revaluation of fixed assets

The expansion and utilisation strategy has suffered in recent years under unfavourable exchange rate conditions. This was one reason why we could only partially meet the financial targets we had set ourselves. The Board of Directors therefore decided to revaluate fixed assets. The subsequent examination showed a value adjustment requirement of around CHF 40 million. With this adjustment, production facilities of HOCHDORF Nutritec Ltd. will also be amortized. The amortisation occurs in the Swiss GAAP FER financial statement and does not affect the HOCHDORF Nutritec Ltd. financial statement under commercial law. Taking account of the cancellation of deferred taxes, the 2012 Group accounts, in line with Swiss GAAP FER, are charged with an extraordinary, non-cash expenditure of around CHF 34 million.

We are convinced, that the measures we have implemented will enable us to generate higher revenues in the future. The Board of Directors is therefore submitting an unchanged dividend of CHF 3.0 per share to the General Meeting. This decision is to be seen in the context of providing continuous dividend payments. The dividend is paid out of reserves from capital investments and is therefore tax-free for private natural persons resident in Switzerland who hold shares as personal assets.

Outlook: develop the markets – keep an eye on the politics

We are expecting the greatest organic growth for 2013 in the business area of Baby & Health Care. HOCHDORF Nutricare Ltd. is mainly planning its growth around existing customers. The search for new partners is being pursued above all in the burgeoning markets of Latin America. HOCHDORF Nutrimedical Ltd. is concentrating its new customer business on the European market. Outside Europe, the intention is to exploit opportunities with existing HOCHDORF Nutricare Ltd. partners.

In the area of milk derivatives, HOCHDORF Swiss Milk Ltd. wants to defend its strong position in the domestic Swiss market, given, that Cremo AG is an emerging new competitor in the area of roller-dried full milk powder. MGL Baltija UAB should be able to further extend its business on account of the currently favourable international milk prices. HOCHDORF Nutrifood Ltd. is seeing growth with dessert products in Switzerland and with healthy VIOGERM® wheatgerm products in the export market. The main opportunities are in the premium new product area.

Hans-Rudolf Schurter
Chairman of the Board of Directors

Marcel Gavillet
CFO, Acting CEO

This year will see a number of important decisions on agricultural policy, which will provide pointers to the future. The effects of agricultural policy from 2014-2017 are more difficult to predict. The strengthening of the Switzerland brand – the Swissness debate – can also have great benefits for our infant formula and milk powder, despite relatively strict restraints placed upon the foodstuffs area. How the law is enforced will play an important role here. We hope, that agricultural policy will be more flexible with regard to free trade in agriculture, thanks to the Swissness decision. We certainly see significantly more opportunities than threats for export in the high quality standard for agricultural products and foodstuffs.

The economic background is challenging. The minimum exchange rate for the Euro set by the Swiss National Bank provides planning security for exports. The Swiss franc is still clearly overvalued compared to the Euro and profitability for export business will remain low as long as this is the case. It is currently difficult to predict the quantity of milk in Switzerland. Due to this difficult and volatile situation, we are not currently in a position to speculate on revenues.

About the images in the 2012 annual report

As in last year's report, the images in this annual report give a snapshot of the work of some HOCHDORF employees. We show them either in authentic work situations or symbolically in their working environment. As BEST PARTNERS they show commitment day in day out to excellent-quality products and services. They are all experts in their field, who constantly acquire new skills and play an active role in promoting innovation at HOCHDORF.

Thank you

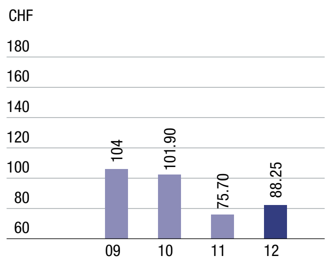
The most important element in our success is contented customers who want to work with us again. In the preceding business year we were able to sell over 90,000 tons of HOCHDORF products. We would therefore like to offer our customers our sincere thank for their loyalty and for the trust they have placed in the HOCHDORF Group. We rely on suppliers to enable us to provide our customers with excellent product quality; on employees, who do their utmost day in day out as BEST PARTNERS; and on investors, who provide the Group with finance. We will therefore do our very best to ensure, that we continue to be an attractive partner for all these stakeholders. Our sincerest thanks to all!

Hans-Rudolf Schurter
Chairman of the Board of Directors

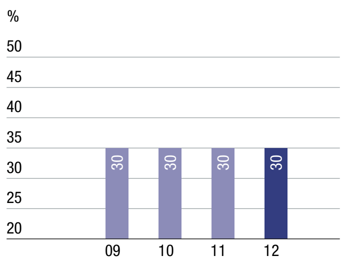
Marcel Gavillet
CFO, Acting CEO

HOCHDORF shares

HOCHDORF share development



HOCHDORF dividend development



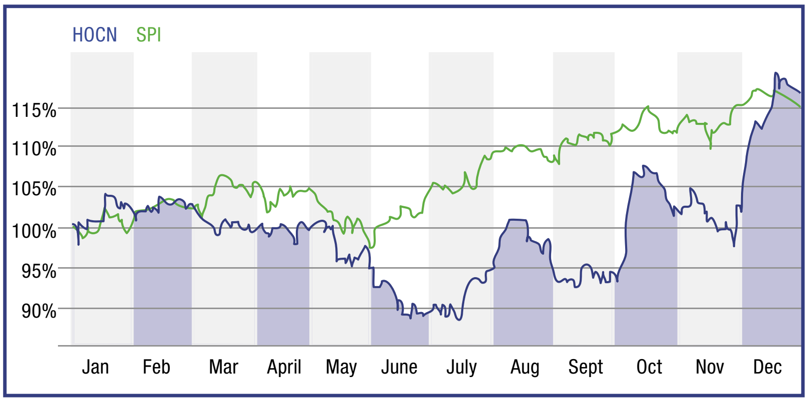
Shareholders by category as of 31.12.12

Name	Listed Shareholders
Natural persons	1,145
Legal persons	56
Pension funds	13
Insurance	2
Funds	13
Other trusts	6
Banks	9
Total	1,244

Shareholders according to breakdown as of 31.12.12

Number of shares	Listed Shareholders
1–10	122
11–100	485
101–1,000	537
1,001–10,000	87
10,001 and over	13
Total	1,244

Share development in 2012



2012 was a good year for our share price. Despite considerable volatility, the HOCHDORF Holding Ltd. share achieved a performance comparable with the Swiss Performance Index (SPI) over the course of the year. At close of trading on 31.12., the price was CHF 88.25 (2011: 75.70). The share therefore achieved a price increase of +16.6%.

Listing

HOCHDORF Holding Ltd. is listed on the SIX Swiss Exchange (ISIN CH0024666528). At the end of 2012, the market capitalisation was CHF 79.4 million.

ISIN	CH0024666528
Securites number	2,466,652
Bloomberg abbreviation	HOCN SW
Thomson-Reuters-abbreviation	HOCN.S

Significant Shareholders

See page 76 for details of significant Shareholders.

Dividends

The Board of Directors is applying to the General Meeting for an unchanged dividend payment from capital investment reserves of CHF 3.00 per share. Retaining the dividend of CHF 3.00 per share shows the confidence in further business development and in the strength of the HOCHDORF Group. On the day of the Board of Directors' decision, the dividend return therefore stood at an attractive 3.4%. The payment from capital investment reserves is tax-free for natural persons resident in Switzerland who hold shares as personal assets

Disclosure of equity holdings

In accordance with Article 20 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act), anyone who in direct or indirect consultation with third parties acquires or sells on his own account the shares of a company located in Switzerland, whose equity holdings are at least partially quoted in Switzerland and so reaches, falls short of or exceeds the limit value of 3, 5, 10, 15, 20, 25, 33 1/3, 50 or 66 2/3 % of the voting rights, whether these are exercisable or not, must disclose this to the company and to the stock exchanges on which the equity holdings are quoted.

Financial calendar

- Annual General Meeting
  17 May 2013
- Dividend payment
  27 May 2013
- Half-yearly statement 2013
  21st August 2013

Key figures for the HOCHDORF Holding Ltd. share

		2012	2011	2010	2009	2008
Share capital per 31.12.	CHF 1000	**9,000**	9,000	9,000	9,000	9,000
Number of shares per 31.12.	Unit	**900,000**	900,000	900,000	900,000	900,000
Nominal value per share	CHF	**10.00**	10.00	10.00	10.00	10.00
Profit / loss (–) per share	CHF	**–39.45**	13.91	4.52	-5.49	2.17
EBITDA per share	CHF	**15.91**	16.15	17.78	15.39	15.23
EBIT per share	CHF	**3.07**	2.11	4.55	3.80	4.17
Cash flow (earned capital) per share	CHF	**15.01**	14.35	15.30	15.58	12.40
Equity capital per share	CHF	**110.85**	152.60	144.28	145.36	153.86
Dividend per share	CHF	**3.00**	3.00	3.00	3.00	3.00
Peak price*	CHF	**89.95**	114.00			
Lowest price*	CHF	**66.00**	72.05			
Price at close of trading per 31.12.	CHF	**88.25**	75.70	101.90	104.00	132.00
Average trading volume per day*	Unit	**940**	1,133	–	–	–
P/E (price/earning ratio) per 31.12.		**n.a.**	5.4	22.2	n.a.	60.7
Dividend return	%	**3.40**	3.96	2.94	2.88	2.27

*Since the listing in Zurich on 17.05.2011

Business model, strategy and markets

The HOCHDORF Group is one of the leading foodstuff companies in Switzerland. The company is active in the areas of Milk Derivatives, Baby & Health Care and Cereals & Ingredients. The Group's key areas of expertise involve the gentle drying and mixing of milk, cereals and other foodstuff ingredients.

Operationally, the Group is run as a holding with five sales companies and two production companies. As a production company, HOCHDORF Nutritec Ltd. produces a large part of the HOCHDORF products for the sales companies. For their part, the sales companies are active in various markets with their own products:

- HOCHDORF Swiss Milk Ltd. is active in the area of milk derivatives. With its subsidiary MGL Baltija UAB, located in Medeikiai (Lithuania), it produces various powder products from the raw materials of milk and whey. Both also market the resulting by-products.
- HOCHDORF Nutricare Ltd. develops and markets premium products in the area of milk-based infant formula. It supports its partners as required with specific service packages for the marketing of the products.
- HOCHDORF Nutrimedical Ltd. sells high-quality and scientifically recognised products in the area of medical nutrition.
- HOCHDORF Nutrifood Ltd. develops and sells foodstuffs to a high product quality standard. It concentrates on high-quality ingredients, wellness products and instant dessert products.

The HOCHDORF Group has its roots in the production of milk powder. The area of milk derivatives therefore has the largest turnover. The Group also has produced infant formula for over 100 years. However the international focus of the business has only been promoted since 2006. In the coming years, the Group is expecting the greatest growth in the area of baby care. HOCHDORF Nutrifood Ltd.'s areas of activity mainly came to the Group through acquisitions. HOCHDORF Nutrimedical Ltd. was founded at the end of 2011 as a joint venture. The business of supplying medical nutrition as a third-party brand provider is still in its infancy

Combining profitability and growth in the strategy

The processing of milk and cereals into high-quality foodstuffs is asset-intensive. The HOCHDORF Group is therefore pursuing a strategy to ensure the highest and most continuous asset utilisation possible. This is to increase the medium-term profitability and volume growth of the Group. The Group also wants to increase the share of speciality products and exports in the total turnover.

The HOCHDORF companies seek to create added value as business-to-business companies between the procurement and sales market in the food industry. The HOCHDORF Group develops, produces and markets functional ingredients and milk and cereal-based speciality products. The Group implements its strategy in the individual companies by specifically defining and matching strategic measures to the particular markets. Information about the strategic approaches of the individual companies can be found on pages 19, 21, 23, 25, 27 and 29 of the annual report.

Products and markets

In the milk derivatives market, HOCHDORF Swiss Milk Ltd. is seeking to maintain its strong position in the saturated Swiss market – despite the emergence of a new competitor in the current year. Large market shares will enable us to achieve high turnover with relatively low margins. In terms of exports, we are focusing on the chocolate industry market and milk re-combination. MGL Baltija UAB in Medeikiai (Lithuania) promotes its main product of milk protein concentrate on the international market. In the coming years the plant will continue to see greater asset utilisation and selective extension.

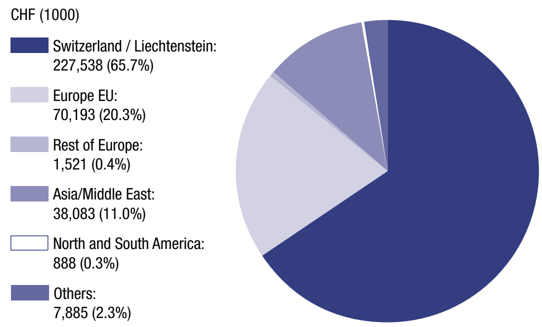
In the area of baby care, HOCHDORF Nutricare Ltd. wants to have an international presence and play an active role as a competent Swiss-made infant formula producer, even with a relatively small market share. Growth will be achieved mainly with existing customers in the growth markets of Asia, Russia, North Africa and the Middle East. New customers will be mainly acquired in the burgeoning markets of Latin America.

In the area of health care, HOCHDORF Nutrimedical Ltd. is striving to gain a position as the global third-party brand provider. Business expansion is aimed at new customers in Europe. Beyond Europe, we are talking to customers, who are already being supplied with infant formula from HOCHDORF Nutricare Ltd. and have indicated an interest in medical nutrition products.

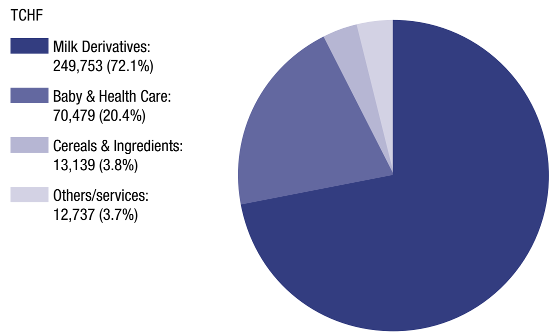
HOCHDORF Nutrifood Ltd. has assumed a strong position on the domestic market in Switzerland with the cold-pressed VIOGERM® wheatgerm products. We are striving for a position as an innovative producer of high-quality, natural products. In the export business there will be greater emphasis on the European market and in the area of dessert products with the neighbouring German-speaking countries. HOCHDORF Deutschland GmbH is a subsidiary of HOCHDORF Nutrifood Ltd. and is focusing on growth with its dessert products in Germany, Switzerland and Austria. The company is also being developed as an international procurement platform.

HOCHDORF is positioning itself as a specialist in all (export) markets and is strong in attractive markets and niches. HOCHDORF's close relationship with its partners enables it to set itself apart with integrated product and marketing concepts.

Gross sales revenue by region (2012)



Gross sales revenue by areas (2012)



«Greater effort required»

Marcel Gavillet, how would you summarise the 2012 business year?

From a financial point of view, we cannot be content with the 2012 business year. That is despite the fact, that the HOCHDORF Group employees have made every effort on behalf of the company. We managed to maintain our strong position in the domestic market in the areas of Milk Derivatives and Cereals & Ingredients. And we can announce more strong growth in infant formula. Export business was only satisfactory in this area. The financial results are influenced in part by the difficult market segmentation, the political effects of the "Schoggi" law and the scarcity of milk in autumn. We now have to redouble our efforts in 2013.

You are not happy with the financial results. What challenges did you have to deal with?

The challenges are as diverse as the individual HOCHDORF business areas. The milk market is currently in a period of upheaval and it is not always easy to make sense of or implement the decisions made within the industry or by politicians. For instance, it is not easy to handle milk segmentation given the time lag between milk purchasing and product sale. We learned an expensive lesson in this respect in 2012. We also still have to work hard to deal with insufficient funds from the "Schoggi" law and the relatively sharp fall in milk quantities from September 2012.

What are the challenges faced by the other two business areas?

In the area of Baby & Health Care, it was most important to absorb the significant growth in infant formula; and the growth of the medical nutrition division was not as rapid as we had planned for. Fortunately, we can operate from a strong domestic market in the area of Cereals & Ingredients. The export situation was very difficult on account of the strong Swiss franc. That was – and continues to be – no easy task for our sales personnel.

What were the highlights from your point of view?

Four highlights are of particular importance for me: firstly we were again able to slightly improve our market position in the saturated market for roller-dried full milk powder. Secondly, we implemented nanofiltration to successfully extend the processes for further fractionation of milk and whey. Thirdly we were also able to successfully absorb the huge growth in the area of infant formula. That is not so easy. It is not a given, because the entire delivery chain, the staff, internal cooperation and product quality all have to be right. We were also able to achieve quantity advantages in procurement and logistics.

And the fourth highlight?

The fourth highlight is already turning into one of the greatest challenges of the current business year. Despite some setbacks, the extension of HOCHDORF Nutrimedical Ltd. made significant progress by the end of the year. We were able to launch our first products on the market at this time and further products have been added since the start of this year. However, the market entry was not quite as easy as we had anticipated as the first third-party brand provider in this area. The barriers to entry are greater than expected.

The Group wanted to improve profitability in 2012. Which projects enabled you to reduce costs?

We were concentrating on three areas: materials management, personnel management and energy management. We were not able to reduce costs everywhere and we were most successful in the area of materials management. We were able to reduce these costs by around CHF 1 million thanks to direct container loading and just-in-time-logistics for packaging materials.

How will the HOCHDORF markets develop with a view to the future?

There is no short, concise answer to that question. It is important, that we prepare ourselves for a further opening of the market in Switzerland. This not only refers to costs but also to products. We cannot be competitive in the commodity area from a base in Switzerland. We have to manage to produce and sell speciality products in all our business areas – including in the milk derivatives area. The situation is somewhat different for the Medeikiai site in Lithuania. We can also produce commodities competitively there. However, we face major challenges in both Switzerland and Lithuania and have to secure the supply of milk as an essential raw material.

Which priorities has the Group set itself for the 2013 business year?

We want to grow again in 2013 – particularly in the area of infant formula. However, we are focusing on qualitative growth with a corresponding rise in profitability. We also need to fix our attention on external factors in the area of milk – both in Switzerland and in Lithuania. We have to secure the mid and long-term supply of milk as a raw material.
In order to increase productivity, we will analyse various production processes carefully and take measures where necessary. And last but not least a new CEO has to find his feet and make his mark on the company.

