

# **ORELL FÜSSLI**

# **Financial Report**

# **2008**

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# 1 Financial Statements of the Orell Füssli Group

## 1.1 CONSOLIDATED BALANCE SHEET ON DECEMBER 31

<i>in CHF 1000</i>	NOTES	2008	IN %	2007	IN %
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4.5	34,867		30,003	
Marketable securities & derivative financial instruments	4.6	1,001		628	
Current receivables	4.7	85,842		100,621	
Inventories	4.9	52,596		50,270	
Current financial assets	4.10	5,551		395	
<b>Total current assets</b>		<b>179,857</b>	<b>57.2</b>	<b>181,917</b>	<b>67.6</b>
<b>Non-current assets</b>					
Tangible assets	4.12	110,903		76,949	
Intangible assets	4.13	2,268		3,416	
Investments	4.15	2,866		2,835	
Non-current financial assets	4.10	13,059		1,364	
Pension fund assets	4.21	3,309		1,030	
Deferred tax assets	4.22	1,070		581	
Leasehold property	4.16	90		156	
Other non-current assets		902		863	
<b>Total non-current assets</b>		<b>134,467</b>	<b>42.8</b>	<b>87,194</b>	<b>32.4</b>
<b>Total assets</b>		<b>314,324</b>	<b>100.0</b>	<b>269,111</b>	<b>100.0</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables	4.17	31,606		27,859	
Current financial liabilities	4.18	5,868		5,197	
Other current liabilities	4.19	82,914		74,755	
Current provisions	4.20	582		642	
<b>Total current liabilities</b>		<b>120,970</b>	<b>38.5</b>	<b>108,453</b>	<b>40.3</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities	4.18	3,566		4,611	
Pension fund liabilities	4.21	398		849	
Non-current provisions	4.20	491		41	
Deferred tax liabilities	4.22	2,480		2,377	
<b>Total non-current liabilities</b>		<b>6,935</b>	<b>2.2</b>	<b>7,878</b>	<b>2.9</b>
<b>Equity</b>					
Share capital	4.23	1,960		1,960	
Capital reserves		4,160		4,160	
Retained earnings	4.24	164,720		131,682	
<b>Total equity before minority interests</b>		<b>170,840</b>	<b>54.3</b>	<b>137,802</b>	<b>51.2</b>
<b>Minority interests</b>		<b>15,579</b>	<b>5.0</b>	<b>14,978</b>	<b>5.6</b>
<b>Total equity</b>		<b>186,419</b>	<b>59.3</b>	<b>152,780</b>	<b>56.8</b>
<b>Total liabilities</b>		<b>314,324</b>	<b>100.0</b>	<b>269,111</b>	<b>100.0</b>

The disclosures from page 64 to 90 form an integrated part of the financial report.

## 1.2 CONSOLIDATED INCOME STATEMENT

<i>in CHF 1000</i>	NOTES	2008	IN %	2007	IN %
Sales to customers	4.1	365,317		375,492	
Other operating income	4.25	1,887		2,896	
<b>Total income</b>		<b>367,204</b>	<b>100.0</b>	<b>378,388</b>	<b>100.0</b>
Cost of materials		-156,481		-158,523	
Direct production costs		-18,649		-20,746	
Changes in inventories of finished products and work in progress		6,005		3,444	
Capitalized costs		1,225		163	
<b>Total direct costs</b>		<b>-167,900</b>	<b>-45.7</b>	<b>-175,662</b>	<b>-46.4</b>
Personnel expenditure	4.26	-98,816		-101,099	
Other operating expenses		-46,312		-43,663	
Depreciation and impairment		-15,496		-15,518	
Gain on sales of non-current assets		-67		-213	
Profit from disposal of subsidiaries	4.35	21,196		-	
<b>Total operating expenses</b>		<b>-139,495</b>	<b>-38.0</b>	<b>-160,493</b>	<b>-42.4</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>59,809</b>	<b>16.3</b>	<b>42,233</b>	<b>11.2</b>
Financial income		3,046		3,743	
Financial expenses		-5,197		-3,258	
Share of profit from associates		-70		-6	
<b>Financial result</b>	4.27	<b>-2,221</b>	<b>-0.6</b>	<b>479</b>	<b>0.1</b>
<b>Earnings before income taxes</b>		<b>57,588</b>	<b>15.7</b>	<b>42,712</b>	<b>11.3</b>
Income tax expenses	4.28	-7,860		-10,206	
<b>Net income before minority interests</b>		<b>49,728</b>	<b>13.5</b>	<b>32,506</b>	<b>8.6</b>
Minority interests		-1,766		-2,614	
<b>Net income for the period</b>		<b>47,962</b>	<b>13.1</b>	<b>29,892</b>	<b>7.9</b>
<b>Additional information</b>					
Total income less direct costs		199,304	54.3	202,726	53.6
EBITDA		75,305	20.5	57,751	15.3
Earnings before interest and taxes and before recognition of disposal of subsidiaries		38,613	10.5	42,233	11.2
<i>in CHF</i>	NOTES	2008		2007	
<b>Earnings per share</b>					
undiluted	4.29	24.47		15.25	
diluted	4.29	24.47		15.25	

The disclosures from page 64 to 90 form an integrated part of the financial report.

**1.3 STATEMENT OF CHANGES IN EQUITY  
RECOGNIZED INCOME/(EXPENSE)**

<i>in CHF 1000</i>	2008	2007
<b>Net income for the period</b>	49,728	32,506
Currency translation effects	-5,309	-937
<b>Total recognized income/(expense)</b>	44,419	31,569
Attributable to the shareholders of Orell Füssli Holding Ltd.	42,838	28,959
Attributable to minority interests	1,581	2,610

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>in CHF 1000</i>	Share Capital	Capital Reserves	Retained earnings and Net income	Equity before Minority Interests	Minority Interests	Total Equity
<b>Total equity on January 1, 2007</b>	1,960	4,160	111,543	117,663	12,384	130,047
Minorities adjustment due to change in legal structure <sup>1</sup>				-	964	964
Total recognized income/(expense)			28,959	28,959	2,610	31,569
Dividends paid			-8,820	-8,820	-980	-9,800
<b>Total equity on December 31, 2007</b>	1,960	4,160	131,682	137,802	14,978	152,780
<b>Total equity on January 1, 2008</b>	1,960	4,160	131,682	137,802	14,978	152,780
Total recognized income/(expense)			42,838	42,838	1,581	44,419
Dividends paid			-9,800	-9,800	-980	-10,780
<b>Total equity on December 31, 2008</b>	1,960	4,160	164,720	170,840	15,579	186,419

<sup>1</sup> Due to the merger of Tritron & Co. KG to Tritron GmbH, minorities' interest have to be disclosed through equity and no longer through liabilities.

The share capital as of December 31, 2008, as well as of December 31, 2007, is comprised in 1,960,000 registered shares with a par value of CHF 1 each.

The disclosures from page 64 to 90 form an integrated part of the financial report.

#### 1.4 CASH FLOW STATEMENT

<i>in CHF 1000</i>	2008	2007
Net income before minority interests	49,728	32,506
Depreciation	13,508	13,976
Impairment and amortization	328	–
Profit from disposal of subsidiaries	–21,196	–
Other non-fund related income and expenses	–1,075	–108
Change in receivables	6,520	–12,884
Change in inventories	–5,482	–2,951
Change in trade payables	6,027	6,517
Change in other payables	26,880	1,501
Income tax paid	–11,397	–6,188
Interest paid	–1,172	–940
Change in accruals net	987	–2,576
Change in provisions and deferred income tax	–2,457	–122
<b>Cash flow from operating activities</b>	<b>61,199</b>	<b>28,731</b>
Purchase of tangible assets	–48,363	–9,488
Proceeds from disposals of tangible assets	148	703
Purchase of intangible assets	–584	–1,317
Proceeds from disposals of intangible assets	5	–
Purchase of other non-current assets	–2,997	–428
Proceeds from disposals of other non-current assets	288	104
Proceeds from disposals of assets held for sale	–	900
Acquisitions and investments	–46	–686
Proceeds from disposals of investments	6,935	–
<b>Cash flow from investing activities</b>	<b>–44,614</b>	<b>–10,212</b>
Change in financial liabilities	593	–4,891
Change in minorities	–980	–1,960
Dividends paid	–9,800	–8,820
<b>Cash flow from financing activities</b>	<b>–10,187</b>	<b>–15,671</b>
Translation differences on cash	–518	–296
<b>Increase (decrease) in cash and cash equivalents</b>	<b>5,880</b>	<b>2,552</b>
Cash and cash equivalents on January 1	30,003	27,415
Effects of exchange rate adjustments on the opening balance	–1,016	36
Cash and cash equivalents on January 1, after effects of currency exchange rate	28,987	27,451
<b>Cash and cash equivalents on December 31</b>	<b>34,867</b>	<b>30,003</b>
Free cash flow <sup>1</sup>	16,585	18,519

<sup>1</sup> Operating cash flow plus cash flow from investing activities.

The disclosures from page 64 to 90 form an integrated part of the financial report.

## 2 Accounting Policies

### 2.1 General Information

Orell Füssli Holding Ltd. and its subsidiaries (hereinafter the “Orell Füssli Group” or the “Group”) focus their business on three strategic business segments.

The business unit of Industrial Systems covers the production and the sale of machineries and systems for digital printing and encoding of bank notes, passports, security documents, plastic cards and packaging. The head office in Germany and its several subsidiaries abroad serve and support their clients on all continents.

The business unit Banknote and Security Printing is path-breaking by its technology and quality in the area of banknote printing, the production of identification and further documents with high and highest security requirements. Due to extraordinary services, state-of-the-art equipment and extensive experience over many years, Banknote and Security Printing is known worldwide by its clients to be a reliable business partner.

The business unit of Book Retailing occupies a leading position in the German-speaking part of Switzerland with numerous large-format and specialist bookstores and the online shop [www.books.ch](http://www.books.ch). Furthermore, it offers full service for key accounts like companies and public libraries.

Integrated in other business activities, the Publishing business stands as the traditional pillar of the Orell Füssli Group. Focus is laid on non-fiction publishers and topics related to Switzerland. Finally, Photoglob Ltd. is the largest post card publisher in Switzerland and distributes these commodities together with connatural print products throughout the whole country.

Orell Füssli Holding Ltd. is a Swiss public limited company, domiciled in Zurich.

The present consolidated financial statements were approved for publication by the Board of Directors on March 16, 2009. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting.

The principal accounting policies being used to prepare the present consolidated financial statements are described below. They have been consistently applied to the presented reporting periods, unless otherwise indicated.

### 2.2 Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, modified by the fair valuation through profit and loss of marketable securities (including derivative financial instruments). The consolidated financial statements are presented in thousands of Swiss Francs (CHF 1000).

When preparing the consolidated financial statements, management needs to make estimates and assumptions which may influence the disclosed income and expenses, assets and liabilities, as well as other disclosed information. Areas involving a wider range of judgment or a higher degree of complexity, and areas where assumptions and estimates are significant to the consolidated financial statements are listed separately in the Notes under reference 4.

The consolidated financial statements of the Orell Füssli Group have been prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements are further in accordance with Swiss law and the accounting standards of the SIX Swiss Exchange.

The accounting policies as stated below have been applied for the presented reporting periods.

### 2.3 Changes in accounting policies

In the financial year 2008, one amendment of a standard and several interpretations were issued whose effects on the accounting policies of the Group were not previously described in a concluding way:

*IAS 39 (Amendment), Financial Instruments: Recognition and Measurement (effective from July 1, 2008)*. The amendment allows the reclassification of certain financial assets previously classified as “held for trading” or “available for sale” to another category under limited circumstances. Various disclosures are required where a reclassification has been made. The Orell Füssli Group does not use this option for the present.

*IFRIC 13, Customer Loyalty Programmes (effective from July 1, 2008)*. If goods or services are sold together with a customer loyalty incentive (like frequent flyer programs or loyalty points), the arrangement is a multiple-element arrangement and the consideration receivable from the customer has to be allocated between the components of the arrangement using fair values. The Orell Füssli Group adopted the interpretation in the financial report 2008.

