



16th HOCHDORF Letter to Shareholders

Half-yearly report for the business year 2014, 1 January to 30 June 2014
(in accordance with Swiss GAAP FER)

First half year 2014: top lines

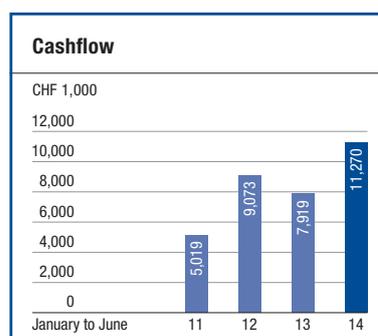
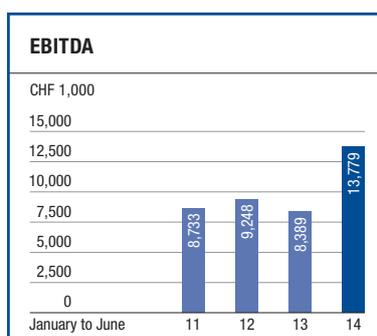
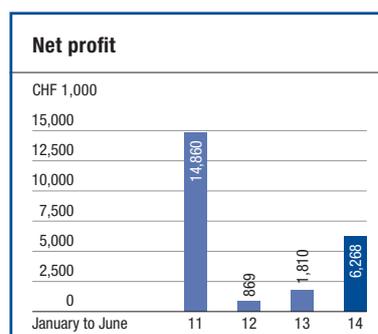
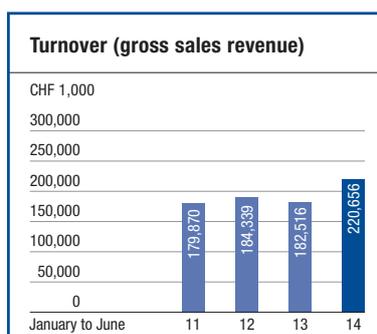
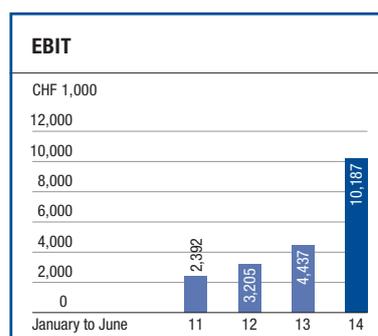
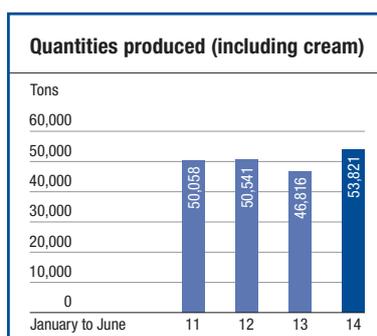
Compared to the previous half year, the first six months of 2014 were characterised by a significantly higher milk quantity, with our plants therefore working at higher capacity. At the same time we continued to move forward with our overall strategic planning. For more information on this, see pages 3 to 5.

Overall, the HOCHDORF Group processed 255.9 million kg of milk, whey and permeate (previous year, 229.3 million kg; +11.5%). Product sales enabled the Group to achieve gross sales revenues of CHF 220.7 million (+20.9% compared to previous year). Part of the growth in turnover can be explained by the increase in prices for the raw material of milk although 50,179 tons of products were also sold (+8.8% compared to previous year). The efficiency measures and savings undertaken last year were reflected in pleasing sales figures. The first six months showed an increase in the EBITDA of CHF 13.8 million (+64.3%) compared to the previous year and a significantly higher EBIT of CHF 10.2 million (+129.6%). Operational profits rose by 246.3% to CHF 6.3 million and the operating net profit margin improved to 2.6% (first six months of 2013: 0.9%).

The top lines (compared to last year, as at 30 June)

The HOCHDORF Group ...

