



Eichhof Holding AG

SEMI-ANNUAL REPORT October 1, 2003 – March 31, 2004

Eichhof Group strengthens its position amid fierce competition

Sales stable – operating income increased again

Market position as Switzerland's biggest independent brewery expanded

Significant rise in demand for Datacolor in second quarter

In a fiercely competitive environment, the Eichhof Group maintained its gross sales in the first half of fiscal 2003/04 at CHF 133.7 million (first half of 2002/03: CHF 132.7 million). Half-yearly sales in the Beverages Division were again influenced by ongoing measures to increase margins. At the beginning of fiscal 2003/04, order intake for Datacolor was weak but has accelerated sharply in the past few months. The operating income trend of the Eichhof Group has been positive. Firstly, profitability was enhanced further in all divisions. Secondly, the sale of an investment property generated a book profit after taxes of CHF 4.9 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) was well in excess of the prior year figure at CHF 18.1 million (CHF 11.6 million). The increase in EBIT to CHF 10.5 million (CHF 3.5 million) and in net profit to CHF 7.7 million (CHF 1.2 million) was even more pronounced.

Beverages Division

Gross sales for the Beverages Division of CHF 90.3 million (CHF 90.0 million) were in line with the previous year. EBITDA went up to CHF 6.6 million (CHF 5.2 million), and EBIT rose to CHF 3.1 million (CHF 1.2 million). The increase in profitability is the result of efficiency-boosting measures and of optimized margins in the trade product. The clear increase in sales of Eichhof beers in the seasonally weaker first half is particularly encouraging. This was due to the acquisition of further customers and the gain in market share in the Zurich-Mittelland region as well as the newly launched beer specialties "Eichhof Lemon" and "Eichhof Das Leichte". The intensified marketing and sales activities were supported by a highly visible TV commercial that was broadcast in prime time. Wine sales remained stable, despite strong competition in the restaurant trade but declined slightly in the retail segment.

Datacolor

Gross sales of Datacolor, comprising all Color Division activities, dropped to CHF 36.2 million (CHF 41.4 million), corresponding to a decline of 8.4% in currency-adjusted terms. This trend was shaped largely by weak order intake at the beginning of the reporting period, due to engage in capital spending in the Chinese textile industry. Despite this sales trend and substantially higher marketing investments, profitability was maintained with an EBITDA margin of 16.4% (16.3%) and an EBIT margin of 8.4% (8.3%), thanks to strict cost management. The expanded distribution through photographic and computer mass retailers of the successful and innovative ColorVision products for color calibration of computer peripherals (monitors, printers) has boosted sales potential considerably. Datacolor's position in its key Chinese market was strengthened by expanding capacity for the "Spyder" calibration system following the inauguration of a production facility and a sales outlet for the entire Datacolor product range in Shanghai. Datacolor also invested heavily in R&D projects for color management solutions for use in supply chains at international companies.

Finances

The financial result improved over the prior year period from CHF -2.1 million to CHF -1.1 million. Short-term financial liabilities decreased by CHF 5.7 million to CHF 0.2 million, and net debt declined again from CHF 81.4 million (September 30, 2003) to CHF 68.5 million. The equity ratio went up and again exceeded the Board of Director's target at 36.1% (30.9.2003: 34.5%).

Real estate

To increase transparency, the Real estate business was recognized as an autonomous Division for the first time. After-tax profit of CHF 4.9 million from the sale of an investment property had a positive effect on operating profit. Rental income remained virtually unchanged at CHF 1.2 million (CHF 1.3 million), despite the sale of a property. The previous year's high rental degree of commercial properties was maintained despite the difficult market.

Outlook

The Eichhof Group expects for this fiscal consolidated sales in line with last year and another increase in operating profit. The Beverages Division expects to maintain previous year's sales level, although this was exceptionally high due to the hot summer. The intensive investments in marketing and sales and in the efficient distribution organization – now clearly geared to customer segments – also provide a good basis for a solid earnings trend in the seasonally stronger summer period and for further expansion of the Eichhof Beverages Division's market position in German-speaking Switzerland and Ticino. Having seen demand rise substantially in the past few months and with its strengthened presence in China and successful ColorVision products, Datacolor is well placed to increase sales and profitability.