*IFRIC 14, IAS 19 – the limit on a defined benefit asset minimum funding requirements and their interaction (effective from July 1, 2008)*. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Orell Füssli Group adopted the interpretation; however, the recalculation did not have any impact on the financial report.

*IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective from October 1, 2008)*. The interpretation provides guidance on hedging the foreign currency risk arising from the investments in foreign operations. No change will occur on accounting, valuation and disclosure of specific transactions. As the Orell Füssli Group refrains from hedge accounting the interpretation has no influence on the financial report.

### 2.4 New standards and interpretations

The IASB did not issue a new standards in the year 2008. However, numerous interpretations and amendments of existing standards were published. They improvements either have no relevance to the Group’s reporting or have not yet been implemented:

*IAS 1 (Amendment), Presentation of Financial Statements (effective from January 1, 2009)*. It primarily affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. The Group will comply with this amendment in the financial year 2009.

*IAS 32 und IAS 1 (Amendment), Puttable Financial Instruments and Obligations Arising on Liquidation (effective from January 1, 2009).* The amendment requires certain puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity rather than as a liability. Presumably the amendment will not have any impact on the Group's consolidated financial statements.

*IAS 39 (Amendment), Eligible Hedged Items (effective from July 1, 2009).* The designation of inflation as a hedgeable component of a fixed rate debt is prohibited by this amendment. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Amendment has no impact on the Group's financial report.

*IFRS 1 (Amendment) und IAS 27 (Revised), Determining Cost of an Investment in Separate Financial Statements (effective from January 1, 2009).* A dividend paid out from pre-acquisition reserves will not be automatically considered as return on investment. Rather, based on the amendments of IAS 27R, it may be an indicator of impairment unless there are clear indications that it is a part of a return of investment. The Amendment has no impact on the Group's financial report.

*IFRIC 15, Agreements for the Construction of Real Estate (effective from January 1, 2009).* The interpretation provides guidelines under when and under what circumstances revenue from construction of real estate should be recognized following either IAS 11 "Construction contracts" or IAS 18 "Revenues". No impact is expected on the Group's financial report.

*IFRIC 17, Distributions of Non-cash Assets (effective from July 1, 2009).* IFRIC 17 clarifies how an entity should measure distributions of assets, other than cash, when it pays dividends to its owners. The interpretation states that a dividend payable should be recognized when appropriately authorized and should be measured at the fair value of the net assets to be distributed. The difference between the fair value of the dividend paid and the carrying amount of the net assets distributed should be recognized in profit or loss. As the Group does not distribute dividends other than cash the interpretation is extraneous.

*IFRIC 18, Transfers of Assets from Customers (effective from July 1, 2009).* The interpretation is particularly relevant to the utility sector with the provision of the service being that of, for example, gas or electricity.

Published in May 2008, the IASB issued a significant number of amendments in the course of the Annual Improvement Project. Most of them are effective from January 1, 2009. The Group will implement these adjustments on time, if necessary.

## 2.5 Consolidation

### Subsidiaries

Subsidiaries are all domestic and foreign entities if they are directly or indirectly controlled by Orell Füssli Holding Ltd., the latter holding more than 50% of the votes or being able to control financial and operating policies in any other ways.

Subsidiaries are fully consolidated from the date on which the direct or indirect control passes to Orell Füssli Holding Ltd. They are deconsolidated from the date that control ceases.

Effects of inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated in the consolidated financial statements.

The purchase method is used to account for the acquisition of subsidiaries by the Group. On the acquisition date all identifiable assets and liabilities of the subsidiary are measured at fair value.

The excess of the cost of acquisition over the fair value of the Group's share in the net assets of the subsidiary acquired is recorded as goodwill.

### Investments in associates

Investments in associates in which Orell Füssli Holding Ltd. can exercise significant influence, are accounted for using the equity method. Influence is considered as significant if Orell Füssli Holding Ltd. directly or indirectly holds between 20% and 50% of the voting rights or can otherwise significantly influence financial and operating policies.

Investments in associates are initially recognized at cost. Cost may include goodwill. The book value of the investment is subsequently adjusted according to the Group's share part of the associate's equity.

### Joint ventures

In 2008 and 2007, the Orell Füssli Group did not include any companies as joint ventures in its consolidated financial statements.

## 2.6 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those segments operating in other economic environments.

## 2.7 Currency translation

The items included in the financial statements of each Group's entities are measured using the currency of the primary economic environment in which the Group operates (the "functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing rate on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The consolidated financial statements are presented in Swiss Francs.

On preparation of the consolidated financial statements, assets and liabilities of subsidiaries in foreign currencies are converted into Swiss Francs at the closing rate of each balance sheet date. Revenues and expenses are translated at the average currency exchange rate of the financial year. Translation differences have been recognized in equity.

Assets and liabilities of foreign group companies are translated into Swiss Francs using the closing rate.

	2008	2007
€ at a rate of CHF	1.4888	1.6587
\$ at a rate of CHF	1.0561	1.1267
£ at a rate of CHF	1.5286	2.2498

Expenses and income are translated into Swiss Francs using the annual average rates.

	2008	2007
€ at a rate of CHF	1.5874	1.6432
\$ at a rate of CHF	1.0831	1.2004
£ at a rate of CHF	2.0006	2.4016

## 2.8 Tangible assets

Tangible assets comprise machinery, technical installations, moveable property, leasehold improvements, vehicles, IT and systems, property, buildings and fixed facilities.

Tangible assets are initially measured at cost. Costs include the purchase price of the tangible asset plus directly related costs which occur for bringing the asset to the location and in condition necessary for it to be capable of operating in the manner intended by management. Costs also include estimated costs for dismantling and removal of tangible assets including the restoration of the site.

Borrowing costs related to tangible assets under construction are recorded in the income statement. The accounting principle will be adjusted in the financial year 2009 according to the amendment of IAS 23R.

Tangible assets are subsequently depreciated using the straight-line method over the period of their useful life. An exception to the straight-line method of depreciation is machinery and technical installations directly used for production purposes; their depreciation is carried out on the basis of their performance over the period of their useful life. Land property is not depreciated. The period of depreciation may be adjusted according to operational necessity. Depreciation begins once the tangible asset is ready for use. The estimated useful lives of each investment category are as follows:

— Machinery and technical installations	5–10 years
— Movable property, leasehold improvements, vehicles	4–10 years
— IT and systems	3–5 years
— Buildings	30–40 years
— Fixed facilities	15–40 years

Buildings under construction are fixed assets which are not yet finished or not yet operational. They are measured at accumulated costs and are not depreciated.

Replacement investments and improvements of tangible assets are recognized in the balance sheet if additional economic use is likely.

Expenditures for repairs and maintenance of buildings and technical installations are recorded as expenses in the income statement when they occur.

## 2.9 Investment property

Property is classified as investment property, if it is held to earn rentals and/or for capital appreciation, and not for use in the production or supply of goods or services or for administrative purposes of the Group. Investment property is measured at cost less accumulated depreciation and impairments in line with tangible assets. They are depreciated using the straight-line method over a period of 15 to 40 years.

## 2.10 Goodwill and other intangible assets

Intangible assets comprise goodwill and other intangible assets, such as rights, licenses and software.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill related to the acquisition of a subsidiary is included in intangible assets. Goodwill is not amortized, but tested annually for impairment. Goodwill is measured at its initial cost less accumulated impairment. A negative goodwill is fully recorded in the income statement.

All other intangible assets have an identifiable useful life. They are measured at costs less accumulated amortization and impairment. Costs of rights, licenses and software are the result of the purchase price plus directly related costs. Development costs for internally developed software are recognized as an asset if certain criteria such as technical feasibility and availability of adequate resources are fulfilled, if the company's intention is to finalize the software development and to use or sell the software, if the company will generate probable future economic benefits, and if the costs can be measured reliably. Rights, licenses and software are amortized using the straight-line method over the contractually agreed duration. Internally developed software is amortized using the straight-line method over a maximum period of three years.

## 2.11 Impairment

Tangible and intangible assets are assessed for impairment. Such assessment occurs on the basis of events or changes of circumstances which indicate that the value of an asset may be impaired. If such indications exist, the recoverable amount will be determined. An impairment loss results, if the book value exceeds the recoverable amount. The recoverable amount is the higher value of either the fair value less selling costs or the present value of expected future cash flows. The impairment is recorded in the income statement. For the purpose of assessing impairment, assets are grouped at the lowest levels for which separate cash flows can be identified.

Further details on the impairment of financial assets will be provided in paragraph 2.13.

## 2.12 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as “held for sale” if their carrying amounts will be recovered principally through a sale transaction rather than through continued use. Such assets are measured at the lower of their carrying amount or fair value less sales costs. They are disclosed separately in current assets.

Discontinued operations are disclosed as a separate item in the income statement if they are material. The Orell Füssli Group did not identify any discontinued operations in 2008 or 2007.

## 2.13 Financial assets

Financial assets are designated to the following four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale investments. The designation depends on the purpose for which the financial asset was purchased. Management determines the categories of its financial assets at initial recognition and re-evaluates the designation at each balance sheet date.

### Financial assets at fair value through profit or loss

This designation is split in two sub-categories: financial assets held for trading and those which management designated at their fair value through profit or loss at inception. A financial asset is held for trading if it is principally purchased for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are used for hedge accounting. Financial assets at fair value through profit or loss are categorized as current assets, if they are either held for trading or if they are realized within 12 months of the balance sheet date.

### Loans and receivables

Loans and receivables are non-derivative financial assets with defined payments and not quoted in an active market. They are classified as current assets if their maturity does not exceed 12 months after the balance sheet date. Otherwise they are included in non-current assets.

### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, for which the Group has the positive intention and ability to hold to maturity. In 2008 and 2007, the Orell Füssli Group did not hold any financial investment of this category.

### Available-for-sale investments

Available-for-sale investments are non-derivative financial assets which are either designated as available-for-sale investments or which are not designated to any of the other categories. They are included in non-current assets, unless management has decided to sell them within 12 months after the balance sheet date. In 2008 and 2007, the Orell Füssli Group held co-operative participations. These participations are measured at cost less impairment as their fair value cannot be evaluated (see note 4.15).

All purchases and sales of financial assets are recorded on the trading date. Trading date is the date on which the Group commits itself to the purchase or the sale of the asset.

Financial assets not measured at fair value through profit or loss are initially recorded at fair value plus transaction costs. Financial assets at fair value through profit or loss are initially measured at the actual price paid. The related transaction costs are recorded directly in the income statement. Financial assets are derecognized if the contractual rights to the cash flows from the financial asset expire or are transferred and the Group has substantially transferred all the risks and rewards of ownership of the financial asset.

Loans and receivables as well as held-to-maturity investments are measured at amortized cost using the effective yield method.

Financial assets at fair value through profit or loss are subsequently measured at fair value with changes in fair value recorded in the income statement. Available-for-sale investments are subsequently measured at fair value and unrealized profits and losses resulting from changes in the fair value of available-for-sale investments are recorded in equity. For sales or impairments of available-for-sale investments, the accumulated fair value adjustments in equity are recycled to the income statement. If the fair value is not determinable, available-for-sale investments are recorded at cost less impairment.

The fair value of financial assets is based on current market prices. In case there is no active market for a financial asset and hence no current market prices are available, the Group determines the fair value using certain valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, and discounted cash flow analyses.

The Group assesses at each balance sheet date whether there is objective evidence that loans, receivables or available-for-sale investments are impaired. In such cases, management estimates the fair value. The recoverable amount of loans and receivables corresponds to the present value of the expected cash flows resulting from the financial asset. An impairment loss is recorded in the income statement when the book value is higher than the estimated recoverable amount of the financial asset. If, in a subsequent period, the impairment loss of loans and receivables becomes smaller and this can be objectively allocated to an event that occurred after the impairment was recorded, the reversal amount is recognized in the income statement of that period, to a maximum of the previously recognized impairment loss.

## 2.14 Inventories

Inventories include raw materials, auxiliary material and supplies, semi-finished goods, finished goods and trading goods. Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average cost calculation. The cost of semi-finished and finished goods contain direct production costs including materials and production costs, as well as overhead costs. The net realizable value is the estimated selling price in the ordinary course of business less the production and distribution costs. For the net realizable value of finished products, the range of coverage analysis is used, and for produced books the year of their publication.