- processed 255.9 million kg of milk, whey and permeate (+11.5%)
- produced a total quantity of 53,821 tons (previous year 46,816 tons)
- achieved gross sales revenues of CHF 220.7 million (+20.9%)
- reached a gross profit margin of 21.9% (previous year 23.4%)
- achieved an EBITDA of CHF 13.8 million (5.8% of the production revenue; previous year CHF 8.4 million; +64.3%)
- achieved an EBIT of CHF 10.2 million (4.3 % of the production revenue; previous year CHF 4.4 million; +129.6%)
- achieved a net profit of CHF 6.3 million. (previous year CHF 1.8 million; +246.3%)
- achieved a level of equity financing of 41.3% (42.6% per 31.12.2013)
- achieved a cash flow figure (earned capital) of CHF 11.3 million (5.2% of the net sales revenue; previous year CHF 7.9 million; 4.4% of the net sales revenue; +42.3%)



Dear shareholders,

The initial months of 2014 for the HOCHDORF Group were characterized by a significantly higher milk quantity than the previous year and substantial work on strategic projects. We were also extremely active on the market, as is reflected in the very good results for the first half of the year. Revenue figures exceeded expectations and so we are very pleased with the overall results.

Turnover and sales figures

HOCHDORF processed 255.9 million kg of milk, whey and permeate across the Group – a significantly higher quantity of liquid than in the previous year (229.3 million kg; +11.5%). This resulted in improved capacity usage for our plants. We achieved gross sales revenues of CHF 220.7 million, which is around 21% higher than the previous year's value of CHF 182.5 million. Part of this increase was influenced by higher milk prices, which were converted into higher sales prices on the market to a large degree. But the quantity of products sold just exceeded the 50,000-ton threshold for the first time at 50,179 tons (previous year: 46,109 t; +8.8%). This value does not include the pure milk trade in Lithuania.

Our efforts on the market, coupled with our efficiency and value-creation measures, have enabled us to achieve an EBITDA of CHF 13.8 million (+64.3%) and an EBIT of CHF 10.2 million (+129.6%). The operating net profit even increased by +246.3% to CHF 6.3 million. Unfortunately net profits were affected by unusually high expenditure (CHF 1.82 million) resulting from damages in the Baby Care area in 2011 (see "Notes on consolidated half-yearly results for 2014").

Strategic project work

The short and medium-term efficiency measures introduced last year had already impacted on the 2013 business year. The pleasing results have been achieved by these measures, along with much improved plant capacity usage compared to the previous year. We are also working on various strategic projects in order to improve the HOCHDORF Group's medium and long-term added value.

- Greater capacity usage on the production lines for infant formula is enabling us to gradually replace low-value with high-value projects.

- As already described in the 2013 Annual Report, we are simplifying the HOCHDORF Group's structures and processes in Switzerland. The "Simplex" project is on schedule and we want the new structure to be fully operational by 1.1.2015. The greatest challenge is in adapting our operating system (CSB).
- The "IoNex" project is also on schedule. The project team is working on the development process for high-quality lactose and whey protein production. These products will be used in our infant formula and sold on the international market.
- The "LagLo" project aims to reorganise warehouse logistics at the Sulgen site. Building work has already begun and we expect to have the pallet storage system fully operational by mid-2015 at the latest.
- The initial product and market analysis has already taken place in the children's food area; product development and the search for partners are ongoing here.

Outlook for 2014 as a whole

We have succeeded in maintaining significant growth in the Baby Care area in the first half of the year. We anticipate that the plants used in infant formula production will operate at capacity this year or next year. It is for this reason that we have intensified our search for an additional milk plant in the first half of 2014. We are currently still at an exploratory stage with this in Western Europe and are focusing our attention on Germany.

In the second half of the year we again expect a slight growth in milk quantities compared to the previous year, but we also anticipate a fall in the price of milk. This is not least due to the latest international price developments. However, because the price of Swiss A milk is falling too slowly, the price difference compared to the international milk price and the shortfall in "Schoggi law" funds are ever greater.