Marcel Gavillet
CFO / Acting CEO

Financial Report

Operational detail

The HOCHDORF Group was unable to increase the turnover and revenue (measured as EBIT) as expected. The expansion and asset utilisation strategy has suffered in recent years under unfavourable exchange-rate conditions, in addition to the capacity and asset utilisation problems linked to them. The results were also adversely affected by the negative developments with the "Schoggi" law and with milk segmentation. However, there was still a nominal increase in gross profits and there was an improvement in the gross margin from the previous year (23.1%) to 24.8%. Turnover was maintained at the previous year's level thanks to the growth in infant formula. However, the low milk receipts eventually resulted in the unsatisfactory EBITDA result, at around the same level as the previous year. There was a further increase in the capacity of tower 8 (infant formula) in 2012. However, there is still work to be done in optimising costs and processes to make us more "compatible" with European production costs. The higher costs for staffing expenses result from the failure to optimise asset utilisation in the reporting year. This is the same for the remaining operational costs, although improvements and optimisations are also constantly carried out there in various areas (e.g. logistics).

The less than satisfactory revenue figures in recent years, as well as other indicators such as the unfavourable price/book value ratio, led to the decision to review the valuation of fixed assets. This resulted in the value adjustment of the assets in the Swiss GAAP-FER financial statement for HOCHDORF Nutritec Ltd. of net CHF 34 million.

In addition to the value adjustment, the service lives of the assets were verified and appropriately longer periods could be set for the main assets.

The value adjustment and the lengthening of service life will lead to lower amortisation costs in the future and so to better results on the EBIT level.

Financial results

The interest expenses relate to the costs for the consortium loan and the conversion loan. The investments were financed from current cash flow and no additional funds were requested.

In 2012, the Swiss franc remained stable compared to the foreign currencies that are essential to our business. However, our competitiveness remains impaired at this level.

Taxes

Tax costs on the operational results have been in accordance with expectations. In the reporting year, deferred taxes were activated on newly incurred tax losses. The cancelling of the deferred taxes on the value adjustment for the fixed assets was entered in the extraordinary results.

Cash flow and financing

In comparison to the previous year, cash flow from operational activities has risen from CHF –2.3 million to CHF 15.4 million. Whereas there was some movement in earned income compared to previous years, the reduction in inventories in particular led to a better cash flow from operational activities.

After two intensive years of investment, these came within the range of necessary replacement investments and some optimisation processes. Similarly, no new, large-scale investments are planned for 2013.

In 2013 the Group will renew the syndicated loan, which expires on 30.6. Negotiations have reached a positive stage and the renewal should be agreed in the near future. Net borrowing stands at CHF 50.0 million (previous year 49.6 million) and it was not possible to reduce it further. Even after the value adjustment, the equity ratio still amounts to a good 41.6%. The HOCHDORF Group's financing therefore forms a solid basis for continued organic growth for the company.

Marcel Gavillet
CFO

HOCHDORF Group Key Figures

CHF 1,000	2012	2011	2010	2009	2008
Processed milk/whey quantities in kg (thousands)	**423,400**	435,800	410,527	320,424	359,362
Quantities produced (including cream) in tonns	**87,518**	92,394	90,159	76,434	78,467
Turnover (gross sales revenue)	**346,614**	346,574	351,447	346,276	392,533
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**14,318**	14,538	16,001	13,853	13,705
as % of production revenue	**4.2%**	4.1%	4.7%	4.4%	3.4%
Earnings before interest and tax (EBIT)	**2,759**	1,898	4,096	3,419	3,755
as % of production revenue	**0.8%**	0.5%	1.2%	1.1%	0.9%
Earnings before tax	**–35,402**	13,499	3,303	–6,338	1,565
as % of production revenue	**–10.5%**	3.8%	1.0%	n.a.	0.4%
Net profit	**–35,326**	12,381	4,137	–5,069	1,628
as % of production revenue	**–10.4%**	3.5%	1.2%	n.a.	0.4%
Personnel expenses	**32,456**	31,207	33,019	36,879	39,273
as % of production revenue	**9.6%**	8.9%	9.7%	11.7%	9.7%
Amortisations on fixed assets	**10,842**	11,871	11,037	9,596	9,119
as % of the average net inventory	**8.2%**	7.6%	7.3%	7.3%	8.6%
Investments in fixed assets	**8,679**	6,612	18,803	44,664	32,909
as % of production revenue	**2.6%**	1.9%	5.5%	13.6%	8.1%
Cash flow before changes in net working capital, interest and taxes	**13,507**	12,919	13,774	14,026	11,162
as % of production revenue	**3.9%**	3.8%	4.0%	4.2%	2.9%
Cash flow from operational activities	**15,372**	–2,282	14,120	53,503	–22,533
as % of production revenue	**4.5%**	–0.7%	4.1%	15.8%	–5.9%
Free Cash flow (Loss)	**7,134**	8,295	–3,403	13,484	–56,429
Level of shareholders› equity	**41.6%**	48.6%	51.0%	54.4%	54.6%
Interest Cover (EBIT/net interest costs)	**0.7**	0.5	1.4	1.1	1.9
Number of shares, outstanding, in individual shares	**900,000**	900,000	900,000	900,000	900,000
Profit per Share in CHF	**–39.45**	13.91	4.52	–5.49	2.17
Cash flow (earned capital) per share in CHF	**15.01**	14.35	15.30	15.58	12.40
Dividends	**30%**	30%	30%	30%	30%
Payout ratio	**n.a.**	21.81%	65.26%	n.a.	165.85%
Share price per 31.12. in CHF	**88.25**	75.70	101.90	104	132
Dividend return	**3.40%**	3.96%	2.94%	2.88%	2.27%
Price-/earnings ratio P/E	**n.a.**	5.4	22.2	n.a.	60.7
Market capitalisation	**79,425**	68,130	91,710	93,600	118,800
Staffing levels at 31.12.	**381**	361	377	349	431

Product development is team work. As well as their own product development, new products also need specific process and market expertise. Dr. Marc Vissers, Head of Development at HOCHDORF Swiss Milk Ltd., developed the first new products at the nanofiltration plant at the Sulgen site in 2012, together with a team of process specialists. The first products to result from this collaboration are now on the market.

HOCHDORF Swiss Milk Ltd.

HOCHDORF Swiss Milk Ltd. achieved gross sales revenue of CHF 224.6 million in 2012 (previous year: 238.3 million; –5.7%). This fall can be explained by the lower milk quantities (compared to the previous year) in the second half of the year. However, there was quantity growth in the area of milk powder for the chocolate industry. And this was in spite of a slight fall in the amount of chocolate produced in Switzerland.

Milk procurement was challenging in 2012 for two reasons: Firstly there were significant quantity differences between the first and second half of the year and secondly there was greater segmentation.

In the 2012 business year we were able to market products from nanofiltration for the first time. This enabled us to increase turnover and added value from whey processing. We were also able to continue to develop our mixtures for the export market and further push the sale of these products in the second half of 2012 due to rising international milk prices. However, the fall in milk quantities from August meant, that we had to prioritise deliveries to domestic customers towards the end of the year.

The HOCHDORF Symposium held on 19 September met under the banner "Milk – Powder – Market". Well-known speakers from the industry highlighted the status of milk powder on the world market. All the speakers assume that milk will remain a much sought-after raw material in the medium term. Given this starting point, we need to question whether the government's agricultural policy, as set out in AP 14–17, should not perhaps refocus its strategy on greater incentives for production in the future.

Strategy in brief

We are the Number 1 in Switzerland for milk powder – and we are concentrating on our key business: long-life milk and whey derivatives. We are striving for profitable growth with our own products and traded products both at home and abroad. We can summarise our competitive advantages in our "3S" promise: security, service and Swissness. At home we also want to be a reliable partner in the area of milk regulation.

In the coming year we are expecting stable demand for milk derivatives on the domestic market. However, the high Swiss price level will increase the pressure on supply from abroad and export subsidies ("Schoggi" law funds) will not be enough in the current business year either. International milk powder prices are stable at a relatively high level. However, the reduced milk supply in Switzerland currently means, there are few opportunities available to take advantage of this.

Werner Schweizer
Managing Director, HOCHDORF Swiss Milk Ltd.

	2012	2011	2010	2009
Gross sales revenue (in CHF 1,000)	**224,637**	238,295	225,069	254,076
Export (in %)	**18.4**	15.3	15.7	12.7
Tons	**59,853**	62,083	60,516	66,288
Full-time employees	**13.8**	12.2	12.5	11.6
Gross sales revenue per full-time employee (in CHF 1,000)	**16,278.1**	19,532.4	18,005.5	22,628.9
Amount sold per full-time employee (in tons)	**4,337.2**	5,088.8	4,841.3	5,714.5

Product range: Cream, milk concentrates, low-fat milk powder, full milk powder, cream powder, fat powder, milk protein powder, whey powder, whey protein powder, permeate powder.

Production Manager Gintaras Žiaukas inspects the dry mass in the concentrated permeate. This is an in-line production inspection at the nanofiltration plant at the Medeikiai site. The products from this production process are marketed for international customers.

MGL Baltija UAB

There was further integration of MGL Baltija UAB in the 2012 business year. HOCHDORF Swiss Milk Ltd. took over 100% of the company as of 1.1.2013. Integration is increasingly focused at staff level and this development will intensify.

The level of international milk prices plays an even greater role for the plant in Lithuania than for the Swiss business. Milk processing in the Baltics is very much geared towards cheese. The EU and Russia are important markets and the positive development in the Russian market means, that Lithuanian milk production has constantly increased since it collapsed in the 90s to half the amount it was in Soviet times. We have to pay competitive prices in order to compete with the other dairies. The rather low international powder prices meant, that it was not possible to procure the desired milk quantity in the first half of the year. This situation took a more favourable turn in the second half of the year, but we were not quite able to make good the losses. We therefore achieved a lower turnover of CHF 24.4 million (previous year: CHF 33.5 million; –27.0%).

To make up for the fall in milk quantities, we dried whey protein concentrate for commission orders in Medeikiai for the first time in 2012. These orders helped to maintain relatively high levels of asset utilisation despite a lack of milk. We also continued work on the quality of our production plant in 2012. We have been BRC-certified since 27 September 2011 and we have set up a new, hygienic and user-friendly workshop.

Strategy in brief

We want to exploit the huge potential for milk production in Lithuania to meet the growing demand for milk derivatives on the world market. We will need to strengthen our cooperation with milk producers and extend our processing capacities in the medium term to make products that hold their value.

The markets for milk protein concentrate – our main product – are currently in very good shape. The world market prices are stable at a high level at the moment. However, the international prices are considerably more volatile than in Switzerland. It is therefore difficult to venture an outlook for the entire year. But we remain confident at the current time.

Audrius Jukna
Managing Director, MGL Baltija UAB

	2012	2011
Gross sales revenue (in CHF 1,000)	24,420	33,471
Export (in %)	93.8	96.2
Tons	14,213	16,398
Full-time employees	42	37.5
Gross sales revenue per full-time employee (in CHF 1,000)	581.4	892.6
Amount sold per full-time employee (in tons)	338.4	437.3

Product range: Cream, low fat milk powder, full milk powder, milk protein powder, whey protein powder, permeate powder.

Dr. Sarah Helbig is the joint head of the development department at HOCHDORF Nutricare Ltd. As an expert in her field, she knows HOCHDORF infant formula inside out. New recipes are tested on the small test spray tower before they go into production.

HOCHDORF Nutricare Ltd.

The growth of HOCHDORF Nutricare Ltd. continued unabated in the 2012 business year. The company, founded in 2006, achieved gross sales revenue of CHF 70.6 million, an increase of 62.0% compared to the previous year (CHF 43.6 million). This meant that the company exceeded even its own high expectations.

The main focus for 2012 was on the future markets in Asia and North Africa. The Nutricare team was able to supply some new customers for the first time and also increase sales to existing customers. Success in this market has been due to a good, dynamic team and our successful business model. As well as a Swiss-made product, we also offer our partners a full set of marketing support tools, including sales training for the point of sale and for meetings with doctors, sales brochures and nutritional support material.

In our target markets in Asia and the EU, we have been observing a development whereby people are switching to normal milk for babies or small children later. For this reason we have developed a junior milk that can be given to children from the age of three or older. We intend to increase our marketing for this product in the current business year. Our developers also created products in 2012 that show improved powder structure and better solubility.

Strategy in brief

We are geared towards strong international growth with a view to reaching the critical size and required profitability quickly. We provide our customers with a Swiss-made range of high-quality infant formula and infant foods. We are constantly working on the development of our products. We also support our partners' market entry as required, with specific sales and marketing training and with product registration.

We aim to grow between 20% and 30% in the current 2013 business year. We want to achieve this growth with existing customers in Asia, North Africa and the Middle East as well as with new customers from Latin America. In China we are currently running a project with our own brand "Babina". This project is taking us a step closer to the end consumer market. On the European market, we are working with a partner to extend our business in the area of organic infant formula.

Michiel de Ruiter
Managing Director, HOCHDORF Nutricare Ltd.

	2012	2011	2010	2009
Gross sales revenue (in CHF 1,000)	**70,646**	43,615	28,202	16,575
Export (in %)	**94.4**	95.1	100.0	100.0
Tons	**11,086.8**	7,115	4,899	2,437
Full-time employees	**15.9**	13.9	11	9.6
Gross sales revenue per full-time employee (in CHF 1'000)	**4,443.1**	3,137.8	2,563.8	1,999.4
Amount sold per full-time employee (in tons)	**697.3**	511.9	445.4	253.9

Product range: Pregnancy milks, infant formulae, junior milks and cereals produced in Switzerland.

Barbara Hoes leads the sales department at HOCHDORF Deutschland GmbH and brings HOCHDORF's high-quality products to the German market. She is a passionate saleswoman whose responsibilities include marketing the superb Femtorp® dessert products in Germany. She will have strong backing from Switzerland in her aim to convince more customers of the quality of Swiss dessert and wheatgerm products in 2013.

HOCHDORF Nutrifood Ltd.

HOCHDORF Nutrifood Ltd. generated gross sales revenue of CHF 18.5 million in 2012 (previous year: CHF 22.5 million; –17.6%). However, the turnover is not comparable with the previous year's figure because the infant formula business was consolidated in HOCHDORF Nutricare Ltd. as from July 2011.

In the Ingredients business area we achieved very high market coverage in the key Swiss market with our VIOGERM® wheatgerm products. The main Swiss producers of savoury long-life bakery products are now using our VIOGERM® wheatgerm for their premium products. However, the Euro remained weak and this meant, that we had to accept losses in the export business. In the much sought-after area of VIOGERM® wheatgerm oil we optimised the process and were able to purchase and refine wheatgerm oil to increase the quantities produced.

In February 2013, I took over the leadership of HOCHDORF Nutrifood Ltd. from Vincent Lebet. I was familiar with the company from a previous consultancy role. This year we want to maintain our strong position on the domestic market and try to increase the export of healthy VIOGERM® wheatgerm products, which will require us to redefine our export business.

In the blends business area, we are the market leader in the hotel/restaurant sector in Sweden with our Femtorp® dessert products. That is the best possible proof of the quality of our dessert products. In 2013 we therefore want to increase the promotion of our products in Germany, Switzerland and Austria.

Strategy in brief

HOCHDORF Nutrifood Ltd. is pursuing a specialism strategy and aims to achieve growth of between 3% and 5% per year with high added-value specialist products. Our products make an important contribution to healthy living and well-being and our product quality is very high. We are committed to innovative product concepts, high convenience levels and a unique taste experience. We want to maintain our strong position in the domestic market and conquer new, targeted markets for our exports.

We are counting on HOCHDORF Deutschland GmbH, which we took over in 2012, to achieve this goal. With support from staff in Switzerland we will be able to significantly increase the pressure on the market.

Michel Burla
Managing Director, HOCHDORF Nutrifood Ltd.

	2012	2011	2010	2009*
Gross sales revenue (in CHF 1,000)	18,520	22,481	26,930	44,808
Export (in %)	19.1	31.7	54.4	60.2
Tons	4,782.9	4,804	4,764	8,112
Full-time employees	10.6	11.5	16.3	15.4
Gross sales revenue per full-time employee (in CHF 1,000)	1,747.2	1,954.9	1,652.1	3,120.6
Amount sold per full-time employee (in tons)	451.2	417.7	292.3	526.8

*including divested areas

Product range: Food ingredients (VIOGERM® wheatgerm, ALIA special oil powder as well as crispy cereals – crisps), wellness products (cold-pressed wheatgerm oil, nutritional supplements – capsules and tablets, instant sports drinks, héliomalt, whey drinks, tonics) and instant dessert products (mousse and ice cream powder).

It is impossible to achieve anything without an efficient internal sales staff. Edith Bürgler is the heart and soul of sales at HOCHDORF Nutrimedical Ltd. She coordinates the needs of customers with logistics and the demands of the responsible authorities. She makes sure that the ordered products are delivered on time and invoiced correctly. Her important work means that the MD is free to concentrate on customers and sales.

HOCHDORF Nutrimedical Ltd.

HOCHDORF Nutrimedical was unable to produce turnover in 2012. However the first orders for the products that had been developed did come in at the end of the business year. Nonetheless, the Nutrimedical team still has a lot to do.

In 2012, the development work for a basic range of products was undertaken in the area of enteral nutrition. The products were launched at the end of the year under the name NutriCover®. These products strengthen the body's defences and support physical well-being. They are available as a bag in the usual market forms. In addition to the actual product development, the packaging design had to be defined, the product and brand had to be registered and the website had to be set up.

In 2012, we were also able to complete preparatory development and marketing work on the nutritional drinks range. In order to offer a unique taste, only natural flavours are used for the products under the NutriGain name. They are available in small bottles in Europe in accordance with European legislation. For the US market, the formulations for our nutritional drinks are adapted to meet US legal requirements and are available for purchase in cans. The first products made for the European market were delivered to our warehouse at the start of 2013 and have already been sold.

Our focus in the current business year will be significantly more on sales activities than development work. We will be concentrating on new customer business in the European markets. We have already registered our products in Holland, Germany and Belgium and they will soon be available for purchase in the Spanish, French and Swiss markets. Beyond Europe, we will mainly focus on customers who have already ordered infant formula from HOCHDORF Nutricare Ltd. and have indicated an interest in foodstuffs for medical purposes. We will focus on the Asian, North African, Middle Eastern and Latin American markets.