### 2.15 Construction contracts

Construction contracts are medium-term and long-term orders which are generally governed by a contract for work and labor. Construction contracts are recognized using the percentage-of-completion method (PoC method). The PoC method measures the stage of completion of the contract activity in percentages; this allows the determination of revenue for the reporting period and to recognize it as a receivable. Each business unit uses different calculation methods that are based on the completed quantity of a production lot and/or on the portion of the production stages carried out. Expected losses on construction contracts are immediately recognized as an expense.

### 2.16 Trade accounts receivable and other current accounts receivable

Trade accounts receivable and other current accounts receivable are measured at amortized cost less allowances. Doubtful accounts are individually measured and impaired. Indications for such impairment are substantial financial problems of the customer, a declaration of bankruptcy or a financial reorganization is likely or a delay in payment for over 30 days occurs. In addition to these individual measurements a general allowance based on past experiences is made.

As the Orell Füssli Group has a large number of internationally dispersed customers, there are no material concentration of credit risk. It is in the division of security printing where such concentration are most likely. However, the credit-worthiness of these debtors is high, since the most significant customers are national banks or public authorities.

Provisions for doubtful accounts receivable are recognized in a special account. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective yield method. A trade receivable will be eliminated against the provision account if it cannot be collected.

An increase of the provision for doubtful accounts receivable will be recognized as other operating expense in the financial income statement, while any recovery of such provision will result in a decrease of the operational expense accordingly.

### 2.17 Trade accounts payable

Trade accounts payable are recognized at fair value and subsequently measured at amortized cost.

### 2.18 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is concluded and are subsequently remeasured at their fair value. The methods of calculation depend on whether the derivative is designated as a hedging instrument. The Orell Füssli Group utilizes derivative financial instruments only to hedge future cash flows, however. The Group does not apply hedge accounting, but rather recognizes all gains and losses immediately in the income statement. These instruments will be accounted for at fair value through profit & loss and will be adjusted – also through profit & loss – throughout the term of the contract.

### 2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in banks and short-term fixed deposits with a contractual maturity period of 3 months or less.

### 2.20 Share capital

Ordinary shares are classified as part of shareholders' equity.

When the Group purchases Orell Füssli Holding Ltd. shares (treasury shares), the consideration paid, including any direct attributable incremental costs, is deducted from equity. If treasury shares are subsequently sold or issued, any consideration received is included in equity.

The Group applies a policy of treating transactions with minority interests as transactions with treasury shares. Therefore consideration paid for purchases of minority interests as well as consideration received from sales of minority interests are recorded in equity. Any differences between consideration received/paid and minority interests presented in the balance sheet are recorded in equity (economic entity model).

### 2.21 Borrowings

Borrowings comprise loans and other financial liabilities. Initially, borrowings are measured at fair value net of transaction costs incurred, and subsequently, they are stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the liability using the effective yield method.

Financial liabilities are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months.

### 2.22 Income taxes

Income taxes are recorded on the basis of the applicable tax rate of the individual countries and expensed in the period in which they occur. Tax effects resulting from tax losses are recognized as deferred tax assets if it is probable that future taxable profit will be available against which the tax losses could be used.

Deferred tax liabilities are recognized in the balance sheet based upon temporary differences between tax base of assets and liabilities and their carrying amount if they will result in future taxable profits. Deferred tax assets are recognized in the balance sheet based upon temporary differences if they will result in deductible amounts in determining taxable profits, provided that taxable profits will be available in future periods for which the temporary difference can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realized or the liability will be settled.

Current tax liabilities and receivables can be offset against each other provided they refer to the same taxable unit, the same tax authority and if there is a legally enforceable right to offset them. Deferred tax liabilities and receivables can be offset against each other if the same circumstances apply.

Current and deferred taxes are recorded in the income statement as tax income or expense, except for deferred taxes which were added or deducted through the purchase or sale of a subsidiary.

### 2.23 Employee benefits

In Switzerland, Germany, France and Italy there are pension plans which cover the risks of age, death and disability. Financing occurs by means of equal employee and employer contributions as well as returns from the investments made by the pension fund.

The Group has both defined benefit and defined contribution plans.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors, such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay additional contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The liability recognized in the balance sheet with respect to the defined benefit plans represents the value of the defined benefit obligation (DBO) on the balance sheet date less the fair value of the plan assets, adjusted for unrecognized actuarial profits and losses and past service costs. The DBO is calculated periodically by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the expected future cash outflow, using the interest rates of high-quality corporate bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

According to the corridor approach, the net cumulative unrecognized actuarial gains and losses in excess of the greater of 10% of the defined benefit obligation or 10% of the fair value of plan assets are recorded in the income statement over the employees' expected remaining working lives. Other actuarial gains and losses are not recognized.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employee remaining for a specified period of time (vesting period). In this case, the past-service costs are recorded in the income statement on a straight-line basis over the vesting period.

Contributions to defined contribution plans are recorded in the income statement, if the employee renders the corresponding services, normally in the year of payment of the contributions.

The Orell Füssli Group has no share or option plan for its employees, management or members of the Board of Directors.

### 2.24 Provisions

Provisions are recognized if the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a cash outflow will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. No provisions are recorded for future operational losses.

If the effect of the time value of money is significant, provisions are determined by discounting future cash flows.

### 2.25 Revenue recognition

Revenue from the sales of tradable, produced and printed goods are recorded as income after their delivery and their acceptance by the client. Revenue is shown net of value-added-tax and any rebates.

Revenue from construction contracts is recognized using the percentage-of-completion method in order to record the portion of total sales for the reporting period.

Revenue from services, which are rendered for a certain period of time and which are invoiced periodically, is recorded in the period in which the service is rendered. Revenue for settling transaction-related services is recorded at the time the service is fully rendered.

Dividend income is recorded in the reporting period in which the right to receive payments is established.

### 2.26 Leases

Leases of assets, in which substantially all the risks and rewards incidental to ownership are transferred to the lessee, are classified as finance leases. Finance leases are initially recognized in the balance sheet at the lower of fair value of the leased asset or the present value of the minimal lease payments. The leased asset is depreciated over the useful life or the lease term, whichever is shorter. The corresponding financial obligations are recorded as liabilities.

Leases of assets, in which substantially all risks and reward incidental to ownership are effectively held and used by the lessor, are classified as operating leases. Lease payments under an operational lease are recorded in the income statement on a straight-line basis over the lease term.

### 2.27 Dividend distributions

Shareholders' claims to dividend distribution are recorded as liability in the period in which the dividends are approved by the company's shareholders.

### 2.28 Critical accounting estimates and judgments

The Group makes estimates and assumptions which concern the future. By definition, the estimates will seldom correspond to related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

#### Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues on the basis of estimates of whether additional taxes are due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### Tangible assets

The Orell Füssli Group regularly assesses the useful life of its tangible assets. Such assessment is based on estimates which are substantially based on the technical efficiency, the applicability and the continued use of tangible assets

#### Valuation adjustments

For the impairment of receivables, management must estimate the expected cash inflows from doubtful debtors. This is based on experience gained from prior years.

For the valuation adjustment of inventories to its net realizable value, management must use methods that require significant estimates. Management uses the range of coverage analyses for semi-finished and finished goods. For the valuation adjustment of produced books, the year of their publication is taken into consideration.

#### 2.29 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based upon quoted market price at the balance sheet date multiplied by the number of securities.

The fair value of financial instruments that are not traded in an active market is determined by using other valuation techniques which require assumptions. As the Orell Füssli Group currently does not use financial instruments designated to this category, no further description of such valuation techniques will need to be disclosed.

Trade accounts receivable and payable are stated in the balance sheet at their carrying value less impairment provision. Due to their short term nature they are assumed to approximate their fair value.

The fair value of financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For any other financial instrument the discounted cash flow will be used and included in the valuation process.

## 3 Risk Management

### 3.1 Financial risk management

The Orell Füssli Group is active worldwide and is therefore exposed to different financial risks such as currency risk, interest rate risk, credit risk and liquidity risk.

The overall risk management of the Orell Füssli Group focuses on the unpredictability of developments on the financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group may use derivative financial instruments to economically hedge financial risks. In the reporting period, the Orell Füssli Group did not apply hedge accounting according to IAS 39.

### 3.2 Foreign exchange risk

As a principle, no business activities are conducted in currencies with high volatilities or considered otherwise particularly risky. For substantial orders with a maturity period of more than three months, the hedging of foreign exchange risk using derivative financial instruments will be evaluated and entered, if necessary.

The Orell Füssli Group is exposed to foreign exchange risk particularly with regard to the Euro. During prior periods, the currency exchange rate between Swiss Franc and Euro developed towards a strengthening of the Euro. However, it weakened by over 10% in the year 2008 with its highest variance of around 14% compared to the beginning of the year. Taking into consideration the higher volatility between these two currencies, the Group has benchmarked a currency variation of 15% for the sensibility analyses.

If the Euro had weakened against the Swiss Franc by 15% on December 31, 2008, with all other variables held constant, post-tax profit for the year would have been lowered by CHF 2,824,000 (2007: CHF 3,023,000). In the opposite way the profit would have increased to the same extent, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, non-current assets, trade accounts payable and other current liabilities. The reaction of the profit to movements in CHF/EUR exchange rates is less sensible due to the higher initial position of the currency exchange rate in the previous financial year of 2007. There were no material changes of the portion in Euro either on the receivable or on the financial liability side.

### 3.3 Interest rate risk

As the Orell Füssli Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to cash flow interest risk by non-current borrowings issued at variable rates, while non-current borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Management's policy is to maintain approximately 80% of its borrowings in fixed rate instruments. Basically, no hedge activities such as interest rate swaps are used.

On December 31, 2008, the Orell Füssli Group did not have any material non-current borrowings in its balance sheet. Therefore, the Group forgoes disclosure of sensibility analyses of the interest rate risk.

### 3.4 Credit risk

Credit risk may arise from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposures to wholesale and retail customers. Banks and financial institutions need an independently evaluated minimum rating of "A" in order to do business with the Orell Füssli Group.

The Group has not issued a generally accepted credit limit due to the differing customer structure in each of the business units. However, each entity assesses the credit quality of customers systematically, taking into account the financial situation, the past experience and other factors. Material business activities in international environments are usually hedged by bank guaranties or letters of credit.

Management does not expect any losses from substantial receivable assets.

### 3.5 Liquidity risk

The Orell Füssli Group monitors its liquidity risk through prudent liquidity management. In doing so, the Group follows the principle of maintaining liquidity reserves higher than the daily and monthly demand of operating cash. This includes the provision of sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Therefore a rolling forecast of liquidity on the basis of expected cash flow is conducted and regularly updated. However, some divisions are traditionally more in funds at the end of the year due to the seasonality of their business. Such funds will be reduced again in the following quarter. The average liquidity reserves are usually considerably below the reserves as stated at the year end.

As of balance sheet date the available liquidity can be summarized as:

#### LIQUIDITY RESERVES

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Liquidity reserves and credit facilities</b>		
Liquidity reserves	35,868	30,631
Committed credit facilities	78,024	81,479
./ Utilized credit facilities	-7,169	-14,112
<b>Total liquidity reserves and non-utilized credit facilities</b>	<b>106,723</b>	<b>97,998</b>

Along with the committed credit facilities in local currencies in an unchanged range, the Group should be able to provide sufficient liquidity to ensure ordinary business activities.

Exempt are significant investments in non-current assets as well as future acquisitions. In such cases an adjustment of committed credit facilities may be considered. Furthermore there is the possibility of closing out market positions; as of balance sheet date the authorized capital approved by the Annual General Meeting amounts to the equivalent of 400,000 shares.