We expect to achieve the predicted growth of 10% across the entire Group, with between 18 – 22% for the Baby Care area. We are assuming that neither turnover nor profit will be as strong in the second half of the year as in the first. This is largely due to seasonal nature of milk quantities, with the greatest amounts coming between April and June, as well as the uncertainty over the extent of the shortfall in "Schoggi law" funding.

Business Areas

Milk derivatives

HOCHDORF Swiss Milk Ltd.

The picture was totally different in the first half of 2014, with far more milk available for processing compared to just a year earlier. Around 20% more milk was processed at the Hochdorf and Sulgen plants compared to the previous year. This is partly due to the general increase in milk quantities but also because of amounts made available by quantity restrictions on Emmental cheese production. To enable us to process these milk quantities, we accepted and processed significantly less whey than last year.

HOCHDORF Swiss Milk Ltd. achieved a total turnover of around CHF 134.0 million (+16.7% compared to the previous year). Part of the turnover increase is due to higher product prices, but more products were also sold compared to the first half of 2013 and a small amount of full milk powder was also exported with the support of Lactofama AG. This company was founded under the auspices of the Swiss Milk Producers' Organisation, with the aim of exporting seasonal milk fat surpluses from Switzerland.

There has been an increase in the milk quantity produced internationally, once more matching the 2012 quantity levels because of the good pricing. International prices for milk powder and butter are therefore lower and coming under increasing pressure. However, even abroad, it has not yet been possible to reduce the milk prices paid out to producers to the extent that the lower product prices demand. For this reason we expect the fall in international milk prices to continue over the next few months.

Conversely, the Swiss A milk price has not (yet) fallen. The growing difference between the Swiss and the international milk price is directly influencing the level of export funding ("Schoggi law" funding) provided by the Swiss government to bridge this gap. We expect that the funds made available by the government will not suffice. However, we will be able to plug the gap thanks to our joint solution with milk producers and so avoid recourse to the inward processing procedure for the products intended for export.

In the second half of the year our development department will focus strongly on process and product development for lactose and whey proteins. We anticipate being able to produce these products in around one year for our own use in HOCHDORF infant for-

mula and for the international sales market. Lactose and whey protein products will enable us to optimise our export portfolio and to achieve added value.

HOCHDORF Baltic Milk UAB

MGL Baltija UAB was renamed HOCHDORF Baltic Milk UAB in March 2014. In the first six months of the year the company processed 26.4 million kg of milk and whey, which was approximately the same amount as in the same period last year (-1.4%). However, the purchase and processing of additional milk concentrate enabled us to achieve a 20% increase in the quantity of products sold.

Overall HOCHDORF Baltic Milk achieved gross sales revenue of CHF 25.8 million (previous year: 14.5 million; +78.5%). A large part of the growth in turnover (CHF 8.0 million) is attributable to a milk exchange agreement with a Lithuanian dairy; even without this, however, turnover was increased by around 23%. The improved turnover can be explained by the relatively high international price level, which benefited the company directly, along with the favourable sales markets for milk protein concentrate and butter.

We anticipate a fall in international prices for milk derivatives by the end of the year. It is therefore important to closely match procurement and sales prices until then. This is particularly important because milk procurement conditions are still complex and likely to remain so in the second half of the year. Nonetheless, we are still expecting 2014 to be a good business year for HOCHDORF Baltic Milk UAB.

Baby Care

HOCHDORF Nutricare Ltd.

In the first six months of 2014, HOCHDORF Nutricare Ltd. increased its gross sales revenue by +18.1% to CHF 52.8 million (previous year CHF 44.7 million). We achieved this growth with existing customers and with new customers from Bulgaria, Peru, China and the Dominican Republic as well as in various other countries in conjunction with UNICEF.