Strategy in brief

HOCHDORF Nutrimedical Ltd. sells high-quality and scientifically recognised products for medical nutrition. Our partners are independent service providers who look after and supply end consumers requiring support outside the hospital situation. We want to offer these people a genuine alternative to the products that are already available to them.

In the development, we will continue to extend the product range in enteral nutrition and nutritional drinks and also develop powder-based products. The launch of the powder-based complete nutrition range is anticipated for the second half of 2013.

Sander Ketelaar
Managing Director, HOCHDORF Nutrimedical Ltd.

Product range: Enteral nutrition in bags, nutritional drinks in bottles (Europe) and cans (North and South America); modular products (powder-based complete nutrition).

To increase the HOCHDORF Group's profitability, we have to get the most out of our existing plants. And that means every single plant. Dieter Mitzschke plays a pivotal role in optimising cleaning processes at spray tower line 8 at the Sulgen plant. The measures he introduced led to a significant reduction in cleaning times.

HOCHDORF Nutritec Ltd.

In the past business year the processing capacity of the new factory at the Sulgen plant has been increased by 50%, the filtration line was extended to include nanofiltration and whey was established as the second main raw material in terms of quantity. Production at the Hochdorf plant was stable with medium asset utilisation. Cost reduction programmes were implemented, predominately in materials management, personnel management and energy management.

Regular production

After investing in the production of milk proteins using ultrafiltration, the filtration line was extended by nanofiltration units, mainly for the production of whey proteins. The resulting by-products were then tailored for our own recipes. The procedures for processing whey into crystalline whey powder and whey protein are well established. Wheatgerm processing is stable, though falling slightly. We have established that the big mills in this international business are now installing their own presses and processing the wheatgerm themselves in their own on-site production plants.

Changes to quantity growth

We achieved a quantity growth of 25% in the production of food products for young children. The technology and the processes are stable and the quantity growth opens the possibility of economies of scale in raw materials and energy procurement.

Materials management

The substantial logistics savings are attributable to direct container loading in the plants and the "just-in-time" deliveries of raw materials and packaging material. This led to reduced costs of over CHF 1 million in materials management.

Quality assurance

The systems ensuring food safety for the released products are validated and operating at a good level. No market recall was necessary in 2012 because food safety was always guaranteed. Implementation of the QA service plan is currently on schedule. The costs of product damage and downgrading were 25% lower in the reporting year than in the previous year. Company management is kept up to date on any quality-related occurrences.

Strategy in brief

HOCHDORF Nutritec Ltd. is one of the most important foodstuff producers in Europe in the area of functional ingredients and enteral nutrition. The quantity-driven milk and whey area and the process-driven speciality area are being further developed both organisationally and structurally and greater efficiency is a constant goal.

IT/operations

The modernisation of the ICT infrastructure brought the desired stability throughout the company. The integration of the operations area into the HOCHDORF Nutritec Ltd. organisation also had the desired effect: operational processes have now been clearly defined and supported. To facilitate the future orientation of the group-wide IT processes, strategic benchmarks were updated to meet the various challenges facing the Group as effectively as possible.

Outlook

Production costs will be further reduced in the current business year. This will result from process management measures and economies of scale in materials management and energy management. On the whole, we expect strong growth on the whey line and in the infant foods area, while quantities are more likely to fall for the milk lines and cereal processing.

Dr. Karl W. Gschwend
Managing Director, HOCHDORF Nutritec Ltd.

Alain Mettler, plant manager at spray tower line 8 adds the small, precisely weighed components into the infant formula manufacturing process. The process for weighing and adding the small components underwent a complete redesign in 2012, whereby the small, weighed components for the infant formula were passed through a scanner, inspected and posted directly into the ERP system. Modern technology has made this process faster and safer.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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The HOCHDORF Group runs an open, transparent and continouous information policy. We are committed to responsible corporate governance with the aim of achieving a balance between management and control, whilst protecting shareholders' interests. Our yardstick is the "Swiss Code of Best Practice for Corporate Governance". The following details are in keeping with the current guidelines on information about Corporate Governance (RLCG) for the SIX Swiss Exchange.

1. Group structure and shareholders

1.1. Group structure as of 31 December 2012

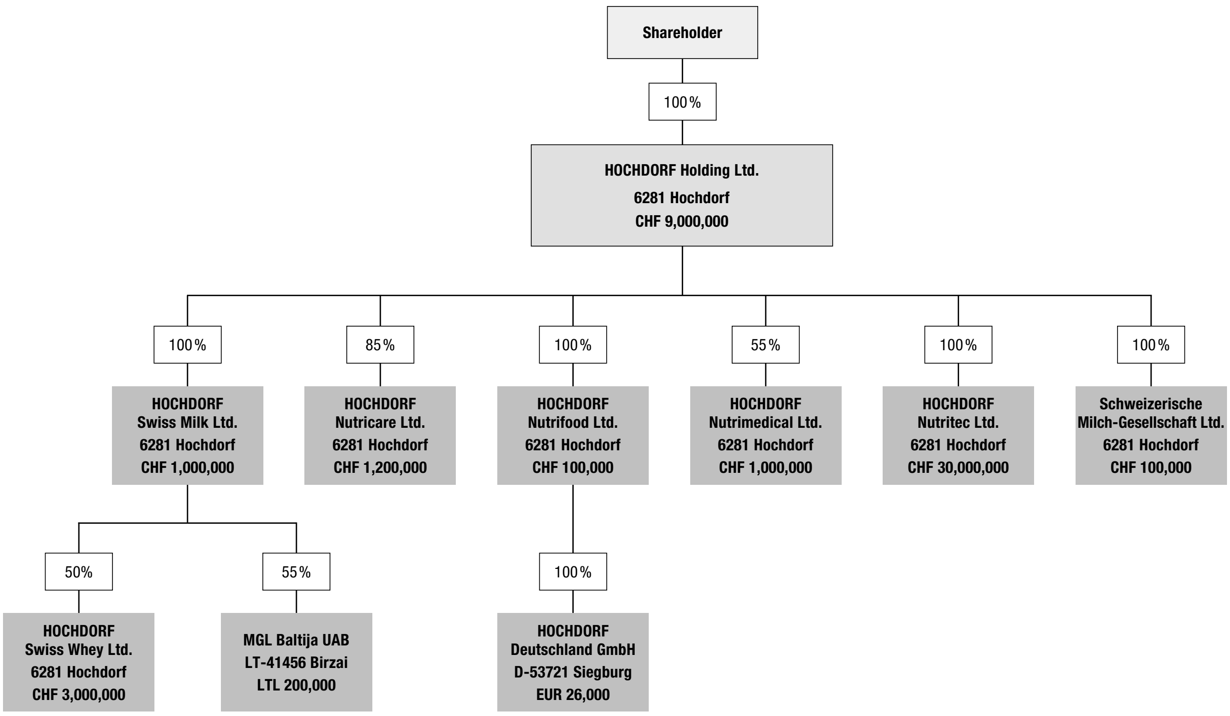
The Group structure for the HOCHDORF Group (hereinafter referred to as HOCHDORF) is detailed on this page. All shareholdings are listed on page 53 of the annual accounts, showing their registered office, share capital and shareholding percentage. In addition to the listed HOCHDORF Holding Ltd., the group of consolidated companies includes exclusively non-listed subsidiaries.

1.2. Significant shareholders

Significant shareholders with voting rights of more than 3% are listed on page 76 of the annual accounts. Various reports were received in the reporting year in accordance with Article 20 of the Federal Law on Stock Exchanges and Security Trading (BEHG). Innovent AG, Wollerau, and the Weiss family, Wollerau, form a group in line with Article 20 and own 6.22% of the capital and 5% of the voting rights (previous year 4.77% of the capital and voting rights). Gebrüder Maurer GmbH, Zenith Gewerbepark GmbH, Maurer-Bertschi GmbH, Maurer-Schöni GmbH, all based in Hunzenschwil, form a group in line with Article 20 (BEHG) and own 3.26% (previous year <3%) of the capital and voting rights.

1.3. Cross investments

There are no cross investments with capital or voting rights with other companies.



2. Capital structure

2.1. Share Capital

The share capital consists of 900,000 registered shares (securities number 2 466 652 / ISIN CH0024666528) with a nominal value of CHF 10 per share. The share capital is fully paid up. Each share is equivalent to one vote. There are no preferential rights. The company has not issued bonus shares or participation certificates.

2.2. Conditional and approved capital

As of 31.12.2012, HOCHDORF Holding Ltd. held conditional share capital amounting to a nominal total of no more than CHF 4.5 million or no more than 450,000 registered shares at a nominal price of CHF 10. This is reserved for the outstanding conversion loan that runs from 30.5.2011 to 30.5.2016.

2.3. Capital changes

An overview of the capital changes is on page 53 of the annual accounts.

2.4. Restrictions on transferability

HOCHDORF Holding Ltd. shares are essentially transferable without restriction. Anyone entered in the shareholder register is a shareholder in relation to the company. A shareholder register is kept for registered shares and the owners are entered here. The company has to be informed of any changes. An entry into the shareholder register requires proof of the share acquisition. Purchasers of registered shares are entered into the register of shareholders with voting rights on request, provided, that they expressly declare, that they have acquired the share in their own name and at their own expense. If the purchaser is not prepared to make such a declaration, then the Board of Directors can decline entry with voting rights. The entry limit is 5% of the voting rights.

2.5. Conversion loan

In 2011 HOCHDORF Holding Ltd. issued a conversion loan for a nominal amount of CHF 50 million. The interest rate is 3% for the duration period from 30.5.2011 to 30.5.2016. The conversion period runs from 24.6.2011 to 12.5.2016. The conversion price is CHF 124. A nominal figure of CHF 5,000 authorises the subscription of 40.32 HOCHDORF Holding Ltd. registered shares. Fractions are paid out in cash. The entire loan of CHF 50 million is due as of 31.12.2012. No conversion rights have been exercised so far.

3. Board of Directors

3.1. Members of the Board of Directors

In 2012, the Board of Directors for HOCHDORF Holding Ltd. comprised six non-executive members. None of the members previously belonged to the Group management or company leadership team. They are elected at the General Meeting for a three-year period of office. Re-election is possible. The elections for re-election of recommended incumbent members of the Board of Directors are conducted as a block election, insofar as no shareholder requests an individual election. The elections for chairman and for new members are conducted as individual elections. All elections and votes are conducted openly, insofar as there is no majority for a secret ballot. The retirement age for members of the Board of Directors is 70. Members leave the Board of Directors at the next General Meeting after turning 70. There was no change to the composition of the Board of Directors in this reporting year.

3.2. Professional background and other activities and interests

Hans-Rudolf Schurter

Born in 1949; **Place of residence:** Lucerne; **Member of the Board of Directors since:** 1996. **Chairman since:** 2005. **Training/qualifications:** LLB; licensed attorney (Canton of Lucerne). **Professional experience:** 1978 to 1986, legal advisor for the Swiss Bank Corporation (now UBS); management responsibilities in the Schurter-Group, Lucerne from 1987. **Professional responsibilities:** Chairman and Executive Officer of the Board of Directors of Schurter Holding AG, Lucerne. **Additional responsibilities:** Various roles on boards of directors, including deputy Chairman of the Board of Directors of the Schifffahrtsgesellschaft des Vierwaldstättersees (Vierwaldstättersee shipping company); Board Member at Migros Lucerne; employer's representative for the HOCHDORF Group pension fund.

From left: Josef Leu, Rolf Schweiger, Hans-Rudolf Schurter, Meike Bütikofer, Urs Renggli, Anton von Weissenfluh.

Name	Born	Nationality	Member since	Elected in	Elected until
Schurter Hans-Rudolf, Chairman	1949	Swiss	1996	2011	2014
Leu Josef, Deputy Chairman	1950	Swiss	2002	2011	2014
Schweiger Rolf	1945	Swiss	2002	2011	2014
Von Weissenfluh Anton	1956	Swiss	2005	2011	2014
Renggli Urs	1951	Swiss	2008	2011	2014
Bütikofer Meike	1961	Swiss	2009	2011	2014

Josef Leu
Born in 1950; **Place of residence:** Hohenrain LU; **Member of the Board of Directors since:** 2002. **Deputy Chairman since:** 2005. **Training/qualifications:** Engineering graduate. **Professional experience:** Farm manager and owner until 2011; Board Member and Audit Committee member of the Migros-Genossenschafts-Bundes MGB (cooperative) until 30.06.2008; member of the Swiss National Council from 1991 to 2006. **Professional responsibilities:** Head of the Schadenzentrum (Claims Centre) at the DDPS, Bern. Additional responsibilities: None.

Urs Renggli
Born in 1951; **Place of residence:** Kriens LU; **Member of the Board of Directors since:** 2008. **Training/qualifications:** BSc (economics); certified auditor. **Professional experience:** 1977 to 1981, responsibilities in IT and internal auditing at the Schweizerische Kreditanstalt, Zurich; followed by 26 years of experience in auditing and consulting at top management level at PricewaterhouseCoopers, Lucerne. **Professional responsibilities:** Independent consulting. **Additional responsibilities:** Chair of "Die Dargebotene Hand Zentralschweiz" (Swiss crisis telephone counselling association).

Rolf Schweiger
Born in 1945; **Place of residence:** Baar ZG; **Member of the Board of Directors since:** 2002. **Training/qualifications:** LLB; licensed attorney and qualified solicitor (Zug canton). **Professional experience:** Self-employed; 1999 to 2011, member of the Council of States for the Zug canton (FDP). **Professional responsibilities:** Senior partner at Schweiger Advokatur/Notariat (Law and Notary's Office) in Zug. **Additional responsibilities:** Various roles on boards of directors, including chairman of the Board of Directors at Roche Diagnostics International AG; member of the Board of Directors at Schindler Holding AG; Chairman of fial, Federation of Swiss Food Industries; Board Member of economiesuisse; various roles in foundations (including chairman of the ombudsman of private insurance and SUVA).

Anton von Weissenfluh
Born in 1956; **Place of residence:** Kriens LU; **Member of the Board of Directors since:** 2005. **Training/qualifications:** Engineering graduate; doctor of science Professional experience: Studies in Food Science at the Swiss Federal Institute of Technology Zurich; followed by five years in management positions in the dairy industry; 1991 to 2006, Kambly SA, Trubschachen, from 2001 as CEO. **Professional responsibilities:** CEO at Chocolats Halba, Wallisellen since 2006. **Additional responsibilities:** None.

Meike Bütikofer
Born in 1961; **Place of residence:** Wangen SZ; **Member of the Board of Directors since:** 2009. **Training/qualifications:** Graduate in agricultural engineering; Master of Science in Animal Nutrition and Management with an additional qualification in veterinary medicine (Swedish University of Agriculture Science Uppsala); Executive MBA (University of St. Gallen). **Professional responsibilities:** 1989 to 1991, Head of Marketing for Scandinavia at ZIWAG AG, Oberentfelden; 1991 to 1993, PR consultant at ATAG Ernst & Young Consulting AG, Bern; 1993 to 1997, Head of the Quality and Environmental Management profit centre at Electrowatt Engineering AG, Zurich; 1997 to 2002, Siemens Building Technologies AG, Zurich, Corporate Development and Siemens AG, Munich. Professional responsibilities: Since 2002, owner of Bütikofer AG – value-oriented enterprise strategies, Hergiswil. **Additional responsibilities:** Since 2006, Board Member at IE-Engineering Group, Zurich; since 2011, Board Member at René Faigle AG, Zurich; since 2011, Member of the Schweizer Berghilferat (Swiss Mountain Aid); since 2012, Member of the Board of the Brunau Foundation, Zurich.

3.3 Operating procedures for the Board of Directors

The Board of Directors meets at least four times each year and as often as business requires. In 2012, the Board of Directors met for five half-day sessions and for a whole-day strategy conference with Company Management. The Chairman of the Board of Directors also sees the CEO in a three-weekly cycle for a working meeting and the chairman and individual members of the Board of Directors take part in Group Management's strategy days. The CEO participates in Board of Directors' meetings (for all agenda items) and the CFO (for some of them) in a consulting capacity. When required, the Board of Directors also invites external specialists to advise on specific topics and other members of Group Leadership or Company Management. The Board of Directors is responsible for the strategic management of the company, supervision of the Group management and financial control. The Board of Directors monitors the company objectives and identifies opportunities and threats. It also nominates members of Group Management. The Board of Directors is empowered to make decisions if the majority of the members are present. A decision is valid, if there is a majority of the votes cast. If the votes are tied, the Chairman of the Board of Directors has the casting vote.

3.4. Board of Directors' committees

The Board of Directors has two permanent committees: the Audit Committee and the Compensation Committee. In order to organise its tasks efficiently and effectively, the Board of Directors relies on the recommendations of these committees. Two non-executive members of the Board of Directors belong to each committee. The committees are subject to regular performance monitoring (self-evaluation).

Audit Committee

Members: Urs Renggli (chair), Josef Leu. The main duties of the committee involve:

- Checking the effectiveness of external auditing and internal monitoring.
- Evaluating management directives with regard to financial risks and adherence to these directives.
- Discussing financial statements with the CFO and the external audit manager.
- Evaluating the performance and remuneration of the auditing agency and its independence.
- Evaluating the risk management procedure.

The Audit Committee convened for five sessions in 2012. In addition to the standard agenda points, particular attention was paid to the reliability and effectiveness of the internal control system (ICS) as part of risk management and a special examination was carried out with regard to the sales price determination of the sales companies.

Compensation Committee

Members: Hans-Rudolf Schurter (chair), Anton von Weissenfluh. The main tasks of the committee are:

- Recommending remuneration for the Board Members and Company Management (Group Leadership and Company Executives).
- Working out the principles for an overall compensation plan for all employees that is market and performance based.
- Drawing up employment agreements for the Members of the Company Management Team.

The Compensation Committee convened once.

3.5. Company Management and rules of competence

The Board of Directors is responsible for the overall control of the company and the Group, as well as the supervision of the management team. In accordance with Article 716a OR it has the following non-transferable and indefeasible tasks:

- The overall control of the company and the Group, including definition of medium and long-term strategies and planning objectives, as well as the guidelines for company policy and the issuing of required directives.
- Defining the basic organisation of the company and its associated regulations.
- Defining the guidelines for the organisation of accounting systems, financial monitoring and financial planning.
- Appointing and dismissing persons entrusted with the management and representation of the company, namely the CEO, and issuing signature authorisations.
- Supervising the organs entrusted with the management of the company, specifically with regard to adherence to laws, statutes, regulations and directives.
- Creating the annual report; preparing for the General Meeting and then implementing its decisions.
- Informing the legal authorities in the case of insolvency.
- Defining capital increases and relevant statute changes.