Key Figures Eichhof Group

CHF in millions	Half-year 2003/2004	Half-year 2002/2003	Difference in %
Income statement			
Gross sales, consolidated	133,7	132,7	0,8
Net sales, consolidated	121,7	121,1	0,5
EBITDA	18,1	11,6	55,9
Depreciation of fixed assets	5,4	5,5	-2,2
Amortisation of intangible assets	2,2	2,6	-14,1
EBIT	10,5	3,5	199,1
Financial result	-1,1	-2,1	45,4
Net profit	7,7	1,2	544,9

CHF in millions	31.03.2004		30.09.2003	
Balance Sheet	%		%	
Balance sheet, total	259,3	100,0	263,0	100,0
Current assets	107,1	41,3	102,5	39,0
Non-current assets	152,2	58,7	160,5	61,0
Liabilities	165,8	63,9	172,2	65,5
Net debt	68,5	26,4	81,4	31,0
Shareholders' equity	93,5	36,1	90,8	34,5

CHF in millions	Half-year 2003/2004	Half-year 2002/2003	Difference in %
Consolidated cash flow statement			
Cash flow from operating activities	4,9	13,2	-62,6
Cash flow from investing activities	4,7	-6,3	-175,3
Cash flow from financing activities	-10,2	-10,9	-6,2
Changes in cash and cash equivalents	-0,6	-4,0	

	31.03.2004	31.03.2003	Difference
Personnel			
Number of employees	662	659	3
Average during 1 st half-year	658	669	-11

Key Figures Eichhof Group

CHF in millions	Half-year 2003/2004		Half-year 2002/2003	
Segment informations				
		in % of total		in % of total
Net sales with third parties	121 674	100,0	121 129	100,0
Beverages Division	78 491	64,5	78 732	65,0
Color Division	35 974	29,6	41 077	33,9
Real Estate	7 209 ¹	5,9	1 320	1,1
Other	0	0,0	0	0,0
¹ includes gain on disposal of investment property of TCHF 5 964				
		in % of sales		in % of sales
EBITDA	18 079	14,9	11 622	9,6
Beverages Division	6 632	8,4	5 237	6,7
Color Division	5 895	16,4	6 697	16,3
Real Estate	6 546	90,8	1 089	82,5
Other	-994	n/a	-1 401	n/a
		in % of sales		in % of sales
EBIT	10 469	8,6	3 502	2,9
Beverages Division	3 119	4,0	1 205	1,5
Color Division	3 039	8,4	3 397	8,3
Real Estate	5 768	80,0	669	50,7
Other	-1 457	n/a	-1 769	n/a
Per share data in CHF				
	Half-year 2003/2004		Half-year 2002/2003	Difference in %
Group net profit, non-diluted	47,35		7,28	550,4
Group net profit, diluted	46,66		7,27	541,8
Cash flow from operating activities	30,19		80,48	-62,5
Shareholders' equity	572,10		555,10	3,1
Share price as of March 31	863,00		545,00	58,3
Market capitalisation in TCHF as of March 31	153,20		96,70	58,4

Agenda

07.12.2004 Press Conference Financial Year 2003/2004
27.01.2005 Annual General Meeting, Eichhof Holding AG, Lucerne

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EBIT	10.5	3.5	199.1
Net profit	7.7	1.2	544.9
Cash flow from operating activities	4.8	13.2	-63.2
Cash flow from investing activities	4.7	-6.3	-175.3

CHF in millions	31.03.2004	%	30.09.2003	%
Balance Sheet				
Balance sheet, total	259.3	100.0	263.0	100.0
Current assets	107.1	41.3	102.5	39.0
Non-current assets	152.2	58.7	160.5	61.0
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Net debt	68.5	26.4	81.4	31.0
Shareholders' equity	93.5	36.1	90.8	34.5

Personnel	31.03.2004	31.03.2003	Difference
Number of employees	662	659	3
Average during 1 st half-year	658	669	-11

Per share data in CHF	Half-year 2003/2004	Half-year 2002/2003	Difference %
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Consolidated Income Statement

in TCHF	Half-year 2003/2004	Half-year 2002/2003
Gross sales	133'739	132'694
Sales deductions	-12'064	-11'564
Net sales	121'675 100.0%	121'130 100.0%
Changes in inventories	-1'120	-4'087
Costs for material and goods	-48'225	-47'777
Gross margin	72'330 59.4%	69'266 57.2%
Personnel expenses	-31'167	-32'435
Sales & administration expenses	-17'724	-19'092
Other operating expenses	-5'360	-6'117
EBITDA	18'079 14.9%	11'622 9.6%
Depreciation of fixed assets	-5'377	-5'478
Amortization of intangible assets	-2'233	-2'642
EBIT	10'469 8.6%	3'502 2.9%
Financial income	2'596	2'186
Financial expenses	-3'742	-4'271
Profit before income taxes	9'323 7.7%	1'417 1.2%
Income taxes	-1'584	-226
Net profit	7'739 6.4%	1'191 1.0%
	CHF	CHF
Earnings per share		
- non diluted	47.35	7.28
- diluted	46.66	7.27