The audit undertaken by the Chinese authorities (CNCA) was a very important issue in the first half of the year and the coordination of the various Swiss companies and authorities and their Chinese counterparts represented a particular challenge. On 7 May

2014 we were able to inform our Chinese customers that the Hochdorf and Sulgen production plants had succeeded in obtaining CNCA certification.

We are expecting further strong growth in China in the second half of the year – not least as a result of the successful Chinese audit. North Africa, Central Africa and the Middle East all remain important sales markets for us. We have succeeded in forging an important link in Latin America. Our partner there has a sales division that covers Peru, Uruguay and Paraguay. Our products will now also be available for the first time in Macedonia and Serbia. Growth of between 18% and 22% for the year as a whole therefore remains a realistic target.

We expect to reach full capacity for infant formula production in the HOCHDORF plants on account of sustained high levels of growth so far this year. We are therefore focusing medium-term planning on possible capacity extension projects, as mentioned in the 2013 Annual Report.

Cereals & Ingredients

HOCHDORF Nutrifood Ltd.

HOCHDORF Nutrifood Ltd. (including HOCHDORF Deutschland GmbH) achieved slightly lower gross sales revenue (CHF 9.3 million compared to CHF 10.1 million in the previous year; –8.4%). The main reason for this fall was the lower turnover in bakery products.

In the first six months of the year we have joined our distribution partners in advertising VIOGERM® wheat germ products more intensively in important export markets. These joint efforts have ensured that the project pipeline is very busy again. We have also been recognised with various product awards: the best burger in Switzerland contains VIOGERM® wheat germ, for instance, showing that the trend towards healthy eating is making itself felt in the fast food sector.

FEMTORP® Apple Cinnamon Mousse was originally developed as a limited edition product, but achieved turnover results in Germany that were far in excess of our expectations. We are now launching a second limited edition mousse, specifically targeting the Scandinavian market. It contains lime and liquorice – one of the most popular flavour combinations in the northern countries. This product will be launched on the Swedish market on 1 September 2014.

In order to consolidate its position on the market, HOCHDORF Nutrifood is continuing to pursue a policy of product differentiation. VIOGERM® wheat germ will soon be available in toasted form. HOCHDORF Nutrifood Ltd. retains its position as the company that supports healthy eating for all ages – from infants to pensioners.

Production company

HOCHDORF Nutritec Ltd.

The Swiss plants processed 189 million kg of milk (+19% previous year) and 25 million kg of raw whey (–31% previous year) from January to June. Net liquid intake (milk and whey) was 229.5 million kg (+13% previous year); 61% of this was supplied to the Sulgen plant and 39% to the Hochdorf plant. Milk production was particularly high in the spring when whey quantities had to be reduced. This meant that the milk line plants were worked at a very high capacity in the first half of the year.

Productivity rose continually from 1,200 to 1,400 tons per month (+15%) on the new line 8. In the first six months 7,663 tons were produced (previous year 6,100 t; +25%). Diversification on the can filling line is currently leading to bottlenecks for the powder quantities produced. We were also able to implement the first stage in the hygienisation of a spray tower system at the Hochdorf plant on time. The project involved optimizing plant cleaning and ensuring consistent zone separation.

In terms of energy supply, we opted out of the basic supply system. This led to a dramatic fall in supply prices including charges of around 15% per kWh. There was also a general reduction in production costs due to high capacity usage.

We expect average capacity usage in the second half of the year based on milk and whey, additional usage with the contract drying of specialities and very good capacity usage for the packaging lines in both plants. We have now launched large-scale projects to implement warehouse logistics and to improve profitability in whey processing and these will be fully operational in the second quarter of 2015.