Based on the tasks mentioned above, the Board of Directors of HOCHDORF Holding Ltd. consults upon and makes decisions on the following key issues:

- Annual and investment budgets.
- Annual and half-yearly statements.
- Concern organigram up to and including the company management level.
- Wage policy.
- Assessment of the main risks.
- Investments outside the budget greater than CHF 0.5 million.
- Multi-annual financial and liquidity planning.
- Strategy-relevant cooperations and agreements, in particular the purchase and sale of holdings, companies, parts of companies, business branches and rights to products or intellectual property rights.
- Foundation and dissolution of companies.

– Nomination of Board Member candidates for the attention of the General Meeting.
– Election of the subsidiaries' Boards of Directors.
– Group regulations of strategic importance.

The Board of Directors fully delegates all remaining areas of company management to the CEO, who has the right to issue directives to the other members of the Group management. As part of its general reservation of powers, the Board of Directors can intervene as required in the tasks and responsibilities of the organs below it in the hierarchy and assume control of the business conducted by these organs ("powers reserved").

The CEO acts as chair for the Group management. The chair leads, monitors and coordinates the members of the Group Management and supplies them with the authorisations required to fulfil their roles. As part of the laws, statutes and organisational regulations governing the HOCHDORF Group, the chair holds the necessary authorisations to manage the HOCHDORF Group. In particular, the chair is responsible for the following tasks:

– Implementation of the strategic objectives, definition of key operational areas and priorities as well as ensuring the availability of the material and staffing resources required to fulfil these.
– The management, monitoring and coordination of the remaining members of company management.
– Convening, preparing and presiding over Group management meetings.
– Providing regular guidance to the Chairman of the Board of Directors or the Board of Directors itself with regard to the company's business transactions. Informing the chairman of the Board of Directors of any important and unexpected business occurrences without delay.
– Representing the Group both internally and externally.

The members of the Group Management team are responsible for independently managing the daily business. Competencies and responsibilities are determined by the budget approved by the Board of Directors and the strategy it has defined in particular, as well as the by the HOCHDORF Group organisational regulations.

3.6. Information and monitoring instruments with regard to Company Management

The Board of Directors is guided at every meeting on matters concerning business development, the financial situation and the most important business occurrences by the Chairman, the Committee Chairs, the CEO, the CFO and, depending on the agenda item, other Members of the Group Leadership or Company Management. The Chairman receives information from the CEO at least every three weeks and receives minutes of the Group Leadership meetings. Members of the Board of Directors are informed of extraordinary events without delay in writing.

The HOCHDORF Group's Management Information System (MIS) consists of management reporting and business and financial reporting. It is available to the company management on a monthly basis. The Board of Directors receives monthly business and financial reports. The Group's consolidated accounts are generated on a monthly basis and presented to the Board of Directors with detailed explanations every quarter.

Other company management tools include the company policy, the three-year company strategy and its assimilation into the annual operational business plan.

At least once a year the Chair of the Audit Committee and CFO provide the Board of Directors with information for approval concerning the main risks, along with their assessment of how relevant and likely these threats are. The Board of Directors monitors the implementation of the measures defined and undertaken by Group management in order to minimise the risks.

The Audit Committee evaluates the effectiveness of internal and external monitoring systems as well as the organisation and process of risk management in the HOCHDORF Group. The external Auditor BDO AG provides another information and monitoring system in direct contact with the Chair of the Audit Committe.

4. Group Management

4.1. Member of the Group Management

At the end of November, the Board of Directors parted company with the CEO and Managing Director of HOCHDORF Holding Ltd., Damian Henzi. As of 31.12.2012, the Group Management Team therefore comprises the CFO, Marcel Gavillet, who is running the Group in the interim, and the Managing Director of HOCHDORF Nutritec Ltd., Karl Gschwend. The Group Management is supported by the Company Management, which is made up of the Managing Directors from the sales companies.

Marcel Gavillet
CFO / Acting CEO

Dr. Karl W. Gschwend
Managing Director, HOCHDORF Nutritec Ltd

Marcel Gavillet

Born in 1962; **Place of residence:** Retschwil LU; **Role:** CFO since 2003. **Training/qualifications:** Fachhochschule FH (University of Applied Science) graduate; MAS Corporate Finance; Certified IFRS accountant. **Professional experience:** 1996 to 1999, Head of Finance and Accounting at Nutriswiss AG, Lyss, then MD from 1999 to 2003. **Additional responsibilities:** Active as a Board Member in all HOCHDORF subsidiaries; MD of the HOCHDORF Group pensions fund.

Karl W. Gschwend

Born in 1953; Swiss; **Place of residence:** Altnau TG; **Role:** MD of HOCHDORF Nutritec Ltd. since 2006. **Training/qualifications:** Studies in pure sciences at the Swiss Federal Institute of Technology, Zurich; 1982, doctorate at the Institute for Biotechnology at the Swiss Federal Institute of Technology, Zurich; SKU (Swiss Courses on Enterprise Management) degree in strategic enterprise management. **Professional experience:** 1983 to 1986, Head of Department for Biological Equipment Construction, Giovanola Frères SA, Monthey; 1986 to 1997, MD at Obipektin AG, Bischofszell; 1998 to 2003, Plant Manager at HOCHDORF Nutritec Ltd., Hochdorf; from 2003, managing director of the Schweizerische Milchgesellschaft AG, Sulgen. **Additional responsibilities:** 2010 to 2011, Chair of the Society of Milk Science; member of the Department of Food Technology management team at the Zurich University of Applied Sciences, ZHAW, Wädenswil; economic advisor at the Swiss Food Research network of academic institutions; management representative for the coordination of HOCHDORF Group scientific research; employer representative for the HOCHDORF Group pension fund.

5. Compensations, participations, loans

5.1. Content and procedure for defining remuneration and shareholding programmes

Payments and remuneration to the Board of Directors, including to the Chairman, are defined by the Board of Directors itself. The payments to the Board of Directors consist of a fixed remuneration package and fixed expenses. The remuneration is not linked to profit components. The amounts defined are based on a discretionary decision. The Board of Directors bases its decisions on published studies on directors' remuneration, publicly available information on payments made at listed companies in the same industry, as well as comparisons with members of other boards of directors. These payments were last adjusted in 2006. The Compensation Committee makes the decisions about the remuneration of the Group Management, with the CEO also making appropriate representations. The amounts defined are based on a discretionary decision. The Group's general pay round and the company results form the basis of this decision. No salary adjustments were made for 2012.

Shareholding programmes and loans: There is no special profit sharing model for Group and Company Management. The current profit sharing ruling for all HOCHDORF Group employees also applies to the Group and Company Management. The variable share can amount to a maximum of 30% of the gross salary entitlement, in accordance with the current profit sharing model. The profit sharing model is based on the earned cash flow from the Group's cash flow accounting. There are no share or option plans or similar shareholding programmes in the HOCHDORF Group. As a point of principle, no loans are granted to Members of the Board of Directors or employees of the HOCHDORF Group.

The remuneration is listed in the 2012 notes for HOCHDORF Holding Ltd. on page 77.

6. Shareholders' rights of co-determination

6.1. Restrictions to voting rights and proxy voting

All shareholders listed in the hareholder register are entitled to attend the General Meeting and authorised to vote. The voting right restriction amounts to 5% of the share capital. All shareholders can give written instruction to appoint a fellow shareholder or an independent proxy to vote at the General Meeting on their behalf. There is no legal quorum.

The statutes can be downloaded from the HOCHDORF Group website under "Investor Relations". http://www.hochdorf.com/statuten (only available in German).

6.2. Statutory quorum

The General Meeting passes its resolutions and performs its elections by an absolute majority of the voting rights represented. Excluding the blank and invalid votes, insofar as the law makes no other stipulation.

6.3. Convening of the General Meeting

The General Meeting takes place annually, at the latest six months after the end of the financial year. It is convened by the Board of Directors. Legal provisions apply for convening extraordinary General Meetings. Personal invitations to the General Meeting are sent out in writing, at least 20 days before the General Meeting.

6.4. Agenda

Invitations to submit items for the agenda and questions about the annual report are included with the invitation to the General Meeting.

6.5. Entries in the share register

The shareholder register is usually closed ten days prior to the General Meeting. The Board of Directors can approve exceptions for late submissions upon request. The effective date of closure is published in the invitation to the General Meeting and also provided in good time on the financial calendar on the HOCHDORF Group website: http://www.hochdorf.com/calendar.

7. Change of control and defensive measures

7.1. Obligatory offer

The HOCHDORF Holding Ltd. statutes do not include opting out or opting up clauses with regard to Article 22 of the Federal Law on Stock Exchanges and Security Trading (BEHG) with respect to the legal obligation to submit a takeover bid.

7.2. Change-of-control clauses

There are no change-of-control clauses with members of the Board of Directors, or the Group or Company Management.

8. Auditors

8.1. Duration of the mandate and term of the auditor in charges

The General Meeting elects the auditor in charge for one year. BDO AG, Lucerne, was elected as auditing agency for HOCHDORF Holding Ltd. and its subsidiaries for 2012. Bruno Purtschert, a graduate, certified auditor, has served as chief auditor since 2006.

8.2. Audit fees

The auditors charged total fees of KCHF 89 (excluding VAT) for the 2012 reporting year for the performance of their mandate as statutory auditors (including audit of the Consolidated Financial Statement).

8.3. Additional fees

During the 2012 reporting year, BDO has invoiced for a total of KCHF 11 (excluding VAT) for additional services that go beyond its legal responsibility.

8.4. Auditor supervision and control mechanisms in respect of the auditors

The Board of Director's Audit Committee assesses the performance, invoicing and independence of the external auditors and makes corresponding recommendations to the Board of Directors. The Audit Committee checks the extent of the external audit, the audit plans and the relevant processes on an annual basis and discusses the audit results with the external auditors. The chief auditor attended three Audit Committee meetings in 2012.

9. Information policy

Guidelines for Investor Relations: the HOCHDORF Group maintains open and ongoing communication with shareholders, potential investors and other stakeholder groups. The aim is to provide rapid, simultaneous and transparent information about the company, its strategy and business developments, and to offer a truthful picture of the HOCHDORF Group's performance in the past and the present, as well as its future prospects. This picture is intendend to reflect the current assessment of the Group by the Board of Directors and the Group Management.

In keeping with regulations prescribed by the SIX Swiss Exchange, the HOCHDORF Group publishes a comprehensive Annual Report that includes business activities, corporate governance and financial reporting that is generated and audited in accordance with Swiss GAAP FER. A half-year report is also produced in accordance with the Swiss GAAP FER guidelines.

Media releases about events relevant to the Stock Exchange , such as acquisitions, minority or majority shareholdings, joint ventures and alliances are published in accordance with the guidelines for ad-hoc publicity.

The CEO, the CFO and the Head of Corporate Communications are responsible for communication with investors. During the course of the year, the Group meets with institutional investors, presents its results and conducts road shows. The HOCHDORF Group uses the Internet to ensure that information emanates rapid, simultaneously and consistently. The "Swiss Official Gazette of Commerce" is HOCHDORF Holding Ltd.'s official publication organ.

You can access press releases and investor information via the following links:
– Media: http://www.hochdorf.com/media
– Investor Relations: http://www.hochdorf.com/ir

HOCHDORF uses the Internet in order to ensure rapid, real-time and consistent distribution of information. The company's website features an electronic information tool that enables shareholders and other interested stakeholder to add their names to an electronic distribution list:
– Newsletter: http://www.hochdorf.com/newsletter

For more information about the Group in the Internet, see: www.hochdorf.com. Reports to the SIX Exchange Regulation about holdings that exceed the voting right limits and must be reported, can be found on the following Internet page: http://www.six-exchange-regulation.com/shares/companies/major_shareholders_de.html.

In 2012, various changes to shareholdings took place at HOCHDORF Holding Ltd. and had to be reported.

Contact for Investor Relations
HOCHDORF Holding Ltd., Investor Relations, Siedereistrasse 9, CH-6280 Hochdorf, Switzerland. Tel. +41 41 914 65 62, e-mail: ir@hochdorf.com.

The annual General Meeting takes place on 17 May 2013. All registered shareholders receive an invitation to the General Meeting by post.

The next business results (half-year results for 2013) will be published on 21 August 2013.

Mineral analysis is an established in-process control point in the production of milk and whey derivatives and permeates. Simon Langenfeld is one of our experts in mineral analysis.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Financial Report 2012

Consolidated balance sheet as of 31. Dec.

		2012 CHF	in %	2011 CHF	in %
Assets					
Cash and cash equivalents	1)*	48,134,985	20.1%	48,598,539	17.2%
Trade receivables	2)*	32,603,349	13.6%	31,243,549	11.1%
Receivables from related parties	2)*	3,824,443	1.6%	315,298	0.1%
Other short-term receivables	2)*	735,050	0.3%	1,188,109	0.4%
Inventories	3)*	27,933,804	11.6%	32,954,970	11.7%
Prepayments and accrued income	4)*	5,080,066	2.1%	3,234,385	1.1%
Current assets		**118,311,696**	**49.3%**	**117,534,850**	**41.6%**
Property, plant, equipment		34,808,707	14.5%	51,382,099	18.2%
Other fixed assets		75,658,928	31.5%	101,948,927	36.1%
Total fixed assets	*5)**	*110,467,635*	*46.1%*	*153,331,026*	*54.3%*
Investments in associates and joint ventures	6)*	1,427,052	0.6%	1,427,167	0.5%
Financial assets	7)*	8,379,880	3.5%	8,291,969	2.9%
Intangible assets	8)*	1,264,548	0.5%	1,901,620	0.7%
Non-current assets		**121,539,115**	**50.7%**	**164,951,782**	**58.4%**
Total assets		**239,850,811**	**100.0%**	**282,486,632**	**100.0%**
Liabilities					
Trade payables	9)*	30,677,886	12.8%	31,594,632	11.2%
Short-term financial liabilities	10)*	40,002,817	16.7%	43,296	0.0%
Other short-term financial liabilities with related parties	10)*	4,295,180	1.8%	1,349,730	0.5%
Other short-term liabilities	11)*	677,369	0.3%	1,065,936	0.4%
Accrued liabilities and deferred income	12)*	6,124,240	2.6%	1,775,457	0.6%
Current liabilities		**81,777,491**	**34.1%**	**35,829,051**	**12.7%**
Long-term financial liabilities	13)*	53,875,000	22.5%	98,198,785	34.8%
Provisions	14)*	4,434,761	1.8%	11,120,632	3.9%
Non-current liabilities		**58,309,761**	**24.3%**	**109,319,417**	**38.7%**
Share capital		9,000,000	3.8%	9,000,000	3.2%
Own shares		–481,126	–0.2%	–943,204	–0.3%
Capital reserves		49,846,630	20.8%	52,541,599	18.6%
Retained earnings		76,194,956	31.8%	63,829,637	22.6%
Minority interests		360,089	0.2%	528,727	0.2%
Result current year		–35,156,989	–14.7%	12,381,405	4.4%
Shareholders' equity		**99,763,559**	**41.6%**	**137,338,164**	**48.6%**
Total liabilties and shareholders' equity		**239,850,811**	**100.0%**	**282,486,632**	**100.0%**

* Explanations in the notes

HOCHDORF Group

Consolidated income statement

	Note	2012 CHF	in %	2011 CHF	in %
		1.1.12–31.12.12		1.1.11–31.12.11	
Sales of products	15)*	346,107,544	102.3%	346,197,985	98.3%
Sales of service	16)*	506,195	0.1%	376,263	0.1%
Gross sales revenue		**346,613,738**	**102.4%**	**346,574,249**	**98.5%**
Reductions in proceeds	17)*	–2,498,353	–0.7%	–2,950,597	–0.8%
Net sales revenue		**344,115,385**	**101.7%**	**343,623,652**	**97.6%**
Change in inventories of semi-finished and finished products		–5,713,215	–1.7%	8,406,369	2.4%
Production revenue		**338,402,170**	**100.0%**	**352,030,021**	**100.0%**
Cost of materials and services		–254,311,632	–75.2%	–270,720,036	–76.9%
Gross operating profit		**84,090,539**	**24.8%**	**81,309,985**	**23.1%**
Personnel expenses	18)*	–32,455,560	–9.6%	–31,206,554	–8.9%
Other operating expenses	19)*	–37,316,981	–11.0%	–35,565,905	–10.1%
Operating expenses		*–69,772,541*	*–20.6%*	*–66,772,458*	*–19.0%*
EBITDA		**14,317,998**	**4.2%**	**14,537,526**	**4.1%**
Depreciation on property, plant and equipment		–10,842,295	–3.2%	–11,870,933	–3.4%
Amortisation on intangible assets		–716,718	–0.2%	–768,489	–0.2%
EBIT		**2,758,986**	**0.8%**	**1,898,104**	**0.5%**
Income from associates and joint ventures	20)*	115	0.0%	18,874	0.0%
Financial result	20)*	–4,032,758	–1.2%	11,722,094	3.3%
Earnings before taxes (EBT)		**–1,273,658**	**–0.4%**	**13,639,072**	**3.9%**
External results		–15,129	0.0%	–9,560	0.0%
Extraordinary results	21)*	–34,113,508	–10.1%	–130,749	0.0%
Profit before tax		**–35,402,295**	**–10.5%**	**13,498,763**	**3.8%**
Income taxes	22)*	76,668	0.0%	–1,118,198	–0.3%
Net profit		**–35,325,627**	**–10.4%**	**12,380,565**	**3.5%**
Attributable to:					
Parent company shareholders		–35,156,989	–10.4%	12,381,405	3.5%
Minority interests		–168,638	0.0%	–841	0.0%
Net profit		**–35,325,627**	**–10.4%**	**12,380,565**	**3.5%**
Earnings per share	23)*	**–39.45**		**13.91**	