#### 3.6 Capital risk

When managing capital, the Orell Füssli Group's objectives are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal structure to reduce the cost of capital. In order to reach these goals, the Orell Füssli Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Orell Füssli Group monitors capital on the basis of net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total of the financial liabilities, the trade accounts payable, the prepayments from customers and the other current liabilities, less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

In the financial year of 2008, the Orell Füssli Group's target was to increase its gearing ratio compared to the previous period in order to finance the expenses in connection with budgeted investments and extensive renovation work for the security printing business unit. However, the expected cash outflow could be widely compensated due to the disposal of the online database of corporate and personal information business. Therefore, the gearing ratio on December 31, 2008, remained stable in comparison to the end of the previous year.

The gearing ratios on December 31, 2008 and 2007 were as follows:

#### NETTOVERSCHULDUNGSGRAD

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Gearing ratio</b>		
Total financial liabilities	9,434	9,808
+ Trade accounts payable	31,606	27,859
+ Prepayments from customers	58,723	46,369
+ Other current liabilities	8,841	9,089
./ Cash and cash equivalents	-34,867	-30,003
<b>Net debt</b>	<b>73,737</b>	<b>63,122</b>
Total equity	186,419	152,780
<b>Total capital</b>	<b>260,156</b>	<b>215,902</b>
<b>Gearing ratio</b>	<b>28%</b>	<b>29%</b>

## 4 Notes to the Consolidated Financial Statements

### 4.1 Primary reporting format – business segments

As mentioned in note 2.1 business activities of the Orell Füssli Group are designated into three segments that provide the basis for the segment reporting by business units:

#### Industrial Systems

Disclosures in connection with the production and marketing of machineries and systems for digital printing and encoding of bank notes, passports, security documents, plastic cards and packaging.

#### Security Printing

Disclosures in connection with the production and marketing of bank notes, identification and further documents with high and highest security requirements.

#### Book Retailing

Disclosures in connection with the sale of books and similar products in numerous bookstores of the German-speaking part of Switzerland and on the Internet ([www.books.ch](http://www.books.ch)).

Business activities disclosed as “Other” or “Unallocated” include the publishing units as well as infrastructure services. Their size is not sufficiently material to be disclosed separately in the segment reporting.

The segment results for the year ended on December 31, 2008, are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Total gross segment sales	105,004	102,945	122,742	34,626	–	365,317
Inter-segment sales	–20	35	5	68	–88	–
<b>Sales</b>	<b>104,984</b>	<b>102,980</b>	<b>122,747</b>	<b>34,694</b>	<b>–88</b>	<b>365,317</b>
Earnings before interest and taxes	7,275	23,983	3,423	24,317	811	59,809
Financial result						–2,151
Share of profit of associates (Note 4.15)					–70	–70
<b>Earnings before income taxes</b>						<b>57,588</b>
Income tax expenses						–7,860
<b>Net income after income taxes</b>						<b>49,728</b>

The segment results for the year ended on December 31, 2007, are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Total gross segment sales	111,517	97,407	121,501	45,067	–	375,492
Inter-segment sales	–10	96	8	77	–171	–
<b>Sales</b>	<b>111,507</b>	<b>97,503</b>	<b>121,509</b>	<b>45,144</b>	<b>–171</b>	<b>375,492</b>
Earnings before interest and taxes	13,568	18,206	4,779	4,842	838	42,233
Financial result						485
Share of profit of associates (Note 4.15)					–6	–6
<b>Earnings before income taxes</b>						<b>42,712</b>
Income tax expenses						–10,206
<b>Net income after income taxes</b>						<b>32,506</b>

Other segment items included in the income statement of 2008 are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Depreciation and impairment of tangible assets (Note 4.12)	2,632	6,593	3,050	334	158	12,767
Depreciation and impairment of intangible assets (Note 4.13)	341	13	341	349	4	1,048
Other non-cash expenses	1,537	5	129	10	-	1,681

Other segment items included in the income statement of 2007, are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Depreciation and impairment of tangible assets (Note 4.12)	2,522	5,970	2,864	409	239	12,004
Depreciation and impairment of intangible assets (Note 4.13)	330	42	636	865	74	1,947
Other non-cash expenses	1,259	185	99	24	-	1,567

Intersegment transactions and transfers are considered under commercial terms and conditions which would also apply with unrelated third parties.

The segment assets and liabilities on December 31, 2008, and capital expenditure in 2008 are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Segment assets	102,913	117,591	48,841	11,245	31,245	311,835
Associates	-	-	35	-	270	305
<b>Total segment assets</b>	<b>102,913</b>	<b>117,591</b>	<b>48,876</b>	<b>11,245</b>	<b>31,515</b>	<b>312,140</b>
<b>Segment liabilities</b>	<b>45,125</b>	<b>47,040</b>	<b>21,368</b>	<b>3,803</b>	<b>2,385</b>	<b>119,721</b>
<b>Capital expenditure</b>	<b>2,237</b>	<b>40,058</b>	<b>6,705</b>	<b>596</b>	<b>74</b>	<b>49,670</b>

The segment assets and liabilities on December 31, 2007, and capital expenditure in 2007 are as follows:

<i>in CHF 1000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total Group
Segment assets	102,883	96,769	46,820	18,397	2,310	267,179
Associates	-	-	-	-	340	340
<b>Total segment assets</b>	<b>102,883</b>	<b>96,769</b>	<b>46,820</b>	<b>18,397</b>	<b>2,650</b>	<b>267,519</b>
<b>Segment liabilities</b>	<b>37,946</b>	<b>37,072</b>	<b>18,781</b>	<b>8,838</b>	<b>2,117</b>	<b>104,754</b>
<b>Capital expenditure</b>	<b>1,573</b>	<b>4,722</b>	<b>3,478</b>	<b>1,223</b>	<b>48</b>	<b>11,044</b>

#### 4.2 Secondary reporting format – geographic segments

The Orell Füssli Group has divided its activities in the following five geographic segments:

- Switzerland
- Germany
- the rest of Europe and Africa
- North and South America
- Asia and Oceania

The following tables disclose information about sales to customers, segment assets and capital expenditure in these geographic regions.

<i>in CHF 1000</i>	2008	2007
<b>Sales</b>		
Switzerland	201,970	212,687
Germany	14,551	13,561
The rest of Europe and Africa	74,070	81,928
North and South America	13,912	14,404
Asia and Oceania	60,814	52,912
<b>Total sales</b>	<b>365,317</b>	<b>375,492</b>

Total sales are allocated based on the country in which the customer is located.

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Segment assets</b>		
Switzerland	208,921	164,297
Germany	75,384	72,339
The rest of Europe and Africa	16,963	17,749
North and South America	10,567	12,794
<b>Segment assets</b>	<b>311,835</b>	<b>267,179</b>
Associates (Note 4.15)	305	340
<b>Total segment assets</b>	<b>312,140</b>	<b>267,519</b>

The assets are allocated based on the country in which the company is domiciled.

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Capital expenditure</b>		
Switzerland	47,433	9,471
Germany	2,186	1,411
The rest of Europe and Africa	–	101
North and South America	51	61
<b>Total capital expenditure</b>	<b>49,670</b>	<b>11,044</b>

Capital expenditure is allocated based on the country in which the company is domiciled.

#### 4.3 SALES BY CATEGORIES

<i>in CHF 1000</i>	2008	2007
Sales of goods	354,533	353,387
Revenue from services	12,109	24,437
License fees	562	564
<b>Total sales by categories</b>	<b>367,204</b>	<b>378,388</b>

#### 4.4 Financial instruments

Financial instruments can be allocated to the following categories:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Financial assets</b>		
Held for trade		
Marketable securities	1,001	628
<b>Total held for trade</b>	<b>1,001</b>	<b>628</b>
Loans and receivables		
Trade accounts receivable	32,501	32,220
Financial receivables	18,610	1,759
Other non-current assets	902	863
<b>Total loans and receivables</b>	<b>52,013</b>	<b>34,842</b>
Held to maturity		
N/A	–	–
<b>Total held to maturity</b>	<b>–</b>	<b>–</b>
Available for sale		
Investments (note 4.15)	2,497	2,497
<b>Total available for sale</b>	<b>2,497</b>	<b>2,497</b>

Financial liabilities are categorized as following:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Financial liabilities</b>		
At amortized costs		
Trade accounts payable	31,606	27,859
Financial payables	9,434	9,808
Other current payables	8,841	9,089
<b>Total at amortized costs</b>	<b>49,881</b>	<b>46,756</b>
At fair value through profit and loss		
Derivative financial instruments	596	268
<b>Total at fair value through profit and loss</b>	<b>596</b>	<b>268</b>

The contractual undiscounted cash flow of financial liabilities and their maturities can be stated as following:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Contractual undiscounted cash flow of financial liabilities</b>		
<b>From current financial liabilities</b>		
From borrowings, trade payables and other current liabilities		
<i>Due within 6 months</i>	46 388	41 544
<i>Due between 6 and 12 months</i>	156	532
Liabilities from borrowings, trade payables and other current liabilities	46 544	42 076
From finance lease		
<i>Due within 6 months</i>	185	179
<i>Due between 6 and 12 months</i>	199	196
Liabilities from finance lease	384	375
<b>Total current financial liabilities</b>	<b>46 928</b>	<b>42 451</b>

<i>in CHF 1000 on December 31 (continued)</i>	2008	2007
<b>From non-current financial liabilities</b>		
From borrowings		
<i>Due between 1 and 2 years</i>	216	402
<i>Due between 2 and 5 years</i>	–	277
<i>Due later than 5 years</i>	645	642
Liabilities from borrowings	861	1,321
From finance lease		
<i>Due between 1 and 2 years</i>	429	418
<i>Due between 2 and 5 years</i>	1,334	1,510
<i>Due later than 5 years</i>	1,585	2,306
Non-current from finance lease	3,348	4,234
<b>Total non-current financial liabilities</b>	<b>4,209</b>	<b>5,555</b>
Financial liabilities from borrowings, trade payables and other current liabilities	47,405	43,397
Financial liabilities from finance lease	3,732	4,609
<b>Total contractual undiscounted cash flow of financial liabilities</b>	<b>51,137</b>	<b>48,006</b>

#### 4.5 CASH AND CASH EQUIVALENTS

<i>in CHF 1000 on December 31</i>	2008	2007
Cash at bank and in hand	34,867	30,003
Short-term bank deposits	–	–
<b>Total cash and cash equivalents</b>	<b>34,867</b>	<b>30,003</b>

The actual interest rate for bank balances and for short-term bank deposits ranged between 0.125% and 6.71% (2007: 0.125% and 6.5%). Bank deposits have an average maturity period of 60 days.

For the purpose of the cash flow statement, the fund “Cash and cash equivalents” encompassed liquid assets. Current account credits were not part of the fund “Cash and cash equivalents”.

#### 4.6 MARKETABLE SECURITIES & DERIVATIVE FINANCIAL INSTRUMENTS

<i>in CHF 1000 on December 31</i>	2008	2007
Derivative financial instruments	986	613
Listed shares and other equity securities	15	15
<b>Total marketable securities</b>	<b>1,001</b>	<b>628</b>

As per December 31, 2008 and 2007, the Group concluded several option contracts, which are listed in the following table by contract type. The contract values do not represent the market risks; they solely provide indications on the upcoming transaction volume on the balance sheet date. The fair value as per December 31, is based on market values or based on calculations supported by standardized option-pricing models using market prices.

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Contract value of derivative financial instruments</b>		
Currency option contracts in SGD	4,326	21,459
Currency option contracts in AUD	–	5,047
<b>Total currency options</b>	4,326	26,506
Forward foreign exchange rate contracts in SGD	9,954	21,802
Forward foreign exchange rate contracts in AUD	–	5,006
Forward foreign exchange rate contracts in EUR	12,063	–
Forward foreign exchange rate contracts in other currencies	308	570
<b>Total foreign exchange rate contracts</b>	22,325	27,378
<b>Total contract value of derivative financial instruments</b>	26,651	53,884

The derivative financial instruments are used to hedge future cash flows. All of them expire within the coming twelve months and are linked to transactions which fall due with high probability during the year 2009. As the Group forgoes hedge accounting, any gain or loss of valuation will be directly included in the financial result and, on maturity, adjusted by the effective realized gain or loss through the same accounts. The market value of the derivative financial instruments can be disclosed as follows:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Market value of derivative financial instruments</b>		
Currency option contracts	277	–10
Forward foreign exchange rate contracts	113	355
<b>Total market value of derivative financial instruments</b>	390	345
Included in marketable securities & derivative financial instruments	986	613
Included in other current liabilities	–596	–268
<b>Total market value of derivative financial instruments</b>	390	345

#### 4.7 RECEIVABLES

<i>in CHF 1000 on December 31</i>	2008	2007
Trade accounts receivable	35,470	35,096
./ Provisions for doubtful trade accounts receivable	–2,969	–2,876
<b>Total trade accounts receivable net</b>	32,501	32,220
Prepayments to suppliers	2,172	7,603
Receivables from POC	43,035	51,028
Current income tax receivable	1,115	1,010
Receivables from related parties	1,278	75
Accrued income and deferred expenses	1,888	2,699
Other receivables	3,853	5,986
<b>Total receivables</b>	85,842	100,621

The carrying amounts of the accounts receivable comply with their fair values.