Consolidated balance sheet

	30.06.2014		31.12.2013	
	CHF	in %	CHF	in %
Assets				
Cash and cash equivalents	28,284,512	11.2%	53,937,515	22.2%
Trade receivables	46,828,215	18.5%	36,775,396	15.1%
Receivables from related parties	4,074,692	1.6%	2,924,565	1.2%
Other short-term receivables	7,194,611	2.8%	808,079	0.3%
Inventories	47,240,274	18.6%	29,315,283	12.0%
Prepayments and accrued income	2,888,894	1.1%	2,108,176	0.9%
Current assets	136,511,198	53.9%	125,869,015	51.7%
Property, plant, equipment	33,244,039	13.1%	33,643,453	13.8%
Other fixed assets	74,575,884	29.4%	73,370,718	30.1%
<i>Total fixed assets</i>	<i>107,819,923</i>	<i>42.6%</i>	<i>107,014,171</i>	<i>44.0%</i>
Investments in associates and joint ventures	0	0.0%	1,506,462	0.6%
Financial assets	8,178,182	3.2%	8,363,162	3.4%
Intangible assets	822,445	0.3%	731,813	0.3%
Non-current assets	116,820,550	46.1%	117,615,609	48.3%
Total assets	253,331,748	100.0%	243,484,623	100.0%
Liabilities				
Trade payables	41,032,449	16.2%	35,157,528	14.4%
Short-term financial liabilities	15,690	0.0%	36,759	0.0%
Other short-term financial liabilities with related parties	0	0.0%	500,000	0.2%
Other short-term liabilities	9,131,387	3.6%	2,496,819	1.0%
Accrued liabilities and deferred income	3,473,415	1.4%	3,169,029	1.3%
Current liabilities	53,652,941	21.2%	41,360,135	17.0%
Long-term financial liabilities	89,750,000	35.4%	93,375,000	38.3%
Provisions	5,237,350	2.1%	4,975,362	2.0%
Non-current liabilities	94,987,350	37.5%	98,350,362	40.4%
Share capital	9,020,180	3.6%	9,000,000	3.7%
Own shares	-277,860	-0.1%	-30,425	0.0%
Capital reserves	44,666,670	17.6%	47,195,059	19.4%
Retained earnings	45,014,336	17.8%	41,271,752	17.0%
Minority interests	0	0.0%	211,177	0.1%
Result current year	6,268,132	2.5%	6,126,564	2.5%
Shareholders' equity	104,691,458	41.3%	103,774,127	42.6%
Total liabilities and shareholders' equity	253,331,748	100.0%	243,484,623	100.0%

Consolidated income statement

	2014		2013	
	CHF	in %	CHF	in %
	1.1.14–30.06.14		1.1.13–30.06.13	
Sales of products	220,556,597	92.9%	182,394,474	95.4%
Sales of service	98,979	0.0%	121,317	0.1%
Gross sales revenue	220,655,575	93.0%	182,515,791	95.4%
Reductions in proceeds	-1,614,237	-0.7%	-193,612	-0.1%
Net sales revenue	219,041,338	92.3%	182,322,179	95.3%
Change in inventories of semi-finished and finished products	18,340,435	7.7%	8,947,307	4.7%
Production revenue	237,381,773	100.0%	191,269,486	100.0%
Cost of materials and services	-185,424,171	-78.1%	-146,563,548	-76.6%
Gross operating profit	51,957,603	21.9%	44,705,938	23.4%
Personnel expenses	-17,238,405	-7.3%	-16,320,399	-8.5%
Other operating expenses	-20,940,295	-8.8%	-19,996,687	-10.5%
<i>Operating expenses</i>	<i>-38,178,699</i>	<i>-16.1%</i>	<i>-36,317,086</i>	<i>-19.0%</i>
EBITDA	13,778,903	5.8%	8,388,852	4.4%
Depreciation on property, plant and equipment	-3,373,727	-1.4%	-3,595,890	-1.9%
Amortisation on intangible assets	-218,383	-0.1%	-356,324	-0.2%
EBIT	10,186,794	4.3%	4,436,638	2.3%
Income from associates and joint ventures	0	0.0%	-9,583	0.0%
Financial result	-1,238,170	-0.5%	-2,030,162	-1.1%
Earnings before taxes (EBT)	8,948,624	3.8%	2,396,893	1.3%
External results	8,532	0.0%	51,662	0.0%
Extraordinary results	-1,819,382	-0.8%	-217,286	-0.1%
Profit before taxes	7,137,774	3.0%	2,231,269	1.2%
Income taxes	-869,642	-0.4%	-421,269	-0.2%
Net profit	6,268,132	2.6%	1,810,000	0.9%
Attributable to:				
Parent company shareholders	6,268,132	2.6%	2,318,219	1.2%
Minority interests	0	0.0%	-508,219	-0.3%
Net profit	6,268,132	2.6%	1,810,000	0.9%