* Explanations in the notes

Consolidated cash flow statement

	2012 CHF	2011 CHF
	1.1.12–31.12.12	1.1.11–31.12.11
Net profit incl. minority interests	–35,325,627	12,380,565
Depreciation of property, plant and equipment	11,537,540	12,579,422
Amortisations on goodwill	21,472	60,000
Net interest expense	3,940,690	3,502,034
Other non-cash adjustments	–163,295	921,453
Change in provisions	–6,700,030	–142,985
Profit from the sale of HOCHDORF Nutribake Ltd.	0	–16,383,738
Impairment	40,027,319	0
Accounting losses (profits) from sales of fixed assets	168,507	21,003
Income from associates and joint ventures	115	–18,874
Cash flow before changes in net working capital, interest and taxes	**13,506,692**	**12,918,880**
As % of net sales revenue	***3.93%***	***3.76%***
Change in trade receivables	–1,226,320	627,638
Change in trade receivables from related parties	–3,509,144	1,335,906
Change in other short-term receivables	453,060	–434,513
Change in inventories	5,164,111	–7,302,306
Change in prepayments	–1,845,682	–891,551
Change in liabilities from deliveries and services	–1,130,804	–7,672,819
Change in other short-term liabilities	–388,567	843,277
Change in deferred income	4,348,782	–1,706,347
Change in net current assets	**1,865,436**	**–15,200,716**
Cash flow from operating activities	**15,372,128**	**–2,281,836**
As % of net sales revenue	***4.47%***	***–0.66%***
Investments in fixed assets	–8,679,296	–6,612,266
Divestments of fixed assets	509,552	201,861
Investments in intangible assets	–107,228	0
Proceeds from disposal of intangible assets	27,561	6,399
Divestments of long-term financial assets	0	102,820
Investments/capital increase in associates	–53,194	–849,288
Interest and dividends received	64,234	638,028
Net cash flow from sale of HOCHDORF Nutribake Ltd.	0	17,089,768
Cash flow from investing activities	**–8,238,372**	**10,577,322**
Free cash flow	**7,133,756**	**8,295,486**
As % of net sales revenue	***2.07%***	***2.41%***
Change in short-term financial liabilities	–40,478	–94,628
Change in other short-term financial liabilities with related parties	–849,730	–463,243
Change in non-current financial liabilities	–528,605	–16,817,028
Proceeds from bond-issuance	0	50,000,000
Increase/decrease in minority shares in capital and profit	0	290,866
Sale (purchase) own shares net cash flow	472,140	–1,536,303
Interest paid	–3,944,923	–3,265,061
Dividends paid to shareholders	–2,657,265	–2,676,189
Cash flow from financing activities	**–7,548,862**	**25,438,413**
Currency translation	–48,448	–487,677
Net change in cash and cash equivalents	**–463,554**	**33,246,222**
Cash and cash equivalents at 1 January	48,598,539	15,352,318
Cash and cash equivalents **at 31 December**	**48,134,985**	**48,598,539**

Consolidated statement of changes in equity

CHF 1,000	Share capital	Own shares	Capital reserves	Retained earnings	accumulated translation differences	Company results	Total excluding minority interests	Minority interests	Total including minority interests
Shareholders' equity as at 31.12.2009	**9,000**	**–148**	**55,406**	**71,350 [2]**	**0**	**–4,926**	**130,682**	**146**	**130,828**
Transfer posting of company results				–4,926		4,926	0		0
Acquisition of minority interests		–2,805					–2,805		–2,805
Sale of own shares		2,102	–79				2,023		2,023
Translation differences					–1,705		–1,705		–1,705
Dividends				–2,622			–2,622		–2,622
Net profit						4,044	4,044	93	4,137
Shareholders' equity as at 31.12.2010	**9,000**	**–851**	**55,327**	**63,802 [2]**	**–1,705**	**4,044**	**129,616**	**239**	**129,855**
Transfer posting of company results				4,044		–4,044	0		0
Change in scope of consolidation				–9			–9	450	441
Goodwill from acquisition of shares from subsidiaries				–2,038			–2,038	–159	–2,197
Allocation of capital investments to free reserves			–2,700	2,700			0		0
Acquisition of own shares		–2,585					–2,585		–2,585
Sale of own shares		2,494	–85				2,408		2,408
Translation differences					–288		–288		–288
Dividends				–2,676			–2,676		–2,676
Net profit						12,381	12,381	–1	12,381
Shareholders' equity as at 31.12.2011	**9,000 [1]**	**–943**	**52,542**	**65,822 [2]**	**–1,993**	**12,381**	**136,809**	**529**	**137,338**
Transfer posting of company results				12,381		–12,381	0		0
Allocation of capital investments to free reserves			–2,700	2,700			0		0
Acquisition of minority interests		–4,606					–4,606		–4,606
Sale of own shares		5,068	5				5,073		5,073
Translation differences					–59		–59		–59
Dividends				–2,657			–2,657		–2,657
Net profit						–35,157	–35,157	–169	–35,326
Shareholders' equity as at 31.12.2012	**9,000 [1]**	**–481**	**49,847**	**78,246 [2]**	**–2,052**	**–35,157**	**99,403**	**360**	**99,763**

1) 900,000 registred shares at nominal CHF 10.00; each share corresponds to one vote; the maximum entry limit in the share register is 5% of the votes.
2) Of which non-distributable legal reserves CHF (1,000) 10,653 (previous year CHF 1,000) 11,115).

Largest shareholders:	**Share**		
Family Weiss and Innovent Holding AG, Wollerau	6.22%	PY 4.77%	10,978 shares without voting rights
ZMP Invest AG, Lucerne	5.51%	PY <3.00%	4,581 shares without voting rights
HOCHDORF Group pension fund, Hochdorf	5.00%	PY 5.00%	
Rudolf Schrepfer, Hergiswil	3.50%	PY 3.50%	
Gruppe Maurer, Hunzenschwil	3.26%	PY <3.00%	

Conditional capital:
The Group has conditional capital of a nominal CHF 4,500,000, corresponding to 450,000 registred shares at a nominal CHF 10.00, which is directly related to the outstanding conversion loan.

Notes to the consolidated financial statements

Principles of consolidation

General information

The Group prepares its accounts in compliance with all existing guidelines of Swiss GAAP FER (Swiss accounting and reporting recommendations) and the provisions of Swiss law. The consolidated annual accounts reflect the actual status of the Group's asset, financial and revenue position. Valuation is based on historical costs and are based on the annual accounts for the affiliated companies as of 31.12.2012, created according to standard principles.

Consolidation principles

Consolidated companies

The consolidated annual accounts for the HOCHDORF Group comprise the annual accounts for the HOCHDORF Holding Ltd. parent company as well as all subsidiaries in which there is a capital and vote-relevant majority. Investments with 20% to 50% of the voting rights are accounted for using the equity method.
The exception to this is those companies with the prerequisites for a full consolidation despite minority holdings.

The consolidated individual financial statements for the companies are adapted to the standard Group structure and evaluation regulations and entered in accordance with the full consolidation method. 100% of the assets and liabilities as well as expenses and revenues are included in the consolidated annual accounts and all intercompany transactions are eliminated. Significant interim profits within the Group are considered in this elimination.

The share of the minority shareholders in the company's own share capital and of the results is shown separately in the Group balance sheet and income statement.

Capital consolidation

For capital consolidation, assets and liabilities on holdings are evaluated at the time of the takeover according to standard Group principles (purchase method). Any remaining surplus (goodwill) of this revaluation is recognised in the balance sheet and amortised in the income statement over its useful life of maximum 20 years.

The consolidated cash flow accounting is generated on the basis of the consolidated balance sheet and income statement.

Foreign currency translation in Group companies

The annual accounts of consolidated companies in foreign currencies are converted as follows: current assets, fixed assets and external capital at end-of-year exchange rates (period end exchange rate); equity at historical exchange rates. The income statement and the cash flow account are converted at average exchange rates for the year. The conversion differences incurred are recognised in equity without affecting net income. The foreign currency items included in the individual financial statements of the consolidated companies are converted as follows: foreign currency transactions at the exchange rate of the transaction day (current exchange rate); at the end of the year, foreign currency balances are converted at the end-of-year exchange rate (period-end exchange rate) and affect net income. The resulting exchange rate differences are shown in the income statement.

Cash flow statement

	Income statement Average exchange rates		Balance sheet End-of-year exchange rates	
	2012	2011	**31.12.12**	31.12.11
1 EUR	**1.2046**	1.2325	**1.2068**	1.2139
1 USD	**0.9329**	0.8855	**0.9153**	0.9350
1 LTL	**0.3489**	0.3569	**0.3495**	0.3515

Cash and cash equivalents form the basis for the presentation of the cash flow statement. Cash flow from operating activities is presented using the indirect method.

Overview of the Group and associated companies

Consolidated companies	Location	Function	Currency	Capital (1,000) 31.12.2012	Capital share 31.12.2012	Capital share 31.12.2011
HOCHDORF Holding Ltd.	Hochdorf	Holding	CHF	**9,000**	**100%**	100%
HOCHDORF Nutritec Ltd.	Hochdorf	Production	CHF	**30,000**	**100%**	100%
HOCHDORF Swiss Milk Ltd.	Hochdorf	Trade	CHF	**1,000**	**100%**	100%
HOCHDORF Nutrifood Ltd.	Hochdorf	Trade	CHF	**100**	**100%**	100%
HOCHDORF Nutricare Ltd.	Hochdorf	Trade	CHF	**1,200**	**85%**	85%
MGL Baltija UAB 1)	Medeikiai	Production and trade	LTL	**200**	**55%**	45%
HOCHDORF Nutrimedical Ltd.	Hochdorf	Trade	CHF	**1,000**	**55%**	55%
Schweiz. Milch-Gesellschaft AG	Hochdorf	Shell company	CHF	**100**	**100%**	100%
HOCHDORF Deutschland GmbH 2)	Siegburg	Trade	EUR	**26**	**100%**	0%

1) Increase in the holding in MGL Baltija UAB as of 01.01.2012 from 45% to 55%. The planned consolidation was completed with the fixed acquisition as of 31.01.2013.
2) Purchase of HOCHDORF Deutschland GmbH backdated to 01.01.2012.

Associated companies	Location	Function	Currency	Capital (1,000) 31.12.2012	Capital share 31.12.2012	Capital share 31.12.2011
HOCHDORF Swiss Whey Ltd.	Hochdorf	Trade	CHF	**3,000**	**50%**	50%

Principles of valuation

General

Accounting takes place on the assumption that the company will continue as a going concern. Assets are measured at cost, taking into account the necessary value adjustments. Liabilities only include items that are essential to business operations. All identifiable loss risks and depreciations are offset by value adjustments or deferrals. Expense and income items are accrued by period.

Cash and cash equivalents

Cash and cash equivalents include cash, balances in postal giro and bank accounts. They are valued at their nominal value.

Securities

Listed commercial securities are included at the market value of the balance sheet date. The remaining securities are balanced at acquisition value or at a lower market value.

Trade accounts receivable

The valuation of the receivables is at nominal value less value adjustments. Any identifiable individual risks are taken into account with appropriate value adjustments.

Inventories

The valuation of raw materials, operational materials and auxiliary materials is defined by the acquisition price or at a lower market value. The semi-finished and finished products are valued at manufacturing cost, including the direct material and production costs per item, as well as material and production overhead costs. Appropriate value adjustments are undertaken for goods with a low rate of inventory turnover.

The value adjustment rates applied for raw materials, auxiliary materials and operational materials are:

Inventory turnover rate	Value adjustment
Under 0,5 times	25.0% of the purchase or manufacturing costs
0,5 – 1 times	12.5% of the purchase or manufacturing costs
Over 1 – 1,5 times	5.0% of the purchase or manufacturing costs
Over 1,5 – 3 times	2.5% of the purchase or manufacturing cost
Over 3 times	0% of the purchase or manufacturing costs

There are no calculated value adjustments if additional acquisitions of the same raw material are made in the reporting period.

Semi-finished and finished products:

Inventory turnover rate	Value adjustment
Under 0,5 times	100% of the purchase or manufacturing costs
0,5 – 1 times	50% of the purchase or manufacturing costs
Over 1 – 1,5 times	20% of the purchase or manufacturing costs
Over 1,5 – 3 times	10% of the purchase or manufacturing costs
Over 3 times	0% of the purchase or manufacturing costs

The value adjustments calculated in this way are checked by the relevant MD and adjusted for normal saleability or longer shelf life. Inventories with a disposal value that can be realised below the purchase or manufacturing cost are not included in this and their value should be adjusted in accordance with the «lower of cost or market» principle. The current market price is assumed when defining the disposal value. The usual revenue deductions, sales and outstanding administrative costs have to be deducted from this amount.

Consumption is measured in accordance with the first expiring date first out principle.

Interim profits on internal Group inventories are, if significant, eliminated and affect net income.

Discounts (in the sense of markdowns) granted by suppliers are entered as acquisition price reductions.

Prepayments or deferred income

Accrual and deferral items, valued at the nominal or effective value, do not include under or overvaluations.

Impairment

A check is made on each balance sheet date to see if assets are impaired in value. The check is based on events and indicators that show, that an overvaluation of the book value seems possible. A loss from value impairment is posted with an effect on net income if the book value of an asset exceeds the recoverable amount. A recoverable amount is the higher of the net market value and the utility value. A value impairment recorded in earlier reporting periods can be partially or completely cancelled with an effect on net income if the factors defining the recoverable amount have significantly improved.

Fixed assets

The maximum valuation limit for the fixed assets is based on the acquisition costs less the depreciation necessary for business reasons. An exception to this is property that has been included at a prudent market value. Long-term depreciation is taken into account. Depreciation is calculated on a straight line basis over the useful life of the fixed asset. All investments apply – and so are capitalised – as do all acquisitions over a value of CHF 5,000. Projects in process are capitalised as current investment projects and are not depreciated.

Asset group	Service life
Property	25–100 years
Devices, warehouse equipment, fixed equipment	5–75 years
Machines, production appliances	5–50 years
Office equipment, IT systems, communication, fittings	5–20 years
Vehicles	5–25 years
Intangible assets	5–20 years

Leasing

Assets from financing leasing are capitalised and the relevant leasing liabilities are posted as a liability. With amortisations, the interest is charged directly to financial expenditure. Expenses for operating leasing are charged directly to the income statement.

Financial assets

Financial assets include long-term held securities, deferred tax credits as well as assets from pension funds and employer contribution reserves and long-term receivables from third parties. The securities are valued at acquisition prices, less operationally necessary value adjustments.

Intangible assets

Goodwill, software, patents and licenses are all balanced under intangible assets. These are balanced at acquisition cost or at a lower utility value. They are depreciated beyond their economic service life on a straight line basis.

Short-term/long-term external capital

Valuation of liabilities is at the nominal amount. Short-term external capital includes liabilities with due dates of less than 12 months and short-term accrual items. Long-term liabilities include financing with a runtime of more than a year.

Provisions

A provision is a probable obligation based on an event before the balance sheet date, the amount of which and/or due date is uncertain, but can be estimated. This obligation warrants a liability. It is defined in accordance with standard and constant business criteria.

Deferred taxes

The revenue taxes payable on taxable profits for the individual companies are accrued. Capital taxes incurred are also accrued.

The deferred taxes are entered at currently applicable tax rates (12% for companies with exclusive tax liability in the Lucerne canton or 15% for HOCHDORF Nutritec Ltd. and 18% for MGL Baltija UAB) on all differences between tax and Group values. There are no negative valuation differences that could lead to tax credits. Clearable tax credits from carried forward losses are capitalised if it is likely that they might be realised in the future by sufficient taxable profits. Capital taxes are posted in the operational costs.

Derivative financial instruments

HOCHDORF Group uses derivative financial instruments to hedge its currency and interest rate risks. They are recorded in the balance statement if they fulfil the definition of an asset or liability. The tools are explained in the notes.

Employee pensions

HOCHDORF Holding Ltd.'s pension liabilities and those of its subsidiaries in Switzerland are set out in the completely autonomous HOCHDORF Group pension fund. The pension scheme includes a defined contribution in accordance with Swiss GAAP FER 16. The costs resulting from the employee pension are charged to the income statement for the appropriate period.

Employees and former employees receive different employee pension payments or old-age pensions corresponding to the legal requirements applicable in the countries where they are paid out.

Net sales revenue and revenue recognition

Net sales revenue includes the invoiced goods sales to third parties. Turnover is regarded as valid upon delivery or delivery fulfilment.

Research and development

Research and development costs are charged in full to the income statement. These costs are included in the items "Personnel expenses" and "Remaining operating costs".

Contingent liabilities

Contingent liabilities are valued on the balance sheet date. A provision is formed if a cash outflow is likely without a useful cash inflow.

Transactions with related parties

Business relations with related parties are conducted under conditions in line with the market. There have been no significant transactions with either shareholders or with related persons or companies.

Risk report

Risk management and risk policy

Enterprise automatically involves opportunities and threats. The HOCHDORF Group has been an increasingly successful player in European and global enterprise for more than 117 years. Management and planning systems have to be improved on an ongoing basis to ensure competitiveness and future potential but also to identify and manage existing risks at an early stage.

It was for this reason, that we began looking at risk management in a systematic and structured way at the end of the 1990s. A professional risk management system was introduced in 2007.

We now have a specifically designated risk management centre, which reports directly to the management team. The risk management area has the relevant practical skills and maintains all the organisational provisions such as risk policy and risk strategy as well as all the process descriptions.

For higher-level issues, risk committees can be deployed to bring their expertise and decision-making skills to resolve particular problems.

Risk management provides important support in protecting and securing future potential. The general risk awareness of the management team and employees is increased by annual risk assessments.

The risk assessment includes all business processes. The reporting includes the following areas:
– strategic risks (risk from development and the situation in society)
– market risks (sales market risks)
– financial market risks (investment and financing risks)
– political/legal risks/organisation and management
– service risks (risks from production and procurement as well as research and development)

Risk assessment

Our strategy is to generate sustainable profitable growth. The strategic risks are closely related to the main area of business – the milk market and the raw material of milk. Analysis has shown, that the defined competence profile shows a healthy basis for gaining competitive advantages as well as internal strengths. This provides us with endless opportunities to meet strategic objectives and prepare ourselves for any challenges we may face in the foreseeable future. This positioning is underpinned by strategic partnerships. We defined alternative courses of action as part of our risk strategy and adopted targeted measures to identify risks.

Substantial market risks due to turnover and material costs fluctuation arise in our markets for products with milk-derived ingredients, milk refinement powders, infant foods, products for the bakery business and cold-pressed wheatgerm. The basis for our study included market trend analysis, identification of market appeal and the competitive environment. The main focus of the analysis was on sales and procurement markets.

The analysis of the financial outlook is based on comparative data from rating agencies. From a financial point of view, we can be described as a healthy group. As with other companies of a similar structure, we have to explicitly mention "value fluctuations in holdings", "investment risks" and "accounts receivable losses", as well as "currency fluctuations".