Revenue from construction contracts during the year ended on December 31, 2008, was CHF 29,464,000 (2007: CHF 48,153,000). The aggregate amount of costs incurred and the recognized profits (less recognized losses) for all construction contracts in progress was as disclosed on the balance sheet.

#### 4.8 Trade accounts receivable

Taking into consideration the terms and conditions established with customers, the following table sets forth details of the age of trade accounts receivable:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Aging structure of trade accounts receivable</b>		
Not overdue	23,124	19,722
Past due not more than 30 days	5,738	6,056
Past due from 31 to 60 days	1,259	4,490
Past due from 61 to 90 days	641	576
Past due from 91 to 180 days	2,541	842
Past due more than 180 days	2,167	3,410
<b>Total trade accounts receivable gross</b>	35,470	35,096
Provisions for doubtful trade accounts receivable	–2,969	–2,876
<b>Total trade accounts receivable net</b>	32,501	32,220

Provisions for doubtful trade accounts receivable are based not only on decisions by individual judgment taking into account the different customer structure in each division, but also on updated information about past experiences. The loss was included in the income statement as “Other operating expenses”.

<i>in CHF 1000</i>	2008	2007
<b>Provisions for doubtful trade accounts receivable</b>		
January 1	-2,876	-1,981
Increase of provisions	-1,775	-1,468
Utilization of provisions	1,270	519
Reversal of provisions	116	111
Translation effects	296	-57
<b>December 31</b>	<b>-2,969</b>	<b>-2,876</b>

Part of provisions for doubtful trade accounts receivable are individual allowances in an amount of CHF 2,226,000 (2007: CHF 2,440,000). The effective loss on accounts receivable within the past five years has always been less than 0.5% of the annual turnover.

Trade accounts receivable include amounts denominated in the following currencies:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Currencies of trade accounts receivable</b>		
CHF	15,924	15,409
EUR	14,813	14,817
USD	1,168	1,494
GBP	596	500
<b>Total trade accounts receivable net</b>	<b>32,501</b>	<b>32,220</b>

In 2008, certain European subsidiaries of the Group forfeited receivables in an amount of CHF 3,029,000 (2007: CHF 1,711,000).

#### 4.9 INVENTORIES

<i>in CHF 1000 on December 31</i>	2008	2007
Raw materials, auxiliary materials and supplies	19,519	17,974
Semi-finished and finished goods	14,408	15,055
Trading goods	11,009	7,443
Work-in-progress	7,660	9,798
<b>Total inventories</b>	<b>52,596</b>	<b>50,270</b>

The cost of inventories recognized as expense and included in the income statement amounted to CHF 150,476,000 (2007: CHF 155,079,000).

The write-down on inventories recognized in the income statement during the financial year ended on December 31, 2008, was CHF 523,000 (2007: CHF 493,000).

#### 4.10 Financial assets

Current and non-current financial assets consist of receivables from finance lease and finance contracts as well as from loan contracts. The financial assets are based on:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Financial assets</b>		
Current financial assets		
Loans	4,022	-
Lease and finance contracts	291	395
Other current financial assets	1,238	-
<b>Total current financial assets</b>	<b>5,551</b>	<b>395</b>
Non-current financial assets		
Loans	12,403	332
Lease and finance contracts	656	1,032
<b>Total non-current financial assets</b>	<b>13,059</b>	<b>1,364</b>
<b>Total financial assets</b>	<b>18,610</b>	<b>1,759</b>

The valuation of non-current loans is based on amortized cost.

Certain foreign subsidiaries enter finance lease contracts with their clients in connection with special production facilities. Following details can be disclosed with regard to finance lease assets:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Finance lease assets</b>		
Gross investments in finance lease		
Due within 1 year	321	465
Due between 1 and 5 years	709	1,101
Due later than 5 years	-	-
<b>Total gross investments in finance lease</b>	<b>1,030</b>	<b>1,566</b>
Present value of future minimum lease payments		
Due within 1 year	291	395
Due between 1 and 5 years	656	1,032
Due later than 5 years	-	-
<b>Total present value of future minimum lease payments</b>	<b>947</b>	<b>1,427</b>
<b>Unrealized interest income</b>	<b>83</b>	<b>139</b>

Contingent finance lease payments relating to production output amounted to CHF 0 (2007: CHF 149,000). There are no provisions on finance lease assets.

#### **4.11 Assets held for sale**

In the financial year 2007, the sale of a real estate, which already had been decided in previous years, could be finally concluded and finalized. As per December 31, 2008, there are no further non-current assets held for sale by the Group.

#### 4.12 TANGIBLE ASSETS

in CHF 1000

	Land and Buildings	Machinery and Technical Installations	Movable Property, IT and Vehicles	Assets under Construction	Total
<b>January 1, 2007</b>					
Cost	111,724	84,216	36,326	813	233,079
Accumulated depreciation and impairment	-63,144	-67,331	-22,820	1	-153,294
<b>Net book value</b>	<b>48,580</b>	<b>16,885</b>	<b>13,506</b>	<b>814</b>	<b>79,785</b>
<b>Financial year 2007</b>					
Opening net book value	48,580	16,885	13,506	814	79,785
Exchange differences – cost	103	2	414	–	519
Exchange differences – depreciation and impairment	28	12	-254	–	-214
Additions <sup>1</sup>	180	1,514	3,937	4,048	9,679
Sales – cost	–	-154	-1,131	–	-1,285
Sales – depreciation and impairment	–	78	391	–	469
Derecognition – cost	-2	-101	-2,486	1	-2,588
Derecognition – depreciation and impairment	2	101	2,486	-1	2,588
Depreciation	-4,160	-3,724	-4,120	–	-12,004
Reclassification – cost	23	2,647	117	-2,787	–
Reclassification – depreciation and impairment	–	51	-51	–	–
<b>Closing net book value</b>	<b>44,754</b>	<b>17,311</b>	<b>12,809</b>	<b>2,075</b>	<b>76,949</b>
<b>January 1, 2008</b>					
Cost	112,028	88,124	37,177	2,075	239,404
Accumulated depreciation and impairment	-67,274	-70,813	-24,368	–	-162,455
<b>Net book value</b>	<b>44,754</b>	<b>17,311</b>	<b>12,809</b>	<b>2,075</b>	<b>76,949</b>
<b>Financial year 2008</b>					
Opening net book value	44,754	17,311	12,809	2,075	76,949
Exchange differences – cost	-2,292	-1,216	-1,788	-39	-5,335
Exchange differences – depreciation and impairment	1,034	1,082	1,273	–	3,389
Additions <sup>1</sup>	193	26,283	2,860	20,252	49,588
Change in scope of consolidation – cost	–	-6	-1,595	–	-1,601
Change in scope of consolidation – depreciation and impairment	–	6	1,094	–	1,100
Sales – cost	-30	-1,173	-568	–	-1,771
Sales – depreciation and impairment	9	1,108	439	–	1,556
Derecognition – cost	-1,717	-7,781	-2,091	–	-11,589
Derecognition – depreciation and impairment	1,717	7,781	2,091	–	11,589
Depreciation	-3,922	-4,275	-4,242	–	-12,439
Impairment	-38	-11	-279	–	-328
Reclassification – cost	349	–	4,514	-5,068	-205
Reclassification – depreciation and impairment	–	–	–	–	–
<b>Closing net book value</b>	<b>40,057</b>	<b>39,109</b>	<b>14,517</b>	<b>17,220</b>	<b>110,903</b>
<b>December 31, 2008</b>					
Cost	108,531	104,231	38,509	17,220	268,491
Accumulated depreciation and impairment	-68,474	-65,122	-23,992	–	-157,588
<b>Net book value</b>	<b>40,057</b>	<b>39,109</b>	<b>14,517</b>	<b>17,220</b>	<b>110,903</b>

<sup>1</sup> Additions include additions by cash purchase, by capitalized costs and by acquisitions.

#### 4.13 INTANGIBLE ASSETS

*in CHF 1000*

	Software and Develop-ments	Rights and Licenses	Other	Total
<b>January 1, 2007</b>				
Cost	10,444	1,820	910	13,174
Accumulated depreciation and impairment	-7,050	-1,791	-908	-9,749
<b>Net book value</b>	<b>3,394</b>	<b>29</b>	<b>2</b>	<b>3,425</b>
<b>Financial year 2007</b>				
Opening net book value	3,394	29	2	3,425
Exchange differences – cost	92	–	29	121
Exchange differences – depreciation and impairment	-41	–	-29	-70
Additions <sup>1</sup>	1,887	–	–	1,887
Derecognition – cost	-4,267	-59	–	-4,326
Derecognition – depreciation and impairment	4,267	59	–	4,326
Depreciation	-1,916	-29	-2	-1,947
Reclassification – cost	–	–	–	–
Reclassification – depreciation and impairment	–	–	–	–
<b>Closing net book value</b>	<b>3,416</b>	<b>–</b>	<b>–</b>	<b>3,416</b>
<b>January 1, 2008</b>				
Cost	8,156	1,761	939	10,856
Accumulated depreciation and impairment	-4,740	-1,761	-939	-7,440
<b>Net book value</b>	<b>3,416</b>	<b>–</b>	<b>–</b>	<b>3,416</b>
<b>Financial year 2008</b>				
Opening net book value	3,416	–	–	3,416
Exchange differences – cost	-344	-1	-97	-442
Exchange differences – depreciation and impairment	187	–	97	284
Additions <sup>1</sup>	545	31	8	584
Change in scope of consolidation – cost	-2,968	-13	–	-2,981
Change in scope of consolidation – depreciation	2,242	13	–	2,255
Sales – cost	-6	–	–	-6
Sales – depreciation and impairment	1	–	–	1
Derecognition – cost	-126	-88	–	-214
Derecognition – depreciation and impairment	126	88	–	214
Depreciation	-1,039	-7	-2	-1,048
Reclassification – cost	205	–	–	205
Reclassification – depreciation and impairment	–	–	–	–
<b>Closing net book value</b>	<b>2,239</b>	<b>23</b>	<b>6</b>	<b>2,268</b>
<b>December 31, 2008</b>				
Cost	5,462	1,690	850	8,002
Accumulated depreciation and impairment	-3,223	-1,667	-844	-5,734
<b>Net book value</b>	<b>2,239</b>	<b>23</b>	<b>6</b>	<b>2,268</b>

<sup>1</sup> Additions include additions by cash purchase, by capitalized costs and by acquisitions.

#### 4.14 Finance lease of tangible assets

The items disclosed in Note 4.12 include the following amounts where the Orell Füssli Group is a lessee under a finance lease:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Land and buildings</b>		
Cost – Capitalized finance leases	4,882	5,439
Accumulated depreciation	-1,153	-1,057
<b>Net book value</b>	<b>3,729</b>	<b>4,382</b>

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Machinery and technical installations</b>		
Cost – Capitalized finance leases	66	625
Accumulated depreciation	-5	-619
<b>Net book value</b>	<b>61</b>	<b>6</b>

Lease rentals amounting to CHF 8,370,000 (2007: CHF 8,198,000). CHF 868,000 (2007: CHF 536,000) are related to operating lease of property and other tangible assets and, respectively, are included in the income statement.

All bank borrowings secured on land and buildings were already settled in the financial year 2007.