Consolidated cash flow statement

1.1.14–30.06.14
CHF

1.1.13–30.06.13
CHF

Net profit including minority interest	6,268,132	1,810,000
Depreciation of property, plant and equipment	3,592,110	3,952,214
Net interest expense	1,271,587	1,864,184
Other non-cash adjustments	-124,232	-708,175
Change in provisions	261,989	805,715
Accounting losses (-profits) from sales of fixed assets	0	217,300
Income from associates and joint ventures	0	-22,138
Cash flow before changes in net working capital, interest and taxes	11,269,586	7,919,100
<i>As % of net sales revenue</i>	<i>5.14%</i>	<i>4.34%</i>
Change in trade receivables	-10,052,819	-10,248,507
Change in trade receivables from related parties	-1,150,127	1,408,347
Change in other short-term receivables	-6,386,533	-1,316,394
Change in inventories	-17,924,991	-9,043,599
Change in prepayments	-780,718	2,291,464
Change in liabilities from deliveries and services	6,174,921	-1,082,376
Change in other short-term liabilities	6,634,568	2,965,196
Change in deferred income	304,385	-3,854,619
Change in net current assets	-23,181,312	-18,880,488
Cash flow from operating activities	-11,911,726	-10,961,388
<i>As % of net sales revenue</i>	<i>-5.44%</i>	<i>-6.01%</i>
Investments in fixed assets	-4,179,480	-2,276,331
Divestments of fixed assets	0	41,601
Investments in intangible assets	-363,580	-76,835
Proceeds from disposal of intangible assets	54,566	20
Divestments of long-term financial assets	0	100,000
Net cash flow from purchase (-) / sale (+) of associates	-3,707,950	0
Interest and dividends received	16,893	93,193
Cash flow from investing activities	-8,179,551	-2,118,352
Free cash flow	-20,091,278	-13,079,740
<i>As % of net sales revenue</i>	<i>-9.17%</i>	<i>-7.17%</i>
Change in short-term financial liabilities	-21,069	339
Change in other short-term financial liabilities with related parties	0	-4,045,180
Change in non-current financial liabilities	-1,125,000	90,000
Increase/decrease in minority shares in capital and profit	-211,177	0
Capital increase including premium from conversion of conversion loan	249,820	0
Sale (purchase) own shares net cash flow	-127,290	-1,598,546
Interest paid	-1,288,480	-1,802,377
Dividends paid to shareholders	-2,872,310	-2,633,598
Cash flow from financing activities	-5,395,506	-9,989,362
Currency translation	-166,219	213,380
Net change in cash and cash equivalents	-25,653,003	-22,855,722
Cash and cash equivalents at 1 January	53,937,515	48,134,985
Cash and cash equivalent at 30 June	28,284,513	25,279,263

Notes on the half-yearly statement as per 30 June 2014

1. Basic accounting principles

The following Group accounting includes the non-audited half-yearly statements for HOCHDORF Holding Ltd. and its subsidiaries for the reporting period ending on 30 June 2014. The consolidated interim statement was created in accordance with existing guidelines based on the accounting recommendations of Swiss GAAP FER 12 (interim reporting), and the consolidation and evaluation principles outlined in the consolidated annual accounts 2013. Revenue taxes are calculated based on an estimate of the revenue tax rate expected for the whole of 2014. The consolidated half-yearly statement should be read in conjunction with the Group accounts generated for the business year ending on 31 December 2013, as this represents an updated version of the last complete statements. The consolidated half-yearly accounts were approved by the Board of Directors on 14 August 2014.