The analysis also reveals mixed results in terms of the political/legal and organisational risks facing the company. There are opportunities and threats arising from political change and from the political circumstances (CH, EU, WTO) and the opening up of the milk market. We are addressing the risks from product liability with quality assurance and organizational measures, as well as appropriate product liability insurance. Risks from contractual agreements are minimised by employing appropriate legal expertise.

We have a clear understanding of how to deal with the risks involved in providing goods and services and we monitor them appropriately by observing basic commercial principles. We produce regular reports on the risks caused by business interruption. Emergency plans are in place and are regularly updated. These include estimates of internal and external interactions, such as capacity distribution and supplier evaluations.

Overall risk status

The risks are evaluated quantitatively and statistical procedures show their interconnectivity. This enables us to derive equity share, liquidity and credit requirements and to compare these with existing funds and the actual substance of the company.

Based on traditional rating analysis and on modern procedures for the 2013 planning year, the results are positive and compare favourably with the high credit level achieved by other similar companies.

Internal control system (ICS)

The HOCHDORF Group's internal control system is documented and the relevant responsibilities are defined. This is the basis for a functional system.

Our ICS ensures adherence to laws and regulations. It serves to protect our business assets and also plays an important part in preventing, reducing and uncovering errors and irregularities.

Our bookkeeping is made more reliable and complete. Prompt and reliable financial reporting is more likely.

Our ICS is geared towards specific business risks and our business processes, with particular attention paid to an optimal relationship between the cost and the usefulness of the information gained.

Notes to the consolidated financial statement

1. Cash and cash equivalents

The liquid assets are balanced at the nominal value and comprise the following:

CHF (1,000)	2012	2011
Cash	14	9
Postal account credit	1,304	10,810
Bank account credit	46,657	37,612
Transit accounts	20	–1
Short-term investments	140	169
Total	**48,135**	**48,599**

2. Receivables

CHF (1,000)	2012	2011
Trade receivables from third parties	32,614	31,247
./. Provision for doubtful accounts	–11	–3
Trade receivables from associated companies	48	0
Trade receivables from related parties	2,563	315
Short-term receivables from related parties	1,214	0
Other receivables	735	1,188
Total	**37,163**	**32,747**

Diversification means, there is no concentration of credit risk with regard to receivables from deliveries and services. The other receivables mainly result from credit from welfare institutions and from government bodies (VAT, Directorate General of Customs).

3. Inventories

CHF (1,000)	2012	2011
Raw materials, packaging materials, operating materials	5,415	6,056
Semi-finished products	10,166	8,447
Finished products, trade goods	11,660	17,900
Heating oil	693	552
Total	**27,934**	**32,955**

None of the inventories are pledged.

4. Prepayments and accrued income

CHF (1,000)	2012	2011
As at 31 December	**5,080**	**3,234**

The prepayments and accrued income are comprised of revenues not yet received as well as costs paid in advance.

5. Fixed assets

CHF (1,000)

	Property[1]	Equipment, warehouse equipment, fixed equipment	Machines, appliances, production, furnishings	Office equipment, IT systems, Communications equipment	Vehicles	Current investment projects[2]	Total
Net accounting value as at 1.1.2011	**53,018**	**25,585**	**65,787**	**9,673**	**1,200**	**3,576**	**158,839**
Purchase value as at 1.1.2011	**101,062**	**43,610**	**132,419**	**20,940**	**2,397**	**3,576**	**304,004**
Change in scope of consolidation [4]	0	0	0	–68	–50	0	–118
Additions	13	64	788	0	143	5,811	6,819
Disposals	–86	–249	–524	–16	–288	0	–1,163
Reclassification [3]	428	919	2,047	1,583	341	–5,318	0
Currency translation difference	–61	–56	–110	–2	–21	0	–250
As at 31.12.2011	**101,356**	**44,288**	**134,620**	**22,437**	**2,522**	**4,069**	**309,292**
Accumulated depreciation as at 1.1.2011	**48,044**	**18,025**	**66,632**	**11,267**	**1,197**	**0**	**145,165**
Change in scope of consolidation [4]	0	0	0	–68	–23	0	–91
Disposals	–30	–234	–433	–15	–228	0	–940
Depreciation	1,968	2,052	6,048	1,555	248	0	11,871
Currency translation difference	–8	–10	–19	–1	–6	0	–44
As at 31.12.2011	**49,974**	**19,833**	**72,228**	**12,738**	**1,188**	**0**	**155,961**
Net accounting value as at 31.12.2011	**51,382**	**24,455**	**62,392**	**9,699**	**1,334**	**4,069**	**153,331**
Net accounting value as at 1.1.2012	**51,382**	**24,455**	**62,392**	**9,699**	**1,334**	**4,069**	**153,331**
Purchase value as at 1.1.2012	**101,356**	**44,288**	**134,620**	**22,437**	**2,522**	**4,069**	**309,292**
Change in scope of consolidation [5]	0	0	0	3	2	0	5
Additions	49	60	10	0	192	8,410	8,721
Disposals [8]	–13,562	–8,553	–32,807	–6,247	–768	0	–61,937
Reclassification [3]	1,737	3,610	2,900	1,213	112	–9,572	0
Currency translation difference	–12	–11	–24	0	–4	0	–51
As at 31.12.2012	**89,568**	**39,394**	**104,699**	**17,406**	**2,056**	**2,907**	**256,030**
Accumulated depreciation as at 1.1.2012	**49,974**	**19,833**	**72,228**	**12,738**	**1,188**	**0**	**155,961**
Change in scope of consolidation [5]	0	0	0	1	1	0	2
Disposals [8]	–13,015	–8,490	–32,774	–6,226	–755	0	–61,260
Depreciation [7]	2,051	1,985	4,940	1,581	284	0	10,841
Impairment charges [6]	15,751	5,022	16,968	2,252	34	0	40,027
Currency translation difference	–2	–2	–4	0	–1	0	–9
As at 31.12.2012	**54,759**	**18,348**	**61,358**	**10,346**	**751**	**0**	**145,562**
Net accounting value as at 31.12.2012	**34,809**	**21,046**	**43,341**	**7,060**	**1,305**	**2,907**	**110,468**

1) The Group has free parcels of land at its disposal, but not undeveloped, separate property plots.

2) The current investment projects are plants under construction.

3) New acquisitions are posted with project numbers under “Current investment projects” as inward movements. After the start of operations, there is a transfer posting from the “Current investment projects” account to the appropriate fixed asset account. A decision is taken about which purchase costs are capitalised or posted via the income statement.
4) In the context of the sale of the HOCHDORF Nutribake Ltd.
5) In the context of the purchase of the HOCHDORF Deutschland GmbH.
6) The HOCHDORF Group was unable to increase the turnover and revenue (measured as EBIT) as expected in the past year. Following an internal analysis, the Board of Directors therefore decided to carry out a one-off non-cash value adjustment of the fixed assets of CHF 40 million. This measure was warranted by the failure to reach the objectives in the past two difficult business years as well as by the relatively large difference between the stock exchange capitalisation and the balance sheet total. The expansion and capacity strategy of the HOCHDORF Group has suffered in recent years under unfavourable exchange-rate conditions as well as the capacity and efficiency problems linked to them. As a result, the financial goals could only be partially achieved and the Board of Directors decided to check the valuation of the fixed assets. Examination of the relevant balance sheet items showed a value adjustment requirement of around CHF 40 million. The carrying amount of fixed assets of HOCHDORF Nutritec Ltd. is therefore reduced by this amount . The amortisation was only recorded in the Swiss GAAP FER financial statement for HOCHDORF Nutritec Ltd. and does not affect the financial statement for HOCHDORF Nutritec Ltd. under statutory law. Taking account into the cancellation of deferred taxes, the 2012 Group accounts, in accordance with Swiss GAAP FER, are charged with an extraordinary, non-cash expenditure of around CHF 34 million.
7) The service life of all significant assets was reassessed in 2012. Many of the assets were found to have a longer service life and this was then agreed. Adjustments to the service life result in lower depreciation contributions. These amount to around CHF 1.13 million per year or CHF 94,000 per month. The lower depreciation costs affect nine months in 2012.
8) In 2012, assets were written off in the inventory system if they had a residual value of CHF 0 and are no longer in operation.

Of which in financial leasing
CHF (1,000)

	Machines, appliances production	Outstanding leasing payments
Net accounting value 1.1.2011	**861**	**171**
Procurement values		
As at 1.1.2011	**1,019**	**171**
Disposals of instalments	0	–145
Currency translation difference	–30	0
As at 31.12.2011	**989**	**26**
Cumulated value adjustments		
As at 1.1.2011	**158**	**0**
Depreciation	54	0
Currency translation difference	-6	0
As at 31.12.2011	**206**	**0**
Net accounting value 31.12.2011	**783**	**26**

CHF (1,000)	Machines, appliances production	Outstanding leasing payments
Net accounting value as at 1.1.2012	**783**	**26**
Purchase value		
As at 1.1.2012	**989**	**26**
Disposals for instalments	0	–26
Currency translation difference	–6	0
As at 31.12.2012	**983**	**0**
Accumulated dpreciation		
As at 1.1.2012	**206**	**0**
Depreciation	53	0
Currency translation difference	–1	0
As at 31.12.2012	**258**	**0**
Net accounting value as at 31.12.2012	**725**	**0**

As of 31.12.2012, all liabilities for financial leasing are settled. These assets are therefore no longer leased and are freely available.

6. Associated companies at equity

CHF (1,000)		2012	2011
HOCHDORF Swiss Whey Ltd., Hochdorf	Share capital	3,000	3,000
	Equity	2,854	2,854
	50 % holding	1,427	1,427
Total		**1,427**	**1,427**

7. Financial assets

CHF (1,000)	2012	2011
Securities, loans	30	30
Capital cost credit	30	90
Deferred tax assets	693	704
Assets from employer contribution reserves	7,227	7,068
Long-term receivables from third parties	400	400
Total	**8,380**	**8,292**

The capital cost credit corresponds to the capitalised commission for initiating the syndicated loan, which is depreciated over its duration. The deferred tax asset result from existing carried forward losses from 2011, which can be offset by future profits, as well as from the generation of deferred tax credits in the elimination of inter-company profit from inventory. Capitalised tax credits from losses carried forward from 2010 and earlier were liquidated via tax expenditure as a precaution in 2011.
The long-term receivables from third parties consist of a receivable from a plant manufacturer's service agreement.

Taxable losses carried forward after the due date

CHF (1,000)	2012	2011
2015	159	466
2016	3,521	3,521
2017	3,514	3,514
2018	3,953	3,953
2019	1,589	0
Total	**12,736**	**11,454**

Pension fund

CHF (1,000)

Employer contribution reserve	Nominal value 31.12.2012	Waiver of usage 31.12.2012	Balance 31.12.2012	Formation/ use for 2012	Balance 31.12.2011	Result of the committee of works and staff councils in terms of staff costs 2012	2011
HGR pension fund	**7,227**	**0**	**7,227**	**159**	**7,068**	**0**	**0**

The posting of interest from employer contribution reserves by the pension facility appears as a credit in the financial revenues. Interest of 2.25% was calculated on the employer contribution reserves in 2012.

CHF (1,000)

Economic benefit/ economic liability and pension expenditure	Credit/debit balance 31.12.2012	Commercial part of the organisation 31.12.2012	Commercial part of the organisation 1.1.2012	change to previous year	Contributions accrued in the period	Pension expenditure in staff costs 2012	Pension expenditure in staff costs 2011
HGR pension fund	**9,194**	**0**	**0**	**0**	**0**	**0**	**0**

8. Intangible assets [1]

CHF (1,000)

	Goodwill Nuxo-Marketing	Software licenses	Current investment projects	Total
Net accounting value as at 1.1.2011	**960**	**2,610**	**7**	**3,577**
Purchase value				
As at 1.1.2011	**2,400**	**5,593**	**7**	**8,000**
Change in scope of consolidation [2]	–2,400	0	0	–2,400
Disposals	0	0	–7	–7
As at 31.12.2011	**0**	**5,593**	**0**	**5,593**
Cumulated value adjustments				
As at 1.1.2011	**1,440**	**2,983**	**0**	**4,423**
Change in scope of consolidation [2]	–1,500	0	0	–1,500
Depreciation	60	709	0	769
Currency translation difference	0	–1	0	–1
As at 31.12.2011	**0**	**3,691**	**0**	**3,691**
Net accounting value as at 31.12.2011	**0**	**1,902**	**0**	**1,902**
Net accounting value as at 1.1.2012	**0**	**1,902**	**0**	**1,902**
Purchase value				
As at 1.1.2012	**0**	**5,593**	**0**	**5,593**
Additions	21	86	0	107
Disposals	0	–277	0	–277
As at 31.12.2012	**21**	**5,402**	**0**	**5,423**
Accumulated depreciation				
As at 1.1.2012	**0**	**3,691**	**0**	**3,691**
Disposals	0	–249	0	–249
Depreciation	21	695	0	716
As at 31.12.2012	**21**	**4,137**	**0**	**4,158**
Net accounting value as at 31.12.2012	**0**	**1,265**	**0**	**1,265**

1) Intangible assets only cover acquired assets. Own brand names and licenses are not evaluated and not balanced on the balance sheet date.
2) In the context of the sale of HOCHDORF Nutribake Ltd.

9. Trade payables

CHF (1,000)	2012	2011
To third parties	29,604	31,084
To related parties [1]	1,074	511
Total	**30,678**	**31,595**

1) Related parties included associated companies and other related parties.

10. Current financial liabilities

CHF (1,000)	2012	2011
Other financial liabilities	3	43
Other financial liabilities with related parties [1]	500	500
Liabilities from share aquisition by related parties [1]	3,795	850
Bank loans [2]	40,000	0
Total	**44,298**	**1,393**

1) Related parties included associated companies and other related parties.
2) Syndicated loan over CHF 40 million with a due date as at 30.06.2013 was reclassified on the balance sheet under short-term financial liabilities. Negotiations over an extension of the loan are progressing positively and we expect the agreement to be signed in April.

The remaining financial liabilities include short-term bank loans. The remaining financial liabilities with related parties include the amortisation instalments on HOCHDORF Swiss Whey Ltd. due in 2013.

11. Other current liabilities

CHF (1,000)	2012	2011
Other current liabilities	35	38
Employee overtime	–54	295
Employee holiday credits	435	408
Salary accounts (salary payments, AHV, SUVA, current account etc.)	148	156
Government bodies (taxes, source taxes)	113	169
Total	**677**	**1,066**

12. Deferred income

CHF (1,000)	2012	2011
As at 31 December	**6,124**	**1,775**

The deferred income essentially includes accruals in the context of reimbursements and commissions as well as invoices not yet received for goods receipts and other supplier services (power, water, transport).

13. Non-current financial liabilities

CHF (1,000)	2012	2011
Mortgages, loans 1)	3,875	4,375
Liabilities from share aquisition by related parties 2)	0	3,824
Bank loans	0	40,000
Convertible loan 3% from 30.05.2011 to 30.05.2016	50,000	50,000
Total	**53,875**	**98,199**

1) Of which CHF 3.875 million loan from the associated HOCHDORF Swiss Whey Ltd. to HOCHDORF Nutritec Ltd.
2) The item includes the share of the outstanding obligation from the share acquisition due in the long term.

Scaling of terms (long-term and short-term financial liabilities)

CHF (1,000)	2013	2014	2015	2016	2017	>2017	Total
Bank loans, loans 2)	40,500	500	375	0	0	3,000	44,375
Conversion loan 1)	0	0	0	50,000	0	0	50,000
Liabilities from share acquisition	3,795	0	0	0	0	0	3,795
Remaining financial liabilities	3	0	0	0	0	0	3
Total	**44,298**	**500**	**375**	**50,000**	**0**	**3,000**	**98,173**

1) Convertible loan for a nominal CHF 50 million; from 30.5.2011 to 30.5.2016; interest rate 3% for the entire duration; conversion price CHF 124; securities number 12,931,421; ISIN CH0129314214
2) Syndicated loan over CHF 40 million with a due date of 30.06.2013 was reclassified on the balance sheet as short-term financial liabilities.

14. Provisions

CHF (1,000)

Development of provisions	Deferred taxes	Other provisions	Damages claims	Total
As at 31.12.2010	**10,475**	**375**	**540**	**11,390**
Change in consolidation basis 1)	–220	0	0	–220
Provisions made (with effect on net income)	1,558	0	704	2,262
Provisions utilised	0	–375	–684	–1,059
Provisions released	–1,220	0	0	–1,220
Currency differences	–32	0	0	–32
As at 31.12.2011	**10,561**	**0**	**560**	**11,121**
Provisions made (with effect on net income)	0	0	150	150
Provisions used	0	0	–503	–503
Provision released 2)	–6,269	0	–57	–6,326
Currency differences	–7	0	0	–7
As at 31.12.2012	**4,285**	**0**	**150**	**4,435**

1) In the context of the sale of HOCHDORF Nutribake Ltd.
2) Of which CHF 6 million relate to the impairment of fixed assets.

Notes to the consolidated income statement

The following explanatory notes are given to supplement the income statement, structured in accordance with the overall cost procedure (production income statement).

15. Sales of products

By product groups

CHF (1,000)	2012		2011	
Milk products/cream	79,676	23.02%	86,628	25.02%
Milk powder	170,077	49.14%	186,385	53.84%
Baby food	70,479	20.36%	49,166	14.20%
Specialities/wheatgerm	5,348	1.55%	6,217	1.80%
Bakery/convectionary goods	7,791	2.25%	12,534	3.62%
Remaining products/services	12,737	3.68%	5,268	1.52%
Total	**346,108**	**100.00%**	**346,198**	**100.00%**

By region

CHF (1,000)	2012		2011	
Switzerland/Liechtenstein	227,538	65.74%	232,093	67.04%
Europe (EU)	70,193	20.28%	67,352	19.46%
Europe (rest)	1,521	0.44%	2,873	0.83%
Asia/Middle East	38,083	11.00%	32,181	9.29%
USA	214	0.06%	215	0.06%
Americas (rest)	674	0.20%	166	0.05%
Rest	7,885	2.28%	11,318	3.27%
Total	**346,108**	**100.00%**	**346,198**	**100.00%**

16. Other revenue

CHF (1,000)	2012	2011
Various remaining revenue	506	376
Total	**506**	**376**

Larger items in the various remaining revenues include employee private shares and office space rental.