#### 4.15 Investments

Investments encompass the participation in Orell Füssli Kartographie Ltd., in Schweizer Buchzentrum and, since September 2008, in Travel Book Shop Ltd. None of them are listed companies.

At the end of 2008, the Group owned 24% (2007: 24%) of the shares of Orell Füssli Kartographie Ltd. The investment is accounted for an investment in associates in the consolidated financial statements. At the end of 2008, its carrying amount was CHF 270,000 (2007: CHF 340,000). The investment in Orell Füssli Kartographie Ltd. did not include any goodwill either on December 31, 2008, or on December 31, 2007.

In September 2008, the Group participated in Travel Book Shop Ltd. with a share of 35%. The investment is incorporated in the consolidated financial statements as an investment in an associated company. At the end of 2008, its carrying amount was CHF 35,000 and does not include any goodwill.

According to IAS 39, the participation in the retailer co-operative Schweizer Buchzentrum needs to be classified as an “available-for-sale investment”. The participation is measured at cost less impairment. The carrying amount of the investment is CHF 2,497,000 (2007: CHF 2,497,000) and corresponds to its fair value. It is not planned to sell the position in the near future.

#### 4.16 INVESTMENT PROPERTY

<i>in CHF 1000 on December 31</i>	2008	2007
Cost	466	466
Accumulated depreciation and impairment	-344	-323
Exchange differences	-32	13
<b>Net book value</b>	<b>90</b>	<b>156</b>

<i>in CHF 1000</i>	2008	2007
January 1	156	190
Exchange differences	-45	-9
Additions	-	-
Disposals	-	-
Depreciation	-21	-25
Impairment	-	-
<b>December 31</b>	<b>90</b>	<b>156</b>

The fair values of investment property are based on the appraisal by an independent valuer. The appraisal is also based on the market value.

<i>in CHF 1000 on December 31</i>	2008	2007
Fair value of investment property	280	156

The following amounts were recognized in the income statement:

<i>in CHF 1000</i>	2008	2007
Rental income	93	121
Direct operating expenses arising from investment property generating rental income	13	7
Direct operating expenses arising from investment property not generating any rental income	13	7

#### 4.17 TRADE PAYABLES

<i>in CHF 1000 on December 31</i>	2008	2007
Trade payables	30,683	27,828
Trade payables to related parties	923	31
<b>Total</b>	<b>31,606</b>	<b>27,859</b>

The trade accounts payable can be allocated to following currencies at their net book values:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Currencies of trade payables</b>		
CHF	22,978	16,054
EUR	8,239	11,242
USD	258	475
GBP	22	88
Other	109	-
<b>Total trade payables net</b>	<b>31,606</b>	<b>27,859</b>

#### 4.18 Financial liabilities

The carrying amount of financial liabilities corresponds approximately with its fair value. The maturities are as following:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Net book value of financial liabilities</b>		
<b>Current financial liabilities</b>		
From borrowings		
<i>Due within 6 months</i>	5,345	4,328
<i>Due between 6 and 12 months</i>	150	507
Current borrowings	5,495	4,835
From finance lease		
<i>Due within 6 months</i>	182	175
<i>Due between 6 and 12 months</i>	191	187
Current finance lease	373	362
<b>Total current financial liabilities</b>	<b>5,868</b>	<b>5,197</b>
<b>Non-current financial liabilities</b>		
From borrowings		
<i>Due between 1 and 2 years</i>	198	363
<i>Due between 2 and 5 years</i>	-	234
<i>Due later than 5 years</i>	614	614
Non-current borrowings	812	1,211
From finance lease		
<i>Due between 1 and 2 years</i>	396	385
<i>Due between 2 and 5 years</i>	1,142	1,281
<i>Due later than 5 years</i>	1,216	1,734
Non-current from finance lease	2,754	3,400
<b>Total non-current financial liabilities</b>	<b>3,566</b>	<b>4,611</b>
<b>Total financial liabilities</b>	<b>9,434</b>	<b>9,808</b>
Financial liabilities from borrowings	6,307	6,046
Financial liabilities from finance lease	3,127	3,762
<b>Total financial liabilities</b>	<b>9,434</b>	<b>9,808</b>

Interest expenditure from finance lease liabilities were in an amount of CHF 267,000 (2007: CHF 278,000).

No secured liabilities are included in financial liabilities.

Finance lease liabilities are secured effectively as the rights to the leased asset revert to the lessor in the event of a breach of contract.

The carrying amounts of financial liabilities are denominated in the following currencies. The amounts are translated into CHF at the exchange rate of the balance sheet date.

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Currencies of financial liabilities</b>		
<b>Borrowings</b>		
CHF	687	614
EUR	5,620	4,896
USD	–	536
<b>Total borrowings</b>	<b>6,307</b>	<b>6,046</b>
<b>Finance lease</b>		
CHF	62	1
EUR	3,065	3,761
USD	–	–
<b>Total finance lease</b>	<b>3,127</b>	<b>3,762</b>
<b>Financial liabilities</b>		
CHF	749	615
EUR	8,685	8,657
USD	–	536
<b>Total financial liabilities</b>	<b>9,434</b>	<b>9,808</b>

The effective interest rates on the balance sheet date were as follows:

<i>in %</i>	2008	2007
<b>Interest rates</b>		
CHF	2.65–5.00%	3.45–3.75%
EUR	4.30%	5.80%
USD	–	6.25%

#### 4.19 OTHER CURRENT LIABILITIES

<i>in CHF 1000 on December 31</i>	2008	2007
Accrued expenses and deferred income	9,050	9,829
Derivative financial instruments (note 4.6)	596	268
Other payables	8,841	9,089
Prepayments from customers	58,723	46,369
Current tax liabilities	5,704	9,200
<b>Total other current liabilities</b>	<b>82,914</b>	<b>74,755</b>

In connection with the derivative financial instruments reference is made to note 4.6. The Orell Füssli Group concluded several currency option contracts in order to hedge certain currency risks. Due to different maturities the contract values will be reduced continuously over the next twelve months.

#### 4.20 PROVISIONS

<i>in CHF 1000 on December 31</i>	2008	2007
Provisions for legal claims	–	–
Provisions for restructuring	26	31
Warranty provisions	447	581
Other provisions	600	71
<b>Total provisions</b>	<b>1 073</b>	<b>683</b>

Provisions for restructuring refer to obligations due to the social compensation plan of 1992, while outstanding commissions and projects that need to be finished are considered as other provisions.

The development and maturities of the stated provisions as per balance sheet day can be specified as following:

<i>in CHF 1000</i>	2008	2007
<b>January 1</b>	<b>683</b>	<b>756</b>
Additions (charged to income statement)	600	37
Reversals (charged to income statement)	–69	–15
Utilization during the year	–84	–107
Exchange differences	–57	12
<b>December 31</b>	<b>1,073</b>	<b>683</b>

<i>in CHF 1000</i>	2008	2007
<b>Maturities of provisions</b>		
Due within 12 months	582	642
Due between 1 and 5 years	380	35
Due later than 5 years	111	6
<b>Total maturities of provisions</b>	<b>1,073</b>	<b>683</b>

#### 4.21 Retirement benefit obligations

The pension plans of the Orell Füssli Group are related to retirement benefits for the employees.

On December 31, 2008, calculation according to IAS 19 results in a net pension fund asset of CHF 2,911,000 (2007: CHF 181,000). The Group's balance sheet includes pension fund assets of CHF 3,309,000 (2007: CHF 1,030,000) and pension fund liabilities of CHF 398,000 (2007: CHF 849,000).

The analyses of the pension fund liability are as following:

<i>in CHF 1000</i>	2008	2007
<b>Fair value of plan assets</b>		
January 1	133,274	121,750
Expected return on plan assets	4,998	4,566
Employer's contribution	3,125	2,808
Employees' contribution	3,160	2,581
Curtailments, settlements, plan amendments	-10,420	-
Benefits paid	-4,278	1,388
Actuarial gain/(loss) on plan assets	-12,241	181
<b>December 31</b>	<b>117,618</b>	<b>133,274</b>
<b>Present value of benefit obligations</b>		
January 1	-130,273	-119,937
Service cost	-6,104	-5,935
Interest cost	-4,560	-3,298
Curtailments, settlements, plan amendments	13,067	-
Benefits paid	4,278	-1,388
Actuarial gain/(loss) on benefit obligations	4,487	285
<b>December 31</b>	<b>-119,105</b>	<b>-130,273</b>

The amounts recognized in the balance sheet are as follows:

<i>in CHF 1000</i>	2008	2007
Current service costs	-6,104	-5,935
Interest costs	-4,560	-3,298
Expected return on plan assets	4,998	4,566
Curtailment gain	1,845	-
Adjustment due to IAS 19.58	86	-93
<b>Net periodic benefit cost</b>	<b>-3,735</b>	<b>-4,760</b>
Employees' contribution	3,160	2,581
<b>Total amount recognized in personnel expenses</b>	<b>-575</b>	<b>-2,179</b>

The actual return on the plan assets was -9.7% (2007: 3.2%).

The movement in the pension fund liability is as follows:

<i>in CHF 1000</i>	2008	2007
January 1, Switzerland	1,624	995
Total expense charged in income statement	-575	-2,179
Contributions paid	3,125	2,808
<b>December 31, Switzerland</b>	<b>4,174</b>	<b>1,624</b>
January 1, abroad	-1,443	-1,391
Total expense charged in income statement	180	-52
<b>December 31, abroad</b>	<b>-1,263</b>	<b>-1,443</b>
<b>Total pension fund liability</b>	<b>2,911</b>	<b>181</b>

Over the past five years, the development of the overfunding/(underfunding) was as following:

<i>in CHF 1000 on December 31</i>	2008	2007	2006	2005	2004
Fair value of plan assets	117,618	133,274	121,750	118,461	111,433
Present value of pension obligations	-119,105	-130,273	-119,937	-120,702	-110,904
<b>Overfunding/(underfunding)</b>	<b>-1,487</b>	<b>3,001</b>	<b>1,813</b>	<b>-2,241</b>	<b>529</b>
Limitation of assets according IAS 19.58	-850	-1,260	-1,360	-2,336	-3,593
Unrecognized actuarial (gains)/losses	6,511	-117	542	4,263	1,976
<b>Asset/(liability) in the balance sheet - net</b>	<b>4,174</b>	<b>1,624</b>	<b>995</b>	<b>-314</b>	<b>-1,088</b>
Pension obligations abroad	-1,263	-1,443	-1,391	-1,308	N/A
<b>Total overfunding/(underfunding)</b>	<b>2,911</b>	<b>181</b>	<b>-396</b>	<b>-1,622</b>	<b>-1,088</b>

Following details can be presentend with reference to the actuarial gains and losses over the past five years:

<i>in CHF 1000</i>	2008	2007	2006	2005	2004
Experience adjustments on plan liabilities	4,487	-7,547	2,967	-7,308	N/A
Change in assumptions adjustment on plan liabilities	-	7,833	2,635	-	N/A
Experience adjustments on plan assets	-12,241	181	-2,556	3,571	N/A
<b>Total actuarial gain/(loss)</b>	<b>-7,754</b>	<b>467</b>	<b>3,046</b>	<b>-3,737</b>	<b>N/A</b>

The principal actuarial assumptions used were as follows:

<i>in %</i>	2008	2007
Discount rate	3.50%	3.50%
Expected return on assets	3.75%	3.75%
Future salary increases	2.00%	2.00%
Future pension increases	0.25%	0.25%

The average life expectancy was calculated on the basis of EVK 2000 plus 4.0%.

Following details can be presented with reference to the actuarial gains and losses:

<i>in %</i>	2008	2007
<b>Asset allocation</b>		
Cash and cash equivalents	9.8%	9.0%
Bonds	47.3%	50.4%
Equities	18.5%	25.5%
Properties	15.9%	13.2%
Other	8.5%	1.9%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>

The expected employer's contribution will be in an amount of CHF 3,110,000 in the financial year of 2009.

#### 4.22 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset them and when the deferred income taxes relate to the same tax authority.