2. Changes in the consolidation basis

The following changes have been undertaken in the consolidation basis in the reporting period:

Consolidated companies	Remaining share purchase	Currency	Capital (1,000)	Share 30.06.2014	Share 31.12.2013
HOCHDORF Nutricare Ltd., Hochdorf	per 14.02.2014	CHF	1'200	100%	85%
HOCHDORF Swiss Whey AG, Hochdorf	per 30.04.2014	CHF	3'000	100%	50%

With the acquisition of 15% minority shares in HOCHDORF Nutricare Ltd. for CHF 2.5 million a goodwill payment of CHF 2.3 million was made, which was fully covered by equity capital. As a related party, the Managing Director of HOCHDORF Nutricare Ltd. is co-owner of the previous minority shareholding.

3. Foreign currency conversion rates in CHF

	Income statement average exchange rates		Balance sheet due date exchange rates	
	January to June 2014	January to June 2013	30.06.2014	31.12.2013
1 EUR	1.2182	1.2246	1.2143	1.2255
1 USD	0.8888	0.9342	0.8868	0.8894
1 LTL	0.3528	0.3546	0.3517	0.3549

4. Contingent liabilities

The HOCHDORF Group is involved in legal proceedings on account of its subsidiary HOCHDORF Nutritec Ltd. This involves a legal dispute in relation to the production of infant formula for a French company. The complainant is making claims and demands on the basis of non-delivery of goods and the ensuing loss of turnover and profit. As a result of consultations with its legal representatives, HOCHDORF Nutritec Ltd. is contesting the validity of all the claims and demands made against it as of January 2010. In its judgement of 14 February 2014, the court of first instance in Geneva dismissed all claims made against HOCHDORF Nutritec Ltd. The complainant is entitled to appeal against this verdict within 30 days of the judgement. The complainant appealed against the verdict within this prescribed period.

5. Events after the balance sheet date

None.

Notes on the half-yearly statement as per 30 June 2014

6. Details on the interim statement

The first half of the year usually finishes more positively than the second both in terms of turnover and profit. The main reason for this is the seasonal nature of milk quantities, with the most productive period in the months between April and June. However the variations between the two halves of the year can differ very greatly when compared over several years.

The results for the first half of 2014 are characterised by high milk production, a continuation of the vast improvement in capacity utilisation on the main plants and high milk prices, which we were able to convert in large part into high returns on the market. In the first half of the year, the Group succeeded in improving both turnover and revenue significantly, beyond expectations. The quantity produced rose by 14.9% in comparison to the same reporting period in the previous year and the quantity sold, excluding milk sales in Lithuania (exchange agreement), increased by 8.8%. Cash flow from operating activities with seasonal variations due to build-up of receivables and inventory was CHF –11.9 million (previous year CHF –10.9 million). The seasonal variation in inventory will fall again in the second half of the year. At CHF 8.2 million, cash outflow from investments in the first half of the year was higher than in the previous year (CHF 2.1 million). The Group has performed very well under difficult markets conditions achieving results that exceeded our expectations. We are optimistic about the outlook for the second half of the year. Further developments in world market prices remain unclear, with a downward trend at the current time, which means that the shortfall in “Schoggi law” funding is widening on account of the continued stability of Swiss milk prices.