17. Reductions in proceeds

CHF (1,000)	2012	2011
Discounts, contingency reserves, accounts receivable losses 1)	–96	–345
Reimbursements, commissions, rebates	–2,715	–2,433
Duties	–1	–100
Various reductions in proceeds 2)	314	–73
Total	**–2,498**	**–2,951**

1) There were no significant losses from accounts receivables in the current year.
2) Various reductions in proceeds include individual damage claims from deliveries and services. The balance is shown net since cancellations of the provisions made also occur via the damages claims account.

18. Staff costs

CHF (1,000)	2012	2011
Wages	–26,192	–25,592
Social contributions	–4,298	–4,341
Incidental wage costs including temporary staff	–1,965	–1,274
Total	**–32,455**	**–31,207**

19. Other operating costs

CHF (1,000)	2012	2011
Facilities expenditure	–3,656	–3,342
Maintenance, repairs	–4,771	–4,558
Vehicle and transport costs	–6,240	–5,766
Insurance, fees, duties	–850	–790
Energy and disposal expenditure	–13,588	–13,053
Administration and IT expenditure	–3,430	–3,176
Advertising costs	–866	–965
Various other operating costs	–3,916	–3,916
Total	**–37,317**	**–35,566**

20. Financial results

CHF (1,000)	2012	2011
Interests from cash and cash equivalents	39	625
Revenues from holdings and financial assets	184	16,629
Value adjustment from financial assets	10	0
Exchange rate gains	0	828
Total financial revenue	**233**	**18,082**
Interest costs	–4,005	–4,138
Deposit fees, bond fees	–7	–2,035
Value adjustment from financial assets	0	–168
Exchange rate losses	–254	0
Total financial expenditure	**–4,266**	**–6,341**
Total	**–4,033**	**11,741**

21. Extraordinary results

CHF (1,000)	2012	2011
Profit from the disposal of operational assets	–153	84
Fixed assets value adjustment	–40,027	0
Cancelling of deferred taxes on the value adjustment of the fixed assets	6,004	0
Making/cancelling contingency reserve provisions	3	0
Exceptional expenditure	–95	–853
Exceptional revenue	154	638
Total	**–34,114**	**–131**

Extraordinary expenditure and revenue covers all expenditures and revenues from projects that are not capitalised. The fixed assets value adjustment includes the adjustment of fixed assets in line with point 5. The cancelling of deferred taxes on the value adjustment of the fixed assets was calculated at the composite rate of 15% (different tax rates for the cantons of Lucerne and Thurgau).

22. Taxes

CHF (1,000)	2012	2011
Current income taxes	–177	–241
Deferred taxes	254	–877
Total	**77**	**– 1,118**

Valuation of deferred taxes occurs in line with the tax rates that are actually expected in meeting future tax liability or in the realisation of future receivables (liability method). The tax rate is 12% for companies exclusively based in the canton of Lucerne; it is 15% for HOCHDORF Nutritec Ltd., with its production in the Thurgau canton. 18% is used for the subsidiary in Lithunia and 25% for the subsidiary in Germany.

Capital taxes are posted separately in operating costs. 2011 and years before have been definitively assessed. Actual taxes of CHF 221,000 were paid in 2012 (previous year CHF 31,000).

23. Earnings per share

	2012	2011
Share balance as at 1.1.	887,928	891,686
Share balance as at 31.12.	894,273	887,928
Weighted average shares outstanding	891,101	889,807
Company result before minority interests	–35,156,989	12,381,405
Company result per share in CHF	**–39.45**	**13.91**

To determine the company result per share, the company results due to the HOCHDORF Group shareholders is divided by the average number of outstanding shares. Own shares held are not included in the calculation of the average outstanding shares.

Further notes

Unsettled derivative financial instruments

Exchange rate instruments	Value change	2012 Assets value	2012 Liabilites value	Purpose	Value change	2011 Assets value	2011 Liabilities value	Purpose
Currency options	0	0	0			0	0	Protection
Forward exchange contracts	–86	0	86	Protection		0	0	Protection
Total assets and liability values	**–86**	**0**	**86**			**0**	**0**	

Derivative financial instruments, which do not meet the definition of assets or liabilities, are not included in the balance sheet. As per the balance sheet date, there are forward exchange contracts over EUR 9 million due in 2013 (previous year: none).

Pledged assets
None.

Leasing debts
None.

Fire insurance values for fixed assets

CHF (1,000)	2012	2011
Property	95,752	96,130
Fixed assets and goods	305,408	305,437
Total	**401,160**	**401,567**

Liabilities from pension fund

CHF (1,000)	2012	2011
HOCHDORF Group pension fund	296	297
Total	**296**	**297**

Goodwill offset against equity

Purchase costs

CHF (1,000)	2012	2011
As at 1 January	2,038	0
Additions	0	2,038
As at 31 December	**2,038**	**2,038**

Cumulated amortisations

CHF (1,000)	2012	2011
As at 1 January	–204	0
Amortisation	–1,834	–204
As at 31 December	**–2,038**	**–204**
Theoretical price as at 31 December	**0**	**1,834**

The goodwill results from the increase in the holding in HOCHDORF Nutricare Ltd. as at 1 July 2011 from 55% to 85%. This is shown based on a linear amortisation over 5 years (pro rata). This value was completely amortised as at 31 December 2012 with the impairment.

The effects of a theoretical capitalisation on the income statement and balance sheet are shown in the following table.

CHF (1,000)	2012	2011
Group result	–35,326	12,381
Goodwill amortisations	–1,834	–204
Theoretical company results	**–37,160**	**12,177**

CHF (1,000)	2012	2011
Equity	99,764	137,338
Theoretical goodwill	0	1,834
Theoretical equity	**99,764**	**139,172**

Transactions with related persons and companies
The business transactions with related persons and companies are based on standard commercial contracts and conditions. All transactions are contained in the consolidated annual accounts 2012 and 2011. These cover deliveries of goods and raw materials as well as services to and from related companies.

Transactions with associated companies

CHF (1,000)	2012	2011
Net sales	0	72
Cost of goods	–2,187	–2,581
Services revenue	334	114
Service costs	0	–3
Financial expenditure	–80	–98

Transactions with related companies

CHF (1,000)	2012	2011
Net sales	1,896	3,936
Cost of goods	–378	–50
Services revenue	19	19
Service costs [1)]	–1,665	–1,654
Financial revenue	23	9
Financial expenditure	–34	–97

1) Service costs include the employer contributions for employees, which are settled in the related HOCHDORF Group pension fund.

Contingent liabilities

The HOCHDORF Group is involved in legal proceedings through its subsidiary HOCHDORF Nutritec Ltd. This involves a legal dispute in connection with the production of infant formula for a French company. The complainant is making claims and demands with regard to unfulfilled deliveries of goods and the resulting lost revenue and profit. Based on consultation with its lawyer, HOCHDORF Nutritec Ltd. fully contests the validity of the claims and demands made against it as at January 2010.

An additional legal proceeding is pending with a Chinese customer with regard to the production of infant formula. The claims made relate to defective products, damaged packaging and incurred marketing expenditure. HOCHDORF Nutritec Ltd. accepts the claim in part with regard to defective products and has made an appropriate provision. It fully contests the other claims. However, it is not possible to completely exclude the possibility that parts of the other claims may still be judicially accepted.

Acquisition of HOCHDORF Deutschland GmbH

With the acquisition of HOCHDORF Deutschland GmbH the following components were added to the balance sheet:

Assets	CHF (1,000)	**Liabilities**	CHF (1,000)
Liquid assets	25	Liabilities from deliveries/services	208
Receivables	112	Remaining short-term external capital	6
Inventories	143	Deferred income	14
Fixed assets	5	Equity	57
Total assets	**285**	**Total liabilities**	**285**

Events after the balance sheet date

After the balance sheet date and until the adoption of the Group accounts by the Board of Directors, no significant events have occurred which would affect the informational value of the 2012 annual accounts or which must be disclosed here.

The consolidated annual accounts were approved in the form presented here by the Board of Directors at its meeting on 25 March 2013.

Report of the statutory auditor on the consolidated financial statements for the year 2012

BDO AG
Landenbergstrasse 34
6002 Luzern

Report of the statutory auditor on the consolidated financial statements to the general meeting of **HOCHDORF Holding Ltd., Hochdorf**

As statutory auditor, we have audited the accompanying consolidated financial statements of HOCHDORF Holding Ltd., which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 48 to 71) for the year ended 31 December 2012.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

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

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

We recommend that the consolidated financial statements submitted to you be approved.

Lucerne, 25 March 2013

BDO Ltd.

Bruno Purtschert	ppa. Stefan Oegema
Auditor in Charge Licensed Audit Expert	Licensed Audit Expert

Logistics is based on the latest technology. Logistics employees record the outbound goods on the move with scanners and tablet computers. The data is entered directly in the ERP system and posted. Fabian Kurmann scans products just before they are loaded onto the lorry.

HOCHDORF Holding Ltd.

Balance sheet as at 31 December

	2012 CHF	in %	2011 CHF	in %
Assets				
Cash and cash equivalents	13,480,530	6.9%	21,942,149	10.9%
Trade receivables				
– to third parties	3,917	0.0%	21,780	0.0%
– to Group companies	1,316,396	0.7%	1,026,080	0.5%
Other receivables				
– to third parties	9,041	0.0%	16,148	0.0%
– to Group companies	0	0.0%	86,864	0.0%
– to related companies	1,218,700	0.6%	0	0.0%
Current assets	**16,028,584**	**8.2%**	**23,093,021**	**11.5%**
Other fixed assets	801,641	0.4%	662,904	0.3%
Intangible assets	539,405	0.3%	855,122	0.4%
Financial assets	30,000	0.0%	90,000	0.0%
Loans to Group companies	126,198,575	64.8%	125,451,930	62.4%
Holdings	51,033,000	26.2%	51,033,000	25.4%
Non-current assets	**178,602,620**	**91.8%**	**178,092,956**	**88.5%**
Total assets	**194,631,204**	**100.0%**	**201,185,977**	**100.0%**
Liabilities				
Short-term financial liabilities				
– with third parties	40,000,000	20.6%	0	0.0%
Debts from deliveries and services				
– with third parties	258,535	0.1%	269,932	0.1%
– with related parties	47,654	0.0%	25,144	0.0%
– with Group companies	1,521,870	0.8%	2,468,800	1.2%
Other short-term liabilities				
– with third parties	44,528	0.0%	52,764	0.0%
– with Group companies	0	0.0%	2,081	0.0%
Accrued liabilities and deferred income				
– with third parties	1,207,624	0.6%	912,000	0.5%
Non-current liabilities				
– with third parties	50,000,000	25.7%	90,000,000	44.7%
– with Group companies	3,786,308	1.9%	8,594,659	4.3%
Total liabilities	**96,866,520**	**49.8%**	**102,325,380**	**50.9%**
Share capital	9,000,000	4.6%	9,000,000	4.5%
Own shares	–462,271	–0.2%	–989,973	–0.5%
Legal reserves	10,172,000	5.2%	10,172,000	5.1%
Reserves from capital investments	26,971,092	13.9%	29,671,092	14.7%
Reserves for own shares	481,126	0.2%	943,204	0.5%
Total legal reserves	***37,624,218***	***19.3%***	***40,786,296***	***20.3%***
Free reserves	19,866,462	10.2%	19,404,384	9.6%
Profit carried forward	30,702,625	15.8%	11,924,551	5.9%
Result for current year	1,033,650	0.5%	18,735,339	9.3%
Total equity	**97,764,684**	**50.2%**	**98,860,597**	**49.1%**
Total liabilties and equity	**194,631,204**	**100.0%**	**201,185,977**	**100.0%**

HOCHDORF Holding Ltd.

Income statement

	2012 CHF	in %	2011 CHF	in %
	1.1.12–31.12.12		1.1.11–31.12.11	
Sales of products	4'925'924	99.7%	7'760'623	99.8%
Sales of services	13'777	0.3%	19'449	0.2%
Gross sales revenue	**4'939'701**	**100.0%**	**7'780'072**	**100.0%**
Gross operating profit	**4'939'701**	**100.0%**	**7'780'072**	**100.0%**
Personnel expenses	–2'732'146	–55.3%	–3'485'117	–44.8%
Other operating expenses	–1'033'006	–20.9%	–3'231'568	–41.5%
Total operating expenses	–3'765'152	–76.2%	*–6'716'685*	*–86.3%*
EBITDA	**1'174'549**	**23.8%**	**1'063'387**	**13.7%**
Depreciation on property, plant and equipment	–174'833	–3.5%	–85'033	–1.1%
Amortisation on intangible assets	–370'222	–7.5%	–441'229	–5.7%
EBIT	**629'494**	**12.7%**	**537'125**	**6.9%**
Financial result	428'189	8.7%	18'175'505	233.6%
Extraordinary results	–30'683	–0.6%	15'041	0.2%
Profit before tax	**1'027'000**	**20.8%**	**18'727'671**	**240.7%**
Taxes	6'650	0.1%	7'667	0.1%
Company result	**1'033'650**	**20.9%**	**18'735'339**	**240.8%**

Notes to the financial statements 2012

Details in line with Art. 663 b ff.OR

1. Fire insurance value	31.12.2012 CHF	31.12.2011 CHF
Assets and goods (Group policy)	**300,600,000**	300,600,000

2. Holdings	Purpose	Currency	Capital	31.12.2012	Capital	31.12.2011
Schweiz. Milch-Gesellschaft AG, Hochdorf	Inactive	CHF 1000	100	**100%**	100	100%
HOCHDORF Nutritec Ltd., Hochdorf	Production	CHF 1000	30,000	**100%**	30,000	100%
HOCHDORF Swiss Milk Ltd., Hochdorf	Trade	CHF 1000	1,000	**100%**	1,000	100%
HOCHDORF Nutrifood Ltd., Hochdorf	Trade	CHF 1000	100	**100%**	100	100%
HOCHDORF Nutricare Ltd., Hochdorf	Trade	CHF 1000	1,200	**85%**	1,200	85%
HOCHDORF Nutrimedical Ltd., Hochdorf	Trade	CHF 1000	1,000	**55%**	1,000	55%

	31.12.2012	31.12.2011
3. Loan guarantees in favour of Group companies	None	None
4. Loans with subordination	None	None

5. Bond issue	
Type of bond	Conversion bond
Nominal amount	CHF 50 million
Securities number	12931421 / ISIN CH0129314214
Interest rate	3%
Duration	30 May 2011 to 30 May 2016
Conversion price	CHF 124
Repayment	30 May 2016 at nominal value or conversion

6. Largest shareholder	31.12.2012	31.12.2011
Weiss family and Innovent Holding AG, Wollerau *with 10,978 shares without voting rights*	6.22%	4.82%
ZMP Invest AG, Lucerne *with 4,581 shares without voting rights*	5.51%	<3.00%
HOCHDORF Group pension fund, Hochdorf	5.00%	5.00%
Rudolf Schrepfer, Hergiswil	3.50%	3.50%
Group Maurer, Hunzenschwil	3.26%	<3.00%

7. Liabilities from pension fund	31.12.2012 CHF	31.12.2011 CHF
Pension fund	47,654	25,144

8. Hidden reserves	31.12.2012 CHF	31.12.2011 CHF
Hidden reserves	270,861	0

9. Transactions with own shares

2012 business year				2011 business year			
01.01.2012	Balance	12,072 shares		01.01.2011	Balance	8,314 shares	
GJ 2012	Purchases	61,715 shares	at av. price 74.63	GJ 2011	Purchases	27,938 shares	at av. price 92.54
GJ 2012	Sales	67,088 shares	at av. price 74.36	GJ 2011	Sales	22,833 shares	at av price 103.83
GJ 2012	Allocations	972 shares	at av. price 86.50	GJ 2011	Allocations	1,347 shares	at av. price 91.21
31.12.2012	Balance	5,727 shares	at price 80.72	31.12.2011	Balance	12,072 shares	at price 78.13

10. Conditional capital

As at 31.12.2012 HOCHDORF Holding Ltd. had a conditional capital of a nominal CHF 4.5 million. This is directly related to the outstanding conversion loan of CHF 50 million which runs from 30 May 2011 to 30 May 2016.

Notes to the financial statements

Details in line with Art. 663 b ff.OR

11. Remuneration and shareholdings of the Board of Directors

	Base salary	Variable payment	Other payments	Non-mone-tary benefits	2012 CHF	2011 CHF
Board of Directors						
Hans-Rudolf Schurter, Chairman, Compensation Committee	78,000	0	8,000	0	86,000	86,000
Josef Leu, Deputy Chairman, Audit Committee	48,000	0	6,000	0	54,000	54,000
Rolf Schweiger	36,000	0	4,000	0	40,000	40,000
Anton von Weissenfluh, Compensation Committee	38,000	0	4,000	0	42,000	42,000
Urs Renggli, Audit Committee	44,000	0	6,000	0	50,000	50,000
Meike Bütikofer	36,000	0	4,000	0	40,000	40,000
Board of Directors total					**312,000**	**312,000**
Group Management						
Damian Henzi, CEO until mid December 2012	306,356	0	0	0	306,356	335,277
Other members	410,713	0	0	0	410,713	421,288
Group Management total					**717,069**	**756,565**

30% of the base salary for the Board of Directors is paid in the form of shares in HOCHDORF Holding Ltd. The remaining share is made in cash payments. There is no variable component for the Board of Directors. For Group Management, the base salary and the variable payment is paid in cash. Within the HOCHDORF Group, there are no share plans. Expenses and other non-monetary benefits are included in the other payments. As at 31 December 2012 there were no loans or credit with respect to current or former members of the Board of Directors or the Group Management or related persons. In the period under review, there were also no loans or credit granted. There were no unusual payments to current or former members of the Board of Directors or the Group Management related persons.

Shareholdings

As at 31 December 2012, the members of the Board of Directors and the Group Management (including related persons) held the following number of shares in the company:

Board of Directors	Number of shares **31.12.2012**	in %	Number of shares **31.12.2011**	in %
Hans-Rudolf Schurter, Chairman, Compensation Committee	6,397		5,826	
Josef Leu, Deputy Chairman, Audit Committee	889		723	
Rolf Schweiger	729		604	
Anton von Weissenfluh, Compensation Committee	715		583	
Urs Renggli, Audit Committee	4,054		2,301	
Meike Bütikofer	441		316	
Board of Directors total	**13,225**		**10,353**	
Group Management				
Damian Henzi, CEO until mid December 2012	10,397		10,397	
Marcel Gavillet, CFO, acting CEO	365		365	
Karl Gschwend, Managing Director HOCHDORF Nutritec Ltd.	100		100	
Group Management total	**10,862**		**10,862**	
Total of Board of Directors and Group Management	**24,087**	**2.68%**	**21,215**	**2.36%**

12. Risk management

The Board of Directors has periodically undertaken risk assessments and implemented measures as a result to ensure, that the risk of a material misstatement in the accounting is considered small. Further details are given in the explanation in the risk report section in the notes of the annual report.