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Deferred income tax</b>		
<b>Deferred income tax assets</b>		
Cash and cash equivalents and receivables	724	339
Inventories	2,301	2,513
Construction contracts	-	-
Non-current assets	881	524
Current liabilities	1,645	1,210
Non-current liabilities	43	37
Tax loss carry-forward	254	168
<b>Total assets</b>	<b>5,848</b>	<b>4,791</b>
<b>Deferred income tax liabilities</b>		
Cash and cash equivalents and receivables	100	58
Inventories	570	463
Construction contracts	4,449	3,804
Non-current assets	2,091	2,244
Current liabilities	4	7
Non-current liabilities	44	11
<b>Total liabilities</b>	<b>7,258</b>	<b>6,587</b>
<b>Balance of deferred income tax assets/(liabilities)</b>	<b>-1,410</b>	<b>-1,796</b>

The changes in the deferred income taxes (net) are as follows:

<i>in CHF 1000</i>	2008	2007
January 1	1,796	1,121
Effects of currency translation	-161	-
Changes in scope of consolidation	-	119
Income statement charges	-225	556
<b>December 31</b>	<b>1,410</b>	<b>1,796</b>

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. The Group did not recognize deferred tax income assets of CHF 363,000 (2007: CHF 395,000) in respect of losses amounting to CHF 1,728,000 (2007: CHF 1,881,000) that can be carried forward against future taxable income.

The following table shows the expiry of tax loss carry-forwards which have not been used for the recognition of deferred income tax assets:

<i>in CHF 1000 on December 31</i>	2008	2007
<b>Tax loss carry-forwards not recognized in the balance sheet</b>		
Due within 12 months	495	-
Due between 1 and 2 years	667	648
Due between 2 and 3 years	192	667
Due between 3 and 4 years	11	192
Due between 4 and 5 years	311	11
Due later than 5 years	52	363
<b>Total tax loss carry-forwards not recognized in the balance sheet</b>	<b>1,728</b>	<b>1,881</b>

#### 4.23 Share capital

The number of approved ordinary shares is 1,960,000 (2007: 1,960,000). They are exclusively registered shares with a par value of CHF 1 per share (2007: CHF 1 per share). All shares are fully paid.

#### 4.24 RETAINED EARNINGS

<i>in CHF 1000</i>	2008	2007
January 1	132,334	111,262
Change	38,162	21,072
<b>December 31</b>	<b>170,496</b>	<b>132,334</b>
<b>Exchange differences</b>		
January 1	-652	281
Change	-5,124	-933
<b>December 31</b>	<b>-5,776</b>	<b>-652</b>
<b>Total on December 31</b>	<b>164,720</b>	<b>131,682</b>

The exchange differences relate to the translation of the separate financial statements of the Group's subsidiaries into Swiss Francs. All associated companies prepare their financial statements in CHF.

#### 4.25 OTHER OPERATING INCOME

<i>in CHF 1000</i>	2008	2007
Rental income from operating leases	222	252
Other income	1,665	2,644
<b>Total other operating income</b>	<b>1,887</b>	<b>2,896</b>

#### 4.26 PERSONNEL EXPENDITURE

<i>in CHF 1000</i>	2008	2007
Wages and salaries	83,484	84,299
Social security and pension costs	8,371	10,245
Pension costs – defined benefit plans (Note 4.21)	575	2,179
Other personnel expenditure	6,386	4,376
<b>Total personnel expenditure</b>	<b>98,816</b>	<b>101,099</b>

#### 4.27 FINANCIAL RESULT

<i>in CHF 1000</i>	2008	2007
Interest expense		
Bank borrowings	-963	-725
Finance lease liabilities	-267	-278
<b>Total interest expense</b>	<b>-1,230</b>	<b>-1,003</b>
Interest income		
Receivables from third parties	383	542
Receivables from finance lease	44	52
<b>Total interest income</b>	<b>427</b>	<b>594</b>
Other finance income and expense		
Net gains (losses) from foreign exchange differences	-1,035	866
Net gains (losses) from securities held for trade	44	372
Bank charges and other finance cost	-517	-457
Dividend income	123	77
Share of profit/(loss) of associates	-33	30
<b>Total other finance income and expense</b>	<b>-1,418</b>	<b>888</b>
<b>Total financial result</b>	<b>-2,221</b>	<b>479</b>

#### 4.28 INCOME TAX EXPENSES

<i>in CHF 1000</i>	2008	2007
Current income tax	8,085	9,531
Deferred income tax (Note 4.22)	-225	675
<b>Total income tax expenses</b>	<b>7,860</b>	<b>10,206</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated companies as follows:

<i>in CHF 1000</i>	2008	2007
<b>Profit before income tax</b>	<b>57,588</b>	<b>42,712</b>
<b>Income tax calculated</b>	<b>9,691</b>	<b>10,433</b>
Different income tax rates	-63	-42
Upcoming income tax rate changes	-	-474
Expenses not deductible for income tax purposes	300	399
Revenue not subject to income tax	-2,250	-214
Utilization of tax losses recognized as tax assets	-70	-56
Adjustments to deferred tax assets	-42	-140
Tax effects related to other periods	275	278
Other	19	22
<b>Income tax charge</b>	<b>7,860</b>	<b>10,206</b>

The Group's profit was exceptionally high in the financial year of 2008 due to the disposal of two subsidiaries. Orell Füssli Holding Ltd. is entitled to claim the participation exemption on the gain of the disposal. Consequently, the Group's weighted average applicable tax rate was considerably lower at 16.8% in the financial year 2008 (2007: 24.4%).

#### 4.29 Earnings per share

In terms of IAS 33 no dilution effects per share occurred either in 2008 or 2007.

<i>On December 31</i>	2008	2007
Net income for the period	47,962	29,892
Weighted average numbers of shares in issue (in thousands)	1,960	1,960
<b>Earnings per share (in CHF)</b>	<b>24.47</b>	<b>15.25</b>

#### 4.30 Dividend per share

The dividends paid in 2008 and 2007 were in an amount of CHF 9,800,000 (CHF 5.00 per share) and CHF 8,820,000 (CHF 4.50 per share) respectively. A dividend in respect of the year ended on December 31, 2008, of CHF 15,680,000 (CHF 8.00 per share) is to be proposed to the shareholders at the Annual General Meeting to be held on May 6, 2009. These financial statements do not reflect this dividend payable.

#### 4.31 Contingencies

On December 31, 2008, the Group's contingent liabilities for guaranties to third parties amounted to CHF 9,121,000 (2007: CHF 12,044,000). The rental guaranties are valid for the next 4 to 10 years. They are subject to optional extensions.

<i>in CHF 1000 on December 31</i>	2008	2007
Advance payment guaranties	4,954	8,117
Rental guaranties	3,617	3,267
Bank guaranties	550	660
<b>Total contingencies</b>	<b>9,121</b>	<b>12,044</b>

#### 4.32 Commitments related to capital expenditure

Capital expenditure contracted on the balance sheet date but not yet incurred are as follows:

<i>in CHF 1000 on December 31</i>	2008	2007
Tangible assets	10,317	35,594
<b>Total</b>	<b>10,317</b>	<b>35,594</b>

In 2008, considerable expenditure was planned and realized for investments in production facilities and machineries of the security printing division. The workings and installations are expected to be finalized in the first half-year of 2009.

For investment property no commitments for repairs and maintenance exist.

#### 4.33 Payables from operational lease contracts

The Orell Füssli Group rents property, machinery and fixed assets by means of operational leases. Some lease contracts are non-cancellable, others have an option for cancellation of usually less than one year.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

<i>in CHF 1000 on December 31</i>	2008	2007
No later than 1 year	11,523	9,408
Later than 1 year and no later than 5 years	31,651	33,718
Later than 5 years	16,519	16,400
<b>Total</b>	<b>59,693</b>	<b>59,526</b>

Future aggregate minimum lease payments have increased in comparison to previous periods. The book retailing division renewed several existing contracts with lease options and concluded new lease agreements in addition.

#### 4.34 Business combinations

In the financial year 2008, Scola Verlag Ltd. was integrated in Orell Füssli Verlag Ltd.

The Group purchased the book publishing activities of Huber Verlag Ltd., Frauenfeld and integrated the segment in Orell Füssli Verlag Ltd. in January 2008.

Furthermore, the investment company Atlantic Zeiser Beteiligungen GmbH merged with one of its subsidiaries, Atlantic Zeiser GmbH, with its head office in Emmingen (Germany) as per January 1, 2008. All sub-investments of the Atlantic Zeiser Group are held by this company since.

#### 4.35 Disposal of subsidiaries

As per July 1, 2008, the Orell Füssli Group disposed of its 100% investment in Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Verlag Schweiz Ltd. to Axon Active Ltd., Lucerne. The online database of corporate and personal information business of the two former subsidiaries had been included in the reporting segment "Other" before they were derecognized from the scope of consolidation.

The sales price and the net assets disposed can be disclosed as:

<i>in CHF 1000</i>	2008
Sales price	27,232
Directly related sales costs	-87
<b>Total sales consideration</b>	<b>27,145</b>
Book value of net assets disposed	-5,949
Sales profit	21,196

The assets and liabilities arising from the disposal can be disclosed as follows:

<i>in CHF 1000 on June 30</i>	2008
Cash and cash equivalents	2,979
Trade accounts receivables	2,808
Accrued receivables	123
Other current receivables	370
Other current assets	1,119
Tangible assets	501
Intangible assets	726
Investments	14
Loan assets	2,810
Trade accounts payable	-1,620
Prepayments from customers	-2,309
Accrued liabilities	-996
Other current liabilities	-576
<b>Net assets</b>	<b>5,949</b>

Prior to this transaction the Group announced the purchase of KISS Kredit-Info-Service-System Ltd. with two locations in Switzerland by Orell Füssli Wirtschaftsinformationen Ltd. The purchase price was in an amount of CHF 2,550,000. Both, the purchase of KISS Ltd., and the sale of Orell Füssli Wirtschaftsinformationen Ltd. were agreed on the same transaction day. Therefore, the new ownership took responsibility for the integration of the business activities of KISS Ltd.

#### 4.36 Related-party transactions

The Orell Füssli Group sold goods and services to related companies in an amount of CHF 26,261,000 (2007: CHF 24,325,000). Goods and services were sold to related companies under normal commercial terms and conditions that would also be provided to unrelated third parties.

The Orell Füssli Group sold goods of associated and related companies in the amount of CHF 6,536,000 (2007: CHF 6,344,000).

On the balance sheet date, the sale and purchase of goods and services to related companies resulted in receivables of CHF 1,278,000 (2007: CHF 75,000) and liabilities of CHF 923,000 (2007: CHF 31,000).

In 2008 and 2007, the Orell Füssli Group continued to sell books and publishing products to related parties and to employees at favourable rates.

No loans to related parties had been granted by the Group in the financial years of 2008 and 2007, and the Group did not receive any loans from related parties during that period.

#### 4.37 Board and executives compensations

The Orell Füssli Group assigned salaries and other current compensations to the Board of Directors and Executive Board of the Group in the amount of CHF 3,228,000 (2007: CHF 3,237,000) for the financial year 2008. The social insurance contribution amounted to CHF 411,000 (2007: CHF 415,000). One member left the Executive Board in summer 2008 due to the disposal of the subsidiaries Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd., and was not replaced. On the other hand, compensation for the CEO of the Group incurred over a 12-months period in the financial year of 2008 for the first time.

For the disclosures of the remunerations to the Board of Directors and Executive Board of the Group in connection with the transparency law reference is made to note 7.11 of the financial report of Orell Füssli Holding Ltd.

#### 4.38 Events after the balance sheet date

One of the Group's subsidiaries, Atlantic Zeiser GmbH, Emmingen (Germany), had to communicate the introduction of short-time working for about 40% of its workforce as from March 1, 2009. The investment goods business of the international security and card industries suffer from a severe decline since autumn 2008.

No other events occurred between the balance sheet date and the date when the Board of Directors approved the consolidated financial statements that add more information to any item in the consolidated financial statements, that could put into question the going concern of the Group or that are of material nature.