The exceptional expenses resulting from the mainly negative results of the lawsuit over the damages claim made by a Chinese customer relating to a delivery of infant formula in July 2011 have been posted to net results. The claim related to defective products, damaged packaging and marketing expenses incurred. The claim was partially accepted by the HOCHDORF Group with provisions of CHF 450,000 set aside for this purpose. In deciding the extent of the provisions, the HOCHDORF Group relied on the assessment of its own legal team, which confirmed in various documents that a large part of the total amount of the claims could be excluded. In May 2014 the arbitration panel in Belgium that was stipulated in the contract with the customer ruled largely in favour of the complainant and against the HOCHDORF Group. This was contrary to all expectations and predictions. The nature of the arbitration procedure means that there is little prospect of a successful appeal. On account of the uniqueness of the event and the unpredictability of the outcome of the judgement, the amount paid is shown in the extraordinary results. The reversal of the provision of CHF 450,000 is likewise posted in the extraordinary results, giving a net loss for the group of CHF 1.82 million, which is recorded in full in the half-yearly results.

The balance sheet total increased slightly from CHF 243 million as of 30.6.2014 compared to CHF 253 million as of 31.12.2013. The net debt has increased over the same period from CHF 40 million to CHF 61 million on account of the reduction in liquidity for investments in net current assets, its own shares and the purchase of the remaining shares in HOCHDORF Nutricare Ltd. and HOCHDORF Swiss Whey Ltd. The equity ratio fell from 42.6% as of 31.12.2013 to 41.3% as of 30.6.2014.

Notes on the half-yearly statement as per 30 June 2014

7. Breakdown of gross turnover by product groups and regions

By product groups

CHF (1,000)	1 st semester 2014		1 st semester 2013	
Milk products/cream	52,195	23.7%	43,519	23.9%
Milk powder	107,111	48.6%	85,826	47.1%
Baby food	52,638	23.9%	44,039	24.1%
Specialities/wheat germ	2,989	1.3%	2,780	1.5%
Bakery/confectionary goods	3,356	1.5%	3,831	2.1%
Remaining products/services	2,268	1.0%	2,399	1.3%
Total	220,557	100.0%	182,394	100.0%

By region

CHF (1,000)	1 st semester 2014		1 st semester 2013	
Switzerland/Liechtenstein	121,858	55.3%	105,298	57.7%
Europe	50,766	23.0%	40,403	22.2%
Asia	15,060	6.8%	8,503	4.7%
Middle East/Africa	28,850	13.1%	24,259	13.3%
USA/Canada	1	0.0%	209	0.1%
Americas (rest)	219	0.1%	191	0.1%
Rest	3,803	1.7%	3,531	1.9%
Total	220,557	100.0%	182,394	100.0%

8. Key figures

CHF (1,000)	2014	2013	Change
January to June in each case			
Processed milk and whey in million kg	255.9	229.3	+11.5%
Gross sales revenue	220,656	182,516	+20.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,779	8,389	+64.3%
as % of production revenue	5.8%	4.4%	
Earnings before interest and tax (EBIT)	10,187	4,437	+129.6%
as % of production revenue	4.3%	2.3%	
Net profit	6,268	1,810	+246.3%
as % of production revenue	2.6%	0.9%	
Staffing level as at 30.06 (nominal)	371	373	-0.5%

Important dates

26 March 2015: Annual Results Press Conference
08 May 2015: Annual General Meeting
August 2015: 17th Letter to Shareholders for the half-yearly statement 2015

Auditing/Approval

The balance sheet and income statement in this letter to shareholders have not been audited. The consolidated half-yearly accounts were approved by the Board of Directors at their meeting on 14 August 2014.

Investors' newsletter

Information on the HOCHDORF Group can be found on our website www.hochdorf.com. In the section on Investor Relations, investors can also register for the newsletter. This sends out an e-mail copy as soon as a press release goes online.

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Kind Regards from your BEST PARTNER
HOCHDORF Holding Ltd.

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Chairman of the Board of Directors

Dr. Thomas Eisenring
CEO HOCHDORF Group

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