Appropriation of available earnings

	31.12.2012 CHF	31.12.2011 CHF
Profit carried forward	30,659,890	11,900,740
Change to the balance of own shares from the previous year [1)]	42,735	23,811
Profit current year	1,033,650	18,735,339
Total available to the General Meeting	**31,736,275**	**30,659,890**

Application for the use of balance sheet profit

Carried forward	31,736,275	30,659,890
Total appropriation of profit	**31,736,275**	**30,659,890**

1) No dividends are paid on the balance of own shares.

Application for dividend payment from capital investment reserves

Reserves from capital investments	**26,971,092**	**29,671,092**
Transfer posting of reserves from capital investments into free reserves [2)]	–2,700,000	–2,700,000
Remaining reserves from capital investments	**24,271,092**	**26,971,092**

2) Dividend CHF 3.00 (previous year CHF 3.00) per nom. CHF 10.00 share capital from reserves from capital investments.	2,700,000	2,700,000

Report of the statutory auditor on the financial statements for the year 2012

BDO AG
Landenbergstrasse 34
6002 Luzern

Report of the statutory auditor to the general meeting of HOCHDORF Holding Ltd., Hochdorf

As statutory auditor, we have audited the accompanying financial statements of HOCHDORF Holding Ltd., which comprise the balance sheet, income statement and notes (pages 74 – 78) for the year ended 31 December 2012.

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 fi-nancial 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 the 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 2012 comply with Swiss law and the company's articles of incorporation.

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

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

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

Lucerne, 25 March 2013

BDO AG

Bruno Purtschert	ppa. Stefan Oegema
Auditor in Charge Licensed Audit Expert	Licensed Audit Expert

Corporate Social Responsibility

Corporate Social Responsibility or how the HOCHDORF Group sees its responsibility as a company. The HOCHDORF Group has been fulfilling its obligations in society and in its environmental responsibility since 1985. Various activities focused on sustainable business over the past two years in Switzerland are a testimony to our corporate social responsibility.

Our employees

The HOCHDORF Group employed a total of 381 members of staff as of 31.12.2012. The number of employees in Switzerland (334 as of 31.12.2012) has remained constant in a two-year comparison. We value the experience and commitment of our employees and reward just five years of service with a company loyalty gift.

Profit sharing and equal opportunities

In recent years, the current difficult economic climate has required levels of commitment, mobility and flexibility that have gone beyond what might normally be expected. We do not take this for granted and we are proud of our employees and the contributions they make towards their daily work. It is for this reason, that our employees share in the company's success. The HOCHDORF profit sharing model applies to all employees – from the apprentice to the CEO.

Men and women have the same opportunities in our company and the basic principle is: The same pay for the same work. A little over a quarter of our staff are women (28%). The proportion of women in middle and senior management positions increased in the past two years from 12% to 18%.

Shift regulations

All shift workers have the right to a paid half-hour break. This makes the actual working shift about 7.6 hours. The allowances for night shifts are – in addition to 10% time credit – 34% instead of the legally required 25%. This is further supplemented by a Sunday credit. HOCHDORF employees also have at least 24 days holidays per year.

Pension fund

Our pension fund has fared well in the face of the financial and economic crisis and remains robust. The cover ratio is 110.3% (as of 31.12.2012) and the savings balance earned interest of 2.25%. Employees have the flexibility to take their pension between the ages of 58 and 70.

Training

By the end of 2012 the HOCHDORF Group had trained 10 apprentices – 6 business administrators, 3 food technologists and a laboratory assistant. In 2012 we extended our apprenticeship programme. In summer 2013 we will be offering two apprenticeships in Sulgen as food technologists. We can offer the laboratory assistant training programme again in summer 2014.

By training new workers, we are playing an important role in investing in the future of young people and in maintaining the high quality of vocational training in Switzerland. However, the HOCHDORF Group goes beyond just providing training – we also try to make it easier for people to start a career. In the last two years we were able to give permanent contracts to three business administrators and two food technologists. This corresponds to a ratio of 50%.

Additional training

Life-long learning grows in importance as careers progress. It is not possible to develop and gain expertise without additional training. Yet, the HOCHDORF Group depends on experts. This is why we offered several internal management courses on topics such as recruitment and management communication. A total of 40 people took part in these courses. Hygiene is of particular importance in a foodstuffs enterprise. Our employees receive regular basic training; we also organise a hygiene day with external speakers every year.

HOCHDORF employees also have the opportunity to pass on their expertise to their fellow colleagues. There are detailed lunchtime information sessions on halal and kosher certificates, as well as the current status of the milk market, for example. These forums are received with great interest by the employees and will be offered at both Swiss sites, when possible.

Appraisal interviews

Each employee has at least one annual target-setting and performance appraisal interview. The interviews follow a clear pattern. All management staff attended an additional training course on appraisal interview techniques in 2011. These interviews form the basis for personal development and career planning.

Employee key figures

	2012	2010	2008
Total number of employees (as of 31.12.)	**381**	377	431
Number of full-time employees*	**356**	354	402
Employees by area**			
Administration and Marketing/Sales	**61**	85	121
Lab and Development	**54**	48	32
Production	**192**	176	209
Supply Chain and Technology	**30**	30	68
Employees by site			
Hochdorf	**203**	231	266
Sulgen	**131**	108	63
Steinhausen	**0**	0	101
Medeikiai, MGL Baltija UAB	**44**	38	0
HOCHDORF Deutschland GmbH	**3**	0	0
Trainees in apprenticeship	**10**	11	15
Proportion of women in total	**28%**	27%	28%
Proportion of women in middle and senior management positions	**18%**	12%	14%
Staff turnover***	**5.09%**	10.03%	10.00%
Illness levels as a % of all working days	**1.36%**	1.25%	0.60%
Accident levels as a % of all working days	**0.40%**	0.65%	0.20%
Ratio of lowest slary to average Group Management salary	**1 : 4.6**	1 : 4.5	1 : 4.0

* Apprentices are calculated as 50 % post.
** Not including MGL Baltija UAB.
*** Persons leaving voluntarily compared to the average number of employees per year.

Employee commission

The HOCHDORF Group has had an employee commission in place again since mid 2012. The commission comprises representatives from the production and administration areas. It aims to represent all HOCHDORF Group employees to the Group management, with the following objectives:

– to promote a relationship of trust and good understanding between the Group management and employees and to safeguard common interests,
– to foster the development and satisfaction of all employees in their work and
– to further strengthen the participation and joint responsibility of employees in the company.

The participation levels are set out in the commission regulations and can only be amended by mutual agreement.

Our energy sources and energy consumption

The HOCHDORF Group processes and refines natural raw materials to make valuable ingredients, mainly for further processing by foodstuffs producers and also for foodstuffs that can be supplied directly to the end consumer. The main process is powder production. Sub-processes include concentrating, drying, mixing and packaging the powders based on milk, whey and cereals. Milk and whey are seen as highly perishable raw materials. The process media must therefore be available at all times and the processes have to be robust and stable. Drying plants always need process heat and fresh water and as a consequence they produce waste heat, CO_2 and waste water. We are committed to using available resources carefully and in a way that protects the environment. We also make investments to ensure we achieve this objective.

Consumption per ton of product is important

What is striking about the key figures listed to the right is that the figures for energy and water consumption are rising per quantity of milk processed, but mainly falling for quantity produced in tons. This is related to the fact that, in addition to milk powders, we are increasingly producing products that are milk or whey-based only, the remaining ingredients being fat, proteins and sugar. This reduces the significance of resource consumption in comparison to the quantity of milk processed. The key figures in comparison to the product quantity produced will therefore grow in importance in the coming years.

Significant CO_2 reduction

Significant investment in thermal processes and the switch from oil to gas heating meant, that we were able to exceed the CO_2 target agreed with the Swiss Energy Agency for Industry (EnAW) in 2001. CO_2 emissions have been reduced by 20% and we now produce around 4,500 tons less of CO_2 per year compared to 2001.

Consumption of fresh water

After a fall in 2010, fresh water consumption has risen again in 2012. However, in relation to the products made, we managed to reduce water consumption slightly by 5.2% compared to 2008. The HOCHDORF Group mainly needs clean fresh water to rinse equipment after cleaning. Fresh water is required in large quantities for the newly-installed filtration lines. We are working on plans for turning process water into clean rinsing water.

Outlook

As a responsible producer of foodstuffs, we are reliant on the sustainable management of natural resources. An intact natural environment is a prerequisite for producing healthy foodstuffs or ingredients. Much depends on the availability and quality of our main ingredients, milk and whey. We are currently working on a new CO_2 commitment. The HOCHDORF Group is committing itself to reduce CO_2 emissions by another 15% by 2020 – based on the average emissions in 2010 and 2011. These are legal requirements.

The HOCHDORF Group can make cost savings by protecting natural resources. In Sulgen we are currently conducting a comprehensive energy management review with the support of the Thurgau canton. This will result in measures to significantly reduce our energy consumption.

Energy and environment key figures*

	Unit	**2012**	2010	2008	(2008–2012) %
Milk quantity	t	**373,549.0**	325,924.0	359,362.1	3.95
Fossil-based energy total	kWh	**135,633,945**	108,679,309	126,068,586	7.59
of which natural gas	kWh	**135,111,352**	108,477,447	121,144,611	11.53
of which heating oil	kWh	**522,593**	201,862	4,923,976	–89.39
Total electricity	kWh	**24,607,287**	20,419,914	20,836,077	18.10
Energy/milk (fossil-based)	kWh/kg	**0.363**	0.323	0.351	3.50
Energy/milk (electricity)	kWh/kg	**0.066**	0.063	0.058	13.61
Quantity of fresh water	m^3	**655,799**	554,635	620,177	5.74
Quantity of waste water	m^3	**883,965**	758,424	839,516	5.29
Fresh water	l/kg**	**1.76**	1.70	1.73	1.73
Waste water	l/kg**	**2.37**	2.33	2.34	1.30
Produced products	t	**87,518**	89,905	78,467	11.53
Energy/output (fossil-based)	kWh/t	**1,549.8**	1,208.8	1,606.6	–3.54
Energy/output (electricity)	kWh/t	**281.2**	227.1	265.5	5.90
Fresh water	l/t***	**7,493.3**	6,169.1	7,903.7	–5.19
Waste water	l/t***	**10,100.4**	8,435.8	10,699.0	–5.60

* Figures not including MGL Baltija UAB.
** Litres of (waste)water per kg milk.
*** Litres of (waste)water per kg produced products.

The HOCHDORF Group in society

The HOCHDORF Group is in regular contact with various stakeholders and target groups. Our customers, our employees and our shareholders are particularly important to us. However, we also maintain contacts with authorities, associations, with the local population near the sites and with other groups.

Our Hochdorf and Sulgen sites provide us with solid ground for economic success. We are a reliable partner for the Seetal and Sulgen/Weinfelden region and hold a significant economic responsibility in Switzerland with our 334 employees. With salaries amounting to over CHF 32 million, we play an important role in terms of trade and taxation.
We also ensure, that local traders benefit from our investment projects as far as possible.

We appreciate both the rural location yet central proximity of our sites. We have found employees, who value loyalty and reliability as well as the belief in common goals, just as we do. For our part, we provide them with opportunities and job security. This is our contribution towards creating a stable society.

Our economic and political role

The HOCHDORF Group companies are both customers and partners within the agricultural industry. Our production includes an annual output of over 420 million kg of milk and whey. This provides many farming families with a regular income.

The HOCHDORF Group is the largest Swiss dried milk producer. We also assume an important regulatory function: milk that cannot be sold as fresh milk or marketed for further processing by the food industry in months of surplus, has to be dried and sold on the global market. This is one way in which HOCHDORF helps to offset regional, seasonal and market-related quantity fluctuations and to stabilise the market.

HOCHDORF is committed to mutual cooperation in around 50 national industry organisations, interest groups, commissions of experts and working parties. These include our involvement in fial (Federation of Swiss Food Industries), the milk industry organisation (BOM), the Swiss milk industry association (VMI) and the "Swiss Folic Acid Offensive" foundation.

Communication is crucial

Effective and targeted communication is important for the HOCHDORF Group. Corporate Communications ensures that the communication service provided both internally and externally is current, open and meets the needs of the target groups. It is essential that all shareholders are provided with information that is as simultaneous as possible and is relevant to the target group's particular requirements. As a listed company, we adhere to the ad hoc publicity guidelines of the SIX Swiss Exchange.

Internal communication channels include the intranet, e-mail, telenews (on-screen information), a monthly information bulletin and the bi-annual company newspaper, as well as other notices. In addition, there are three employee information meetings per year at each of the Group's Swiss sites. Group and company management use these events to inform staff about business development, new products, new regulations and important projects. Where possible, answers are given to questions that have been raised previously by employees or to questions that arise spontaneously at the meetings. The internal information policy is defined in writing and guarantees that information reaches the appropriate level, top down from the Board of Directors to the production workers with no access to a computer. Employees also have the opportunity to give their input to their immediate line manager or to go straight to the CEO. Since mid-2012 there has also been the option of taking a request straight to Group management via the employee commission.

The annual report, a shareholder letter for the half-yearly statement, the bi-annual "HOCHDORF Kurier" newspaper and an e-newsletter all regularly inform the HOCHDORF Holding Ltd. shareholders about business and Group development, as well as market conditions. Media representatives and analysts are informed about the annual results as part of the annual media conference; they receive the half-yearly results in writing. The HOCHDORF Group provides ad hoc information about events or business developments in press releases. All the information is also continually updated at www.hochdorf.com.

Sponsoring and donations

Small-scale sponsoring and donations form part of the HOCHDORF Group's wider responsibility in society. The Group focuses its commitment on activities in the immediate vicinity of the sites as well as in the areas of sport and charitable work.

In recent years, the HOCHDORF Group has been the main sponsor for the Hochdorf football club (FCH) and has also sponsored the Seetal hockey club (HCS). We have supported various events near Sulgen and Hochdorf, such as the Amriswiler Easter show jumping event, the tri and duathlons in Baldegg, the Lake Baldegg run in Hitzkirch, the Seetal bike marathon and the first RMV Argovia Bike Cup in Hochdorf. The HOCHDORF Group is also actively involved in championing charities. We have supported the local first aid organisation at blood donor events over a number of years, providing Héliomalt and milk. For the last two years, we have supported the "Chenderhand Seetal" association. The association provides day care, enabling many women to combine family life with a career.

Of course, the HOCHDORF Group also plays a prominent role in its core operational area. So, for example, we are supporting the agricultural festival to mark the 150-year anniversary of the farmers' association for Rothenburg/Hochdorf and the surrounding area. The HOCHDORF Group sponsored the Miss Seetal title at the local Brown Swiss cattle show in Hochdorf/Seetal. We support other cattle shows with newspaper ads or advertising boards. For several years the HOCHDORF Group has also been a committed sponsor of further training courses in agriculture and home economics at the Berufsbildungszentrum Natur und Ernährung Landwirtschaft (vocational training centre for nature, food and agriculture) at Hohenrain. Our commitment helps to ensure, that advertising projects cover a wide area. In 2011, we also supported the internationally focused "Milk Conference 2011" which was run by the Society of Milk Science and took place in Bern.

With regard to donations, the HOCHDORF Group supported around 100 camps, associations and organisations in the 2011 and 2012 business years by providing them with products such as Héliomalt original, wheatgerm spreaders, VIOGERM® wellness crisps, Vérofit or Femtorp mousse. It is a commitment that is greatly appreciated by the associations and schools. In many cases this has made it possible to keep the costs down for staying at camps, for instance. We appreciate the many thank-you cards we receive as they show, that our commitment is valued. Instead of customer Christmas cards, the HOCHDORF Group has been making donations to the Zoodo Foundation Switzerland for the past two years, supporting an orphanage for babies in Burkina Faso (www.zoodo.ch).

The HOCHDORF Group and folsäure.ch (Swiss Folic Acid Offensive)

The World Health Organisation (WHO) and the "Swiss Nutrition Report" have identified a global shortage in folic acid provision. Closing the folic acid gap is currently one of the most important measures we can take to improve our health and quality of life. The HOCHDORF Group has made a commitment in this area since the "Swiss Folic Acid Offensive" foundation was created. Several cold-pressed VIOGERM® wheatgerm products appear under the folic acid label.

Adresses and Company details

HOCHDORF Holding Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 66 66
holding@hochdorf.com
www.hochdorf.com

HOCHDORF Swiss Milk Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 67 00
swissmilk@hochdorf.com
www.hochdorf.com

HOCHDORF Nutricare Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 65 64
nutricare@hochdorf.com
www.hochdorf.com

HOCHDORF Nutrifood Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 67 00
nutrifood@hochdorf.com
www.hochdorf.com

HOCHDORF Nutrimedical Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 65 64
nutrimedical@hochdorf.com
www.hochdorf.com

HOCHDORF Swiss Whey Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 67 00
swisswhey@hochdorf.com
www.hochdorf.com

HOCHDORF Nutritec Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 66 37
nutritec@hochdorf.com
www.hochdorf.com

Werk Sulgen:
Industriestrasse 26
CH-8583 Sulgen

MGL Baltija UAB
Medeikiai, Parovéjos sen.
LT-41456 Birzai
Lithuania

HOCHDORF Holding Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 66 66
holding@hochdorf.com
www.hochdorf.com

Concept and editing
HOCHDORF Corporate
Communications
CH-6281 Hochdorf

Design
Monto Werbeagentur AG
CH-6341 Baar

Photography and image processing
Daniel Hurter; Pages 8, 15, 16, 18 bis 31, 40, 44/45 and 73
Hurter Werbung & Design
CH-5722 Gränichen
Urs Bigler; Pages 8 and 36
CH-6024 Hildisrieden

Layout and printing
SWS Medien AG Print
CH-6280 Hochdorf

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HOCHDORF Holding Ltd.
Siedereistrasse 9
Postfach 691
CH-6281 Hochdorf
Tel. +41 41 914 65 65
Fax +41 41 914 66 66
holding@hochdorf.com
www.hochdorf.com