Consolidated Balance Sheet

in TCHF	31.03.2004		30.09.2003	
Assets				
Cash and cash equivalents	8'314		8'889	
Financial assets	23'106		15'280	
Accounts receivable	42'301		45'297	
Other accounts receivable	7'875		5'915	
Inventories	23'283		24'770	
Prepaid expenses	2'218		2'310	
Current assets	107'097	41.3%	102'461	39.0%
Fixed assets	101'837		109'718	
Intangible assets	18'560		20'639	
Financial assets	30'886		29'173	
Deferred tax assets	920		1'003	
Non-current assets	152'203	58.7%	160'533	61.0%
Assets	259'300	100.0%	262'994	100.0%
Liabilities and shareholders' equity				
Accounts payable	7'375		15'809	
Financial liabilities	177		5'940	
Current tax liabilities	7'786		6'625	
Other liabilities	14'485		10'640	
Accrued liabilities	15'436		11'680	
Current liabilities	45'259	17.4%	50'694	19.3%
Financial liabilities	99'742		99'653	
Other liabilities	5'459		5'870	
Provisions	708		752	
Deferred tax liabilities	14'625		15'193	
Non-current liabilities	120'534	46.5%	121'468	46.2%
Liabilities	165'793	63.9%	172'162	65.5%
Share capital	177		177	
Own shares	-14		-14	
Capital reserves	7'545		7'545	
Retained earnings	85'799		83'124	
Shareholders' equity	93'507	36.1%	90'832	34.5%
Liabilities and shareholders' equity	259'300	100.0%	262'994	100.0%

Consolidated Cash Flow Statement

in TCHF	2003/2004	2002/2003
Profit before income taxes	9'323	1'417
Depreciation of fixed assets	5'377	5'478
Amortization of intangible assets	2'233	2'642
Non-cash sales deductions	1'640	1'751
Gain on disposal of assets	-5'964	0
Changes in provisions	-44	-28
Interest expense net	2'129	1'852
Income from securities	-1'091	-246
Interest paid	-896	-1'161
Income taxes paid	-119	-1
Other non-cash positions	-1'269	-1'804
Cash flow before working capital changes	11'319	9'900
Changes in net working capital (net of cash & cash equivalents)	-6'473	3'285
Cash flow from operating activities	4'846	13'185
Investments in fixed assets	-4'124	-3'741
Investments in intangible assets	-258	-518
Investments in financial assets	-3'758	-2'782
Divestments of fixed assets	12'457	514
Interest and dividends received	399	268
Cash flow from investing activities	4'716	-6'259
Decrease of financial liabilities	-5'585	8'041
Purchase of own shares	-10	-857
Sale of own shares	0	18
Share repurchase program	0	-18'131
Dividends paid	-4'564	0
Cash flow from financing activities	-10'159	-10'929
Changes in cash and cash equivalents	-597	-4'003
Cash and cash equivalents at beginning of the year	8'889	17'615
Effect of foreign currency translation on opening balances	22	-240
Cash and cash equivalents as of March 31	8'314	13'372

Consolidated Statement of Changes in Equity

in TCHF	Share capital	Own shares	Capital reserves	Retained earnings	Accumulated translation differences	Total retained earnings	Total share-holders' equity
Balance as of 01.10.2002	4'929	-292	7'977	93'135	2'196	95'331	107'945
Share repurchase program	-492		-432	-17'207		-17'207	-18'131
Reimbursement of par value	-4'260	350				0	-3'910
Purchase of own shares		-90		-809		-809	-899
Sale of own shares		18				0	18
Translation differences					-2'320	-2'320	-2'320
Net profit				8'129		8'129	8'129
Balance as of 30.09.2003	177	-14	7'545	83'248	-124	83'124	90'832
Balance as of 01.10.2003	177	-14	7'545	83'248	-124	83'124	90'832
Dividends paid				-4'564		-4'564	-4'564
Purchase of own shares				-10		-10	-10
Translation differences					-490	-490	-490
Net profit				7'739		7'739	7'739
Balance as of 31.03.2004	177	-14	7'545	86'413	-614	85'799	93'507

Segment Information

Business segments in TCHF	Half-year 2003/2004		Half-year 2002/2003	
		as %		as %
		of total		of total
Net sales with third parties	121'674	100.0%	121'130	100.0%
Beverages Division	78'491	64.5%	78'732	65.0%
Color Division	35'974	29.6%	41'077	33.9%
Real Estate	7'209 ¹	5.9%	1'321	1.1%
Other	0	0.0%	0	0.0%
1) includes gain on disposal of investment property of TCHF 5'964				
		as %		as %
		of sales		of sales
EBITDA	18'079	14.9%	11'622	9.6%
Beverages Division	6'632	8.4%	5'237	6.7%
Color Division	5'895	16.4%	6'697	16.3%
Real Estate	6'546	90.8%	1'089	82.4%
Other	-994	n/a	-1'401	n/a
		as %		as %
		of sales		of sales
EBIT	10'469	8.6%	3'502	2.9%
Beverages Division	3'119	4.0%	1'205	1.5%
Color Division	3'039	8.4%	3'397	8.3%
Real Estate	5'768	80.0%	669	50.6%
Other	-1'457	n/a	-1'769	n/a
		as %		as %
		of sales		of sales
Depreciation of fixed assets and intangible assets	7'610	6.3%	8'120	6.7%
Beverages Division	3'513	4.5%	4'032	5.1%
Color Division	2'856	7.9%	3'300	8.0%
Real Estate	778	10.8%	420	31.8%
Other	463	n/a	368	n/a
		as %		as %
		of total		of total
Gross investments in fixed assets	8'140	100.0%	7'041	100.0%
Beverages Division	6'907	84.9%	4'825	68.5%
Color Division	954	11.7%	321	4.6%
Real Estate	273	3.3%	1'895	26.9%
Other	6	0.1%	0	0.0%
		as %		as %
		of total		of total
Personnel - Number of employees as of March 31	662	100.0%	669	100.0%
Beverages Division	404	61.0%	432	64.6%
Color Division	251	37.9%	230	34.4%
Real Estate	2	0.3%	2	0.3%
Other	5	0.8%	5	0.7%

Operating capital employed by division

as of March 31, 2004	Assets	Liabilities	Net
Beverages Division	124'660	58'330	66'330
Color Division	52'278	48'350	3'928
Real Estate	40'535	0	40'535
Other	41'827	59'113	-17'286
Total	259'300	165'793	93'507

as of September 30, 2003	Assets	Liabilities	Net
Beverages Division	128'898	66'435	62'463
Color Division	53'695	52'836	859
Real Estate	46'068	0	46'068
Other	34'333	52'891	-18'558
Total	262'994	172'162	90'832

Return on average operating capital employed	2003/2004	2002/2003
Beverages Division	4.8%	2.0%
Color Division	127.0%	393.9%
Real Estate	12.9%	1.5%

The figures of the holding company, financial activities and consolidation effects are included in the position "Other". The Eichhof Group accounts for intra-division sales and transfers as if the sales or transfers were to third parties at current market prices. There are no material inter-division sales.

Geographical segments in TCHF	Half-year 2003/2004		Half-year 2002/2003	
		as % of total		as % of total
Net sales with third parties	121'674	100.0%	121'130	100.0%
Europe	101'030	83.0%	97'019	80.1%
America	12'571	10.3%	13'279	11.0%
Asia/Pacific	8'073	6.7%	10'832	8.9%
		as % of total		as % of total
Assets	259'300	100.0%	275'648	100.0%
Europe	235'218	90.7%	248'022	90.0%
America	18'872	7.3%	23'444	8.5%
Asia/Pacific	5'210	2.0%	4'182	1.5%
		as % of total		as % of total
Gross investments in fixed assets	8'140	100.0%	7'041	100.0%
Europe	7'309	89.8%	6'841	97.2%
America	534	6.6%	144	2.0%
Asia/Pacific	297	3.6%	56	0.8%
		as % of total		as % of total
Personnel - Number of employees as of March 31	662	100.0%	669	100.0%
Europe	477	72.1%	504	75.3%
America	141	21.3%	140	20.9%
Asia/Pacific	44	6.6%	25	3.8%

Notes to the Consolidated Financial Statements

1. Accounting principles

The unaudited consolidated interim statements have been drawn up in accordance with International Accounting Standard (IAS) 34 «Interim Financial Reporting». The same accounting principles apply as were used for the consolidated financial statements for 2003.

2. Use of estimates

In preparing the financial statements in accordance with IFRS certain assumptions have to be made which affect the reported values of assets and liabilities, the income statement and the disclosure of contingent liabilities. The assumptions are based on forecasts and estimates at the time the financial statements are prepared. Actual outcome may differ from those estimates.

3. Seasonality

The business of the Beverages Division is noticeably seasonal because of higher sales during the summer months which is reflected in the second half of the fiscal year. Business for both, the Color Division and the Real Estate Division, is not subject to significant seasonal or cyclical fluctuations.

4. Sale of investment property „Zugerhof“

In the reporting period the investment property "Zugerhof" was sold well above book value, resulting in an after tax profit of CHF 4.9 millions.

5. Dividend

The following dividend related to 2003 has been paid on February 3, 2004 in conformity with the decision taken at the Annual General Meeting on January 29, 2004:

	CHF
Dividend per share	28.00
Total dividend paid (based on 177'491 dividend-entitled shares)	4'969'748.00

6. Foreign exchange rates

CHF per	1 USD	1 EUR	1 GBP
Average rates October 2003/March 2004	1.29	1.56	2.24
Average rates October 2002/March 2003	1.42	1.47	2.25
Rates end of March 2004	1.28	1.56	2.34
Rates end of September 2003	1.32	1.54	2.19
Rates end of March 2003	1.37	1.48	2.16

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