## 5 Report of the Group Auditors

### To the general meeting of Orell Füssli Holding Ltd.

As statutory auditor, we have audited the consolidated financial statements of Orell Füssli Ltd., which comprise the balance sheet, income statement, cash flow statement, statement of recognised income and expense/statement of changes in equity and notes (pages 60 to 90), for the year ended December 31, 2008.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) 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 as well as the International Standards on Auditing. 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 December 31, 2008, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) 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.

PricewaterhouseCoopers AG



Armin Bantli  
Audit expert  
Auditor in charge



Arno Frieser  
Audit expert

Zurich, March 16, 2009

## 6 Financial Statements of Orell Füssli Holding Ltd.

### 6.1 BALANCE SHEET ON DECEMBER 31

<i>in CHF 1000</i>	NOTES	2008	IN %	2007	IN %
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		9,690		1,010	
Current financial assets	7.1	5,232		–	
Receivables from affiliated and associated entities		31,531		25,624	
Other receivables		130		38	
<b>Total current assets</b>		<b>46,583</b>	<b>35.5</b>	<b>26,672</b>	<b>25.4</b>
<b>Non-current assets</b>					
Operating assets		21		26	
Non-current financial assets	7.1	12,000		–	
Investments in affiliated and associated entities	7.2	28,140		31,740	
Loans to affiliated and associated entities	7.3	44,567		46,776	
<b>Total non-current assets</b>		<b>84,728</b>	<b>64.5</b>	<b>78,542</b>	<b>74.6</b>
<b>Total assets</b>		<b>131,311</b>	<b>100.0</b>	<b>105,214</b>	<b>100.0</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables		143		129	
Payables to affiliated and associated entities		4,114		11,058	
Current provisions		5		5	
Other current liabilities		1,469		1,150	
<b>Total current liabilities</b>		<b>5,731</b>	<b>4.4</b>	<b>12,342</b>	<b>11.7</b>
<b>Non-current liabilities</b>					
Provision for restructuring		151		156	
<b>Total non-current liabilities</b>		<b>151</b>	<b>0.1</b>	<b>156</b>	<b>0.2</b>
<b>Equity</b>					
Share capital		1,960		1,960	
Legal reserves		11,140		11,140	
Unrestricted reserves	7.4	69,816		59,139	
Retained earnings:					
Net income for the period		42,513		20,477	
<b>Total equity</b>		<b>125,429</b>	<b>95.5</b>	<b>92,716</b>	<b>88.1</b>
<b>Total liabilities</b>		<b>131,311</b>	<b>100.0</b>	<b>105,214</b>	<b>100.0</b>

## 6.2 INCOME STATEMENT

<i>in CHF 1000</i>	NOTES	2008	2007
Income from investments	7.5	19,020	18,670
Other operating income		2,439	2,447
<b>Total operating income</b>		<b>21,459</b>	<b>21,117</b>
Personnel expenditure		-1,843	-1,606
Other operating expenses		-1,512	-925
<b>Total operating expenses</b>		<b>-3,355</b>	<b>-2,531</b>
<b>Operating income before interest and taxes (EBIT)</b>		<b>18,104</b>	<b>18,586</b>
Financial income		4,859	3,388
Financial expenses		-3,855	-1,299
<b>Financial result</b>		<b>1,004</b>	<b>2,089</b>
<b>Operating income before interest and taxes</b>		<b>19,108</b>	<b>20,675</b>
Extraordinary income	7.6	24,091	-
Extraordinary expenses	7.7	-501	-174
Income tax	7.8	-185	-24
<b>Net income for the period</b>	7.9	<b>42,513</b>	<b>20,477</b>

## 7 Notes to the Financial Statements

### 7.1 Financial assets

Current and non-current financial assets increased due to the sale of the subsidiaries Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. The receivables are secured by first class bank guaranties.

### 7.2 Investments

The disposal of all shares of two subsidiaries and an impairment of a further investment led to a reduction of investments in affiliated and associated entities in the total amount of CHF 3,600,000.

### 7.3 Loans to affiliated and associated entities

Loans granted to subsidiaries are generally due within one year. Therefore, they may change according to the needs of each company. The change in the financial year 2008 is mainly a result of translation effects on loans in Euro.

### 7.4 Unrestricted reserves

Following the approval at the Annual General Meeting held on May 11, 2005, the unrestricted reserves and retained earnings have been merged together.

<i>in CHF 1000</i>	2008	2007
Opening balance	59,139	48,411
./ dividends paid	-9,800	-8,820
+ retained earnings	20,477	19,548
<b>Closing balance</b>	<b>69,816</b>	<b>59,139</b>

### 7.5 Income from investments

Income from subsidiaries is based upon the net income on December 31, 2008. The respective dividend payments have already been approved at the Annual General Meeting. Compared to the financial year 2007, the profits of the subsidiaries increased further. As a consequence the resulting dividends are higher.

### 7.6 Extraordinary income

Orell Füssli Holding Ltd. recorded extraordinary income in the amount of CHF 24,046,000 in connection with the sale of Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. Some additional extraordinary income was achieved in the amount of CHF 45,000 referring to non-operative revenues.

### 7.7 Extraordinary expenses

In 2008 as well as in 2007, extraordinary expenses include single payments to pensioners of the Group and further donations.

### 7.8 Income tax

Income tax is calculated on the ordinary net income reduced by the dividends from subsidiaries in 2008.

### 7.9 Net income for the period

The positive result can be traced back to the one-time effect of earnings by selling two subsidiaries Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. Also dividend income could be increased in the financial years of 2008 and 2007. The latter regularly contribute an important part to the net result.

### 7.10 Risk assessment disclosures

The Board of Directors and management of the Orell Füssli Group are responsible for the establishment and maintenance of adequate internal control over financial reporting. The Board of Directors of the Orell Füssli Holding Ltd. is fully integrated into the internal risk assessment process. Organisational and process measures have been designed and implemented to identify and mitigate risks at an early stage. The risk assessment process correlates with the management structure of the business units.

The compliance officers of the business units coordinate the risk management under the control of the head for internal risk control. Identified risks are systematically listed and categorized in accordance with the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The business units and management of the Group are in charge of assessment and management of the risks. The staff functions of the Orell Füssli Group are responsible for the basic principles, training, coordination and the monitoring. The head of the internal risk control reports regularly about nature, comprehension and assessment of identified risks and informs about the taken measures to the Board of Directors of the Orell Füssli Holding Ltd. and to the Audit Committee.

### 7.11 Remunerations of members of the Board of Directors and the Executive Board

The Transparency Statute of the Swiss Federal Code of Obligations came into effect on January 1, 2007, by virtue of which all listed companies are obliged to make additional disclosures of compensation to directors and officers under articles 663b<sup>bis</sup> and 663c, paragraph 3.

The information provided in this section conforms to the requirements of the Swiss Federal Code of Obligations (SCO), although the consolidated financial statements have been drawn up in conformity with IFRS. Since the Orell Füssli Group has no equity-based compensation to disclose in compliance with IFRS 2, there are no valuation differences in the presentation.

### Basic principles

Authority to stipulate remuneration for the members of the Board of Directors lies with the Board of Directors, while the Compensation Committee stipulates the salaries of the members of the Executive Board.

The Orell Füssli Group has neither a share nor an option allocation scheme for members of the Board of Directors and the Executive Board. Remuneration of the Board of Directors and the Executive Board consists of a fixed and a variable component. The variable compensation component for the Board of Directors is based on the dividend paid, while the variable compensation component for the Executive Board is based on a preset formula which takes into account EBIT and the achievement of individually specified annual targets.

With the exception of contributions to the pension fund, the upper limit of which is defined by occupational pension's legislation, the Orell Füssli Group does not provide any specific pension funds for members of the Executive Board.

The remuneration stated refers to compensation made in respect to the appropriate reporting period. The tables below therefore contain in full all entitlements to payments in respect of the 2008 financial year.

### Loans and other payments

No loans were granted to current or former members of the Board of Directors and the Executive Board in the 2008 financial year, nor were any guaranties assumed for loans granted to directors and officers by third parties. The balance sheet contains no claims of this nature arising from loans as of December 31, 2008.

The Orell Füssli Group made no payments to current or former members of the Board of Directors, the Executive Board or related parties other than those listed in the tables below, and did not waive any claims against such persons.

### Share ownership

As per balance sheet date, no member of the Board of Directors or the Executive Board or related parties are listed in the share register of Orell Füssli Holding Ltd. Dr. Hans Kuhn is an Executive Vice President of the SNB Swiss National Bank Ltd., which holds 653,460 shares of Orell Füssli Holding Ltd. Balthasar Meier is Chairman of the Board of Directors of a finance company which holds 12,600 shares of Orell Füssli Holding Ltd.

### Remuneration of members of the Board of Directors

Compensation for non-executive directors always applies to a period of office. Provision is made in the relevant financial year for all compensation, even if these are not disbursed until the following year

<i>in CHF in 2008</i>					
	Basic remuneration	Variable remuneration	Other payments		Total
	in cash	in cash	Social security and pension costs	Special allowances	
<b>Remuneration of members of the Board of Directors</b>					
Dr. Klaus Oesch, Chairman Audit Committee (Member) Compensation Committee (Member)	201,000	72,819	42,970	–	316,789
Dr. Rudolf Rentsch, Deputy Chairman Audit Committee (Chairman)	24,000	40,000	3,927	–	67,927
Dr. Rudolf W. Hug Compensation Committee (Chairman)	22,000	40,000	3,804	–	65,804
Dr. Hans Kuhn Compensation Committee (Member)	22,000	40,000	3,804	–	65,804
Balthasar Meier Audit Committee (Member)	24,000	40,000	3,927	–	67,927
<b>Total</b>	<b>293,000</b>	<b>232,819</b>	<b>58,432</b>	<b>–</b>	<b>584,251</b>

<i>in CHF in 2007</i>					
	Basic remuneration	Variable remuneration	Other payments		Total
	in cash	in cash	Social security and pension costs	Special allowances	
<b>Remuneration of members of the Board of Directors</b>					
Dr. Klaus Oesch <sup>1</sup> , Chairman (since May 9, 2007) CEO Orell Füssli Group (until June 30, 2007)	301,500	108,497	61,375	7,127	478,499
Dr. Rudolf Rentsch, Deputy Chairman Audit Committee (Chairman)	26,000	25,000	3,053	–	54,053
Dr. Rudolf W. Hug Compensation Committee (Chairman)	22,000	25,000	2,916	–	49,916
Dr. Hans Kuhn Compensation Committee (Member)	22,000	25,000	2,916	–	49,916
Balthasar Meier Audit Committee (Member)	26,000	25,000	3,053	–	54,053
<b>Total</b>	<b>397,500</b>	<b>208,497</b>	<b>73,313</b>	<b>7,127</b>	<b>686,437</b>

<sup>1</sup> The remuneration of Dr. Klaus Oesch represents all compensation disbursed in 2007. This includes remuneration for his function as CEO of Orell Füssli Holding Ltd., which he exercised until June 30, 2007. He assumed office as Chairman of the Board on May 9, 2007, with appropriate remuneration arrangements.

### Remuneration of members of the Executive Board

The compensation of members of the Executive Board set out below corresponds to entitlements for the 2008 and 2007 reporting period. Provision is made in the relevant financial year for all compensation, even if these are not disbursed until the following year.

<i>in CHF in 2008</i>	Basic remuneration	Variable remuneration	Other payments		Total
<b>Remuneration of members of the Executive Board</b>	in cash	in cash	Social security and pension costs	Special allowances	
Sönke Bandixen CEO Orell Füssli Group	362,004	142,510	72,238	8,399	585,151
Other members of the Executive <sup>1</sup>	1,874,666	277,067	280,438	37,817	2,469,988
<b>Total</b>	<b>2,236,670</b>	<b>419,577</b>	<b>352,676</b>	<b>46,216</b>	<b>3,055,139</b>

<sup>1</sup> Due to the disposal of two subsidiaries one member of the Executive Board left on July 1, 2008, and was not replaced.

<i>in CHF in 2007</i>	Basic remuneration	Variable remuneration	Other payments		Total
<b>Remuneration of members of the Executive Board</b>	in cash	in cash	Social security and pension costs	Special allowances	
Sönke Bandixen <sup>1</sup> CEO Orell Füssli Group (since July 1, 2007)	208,000	66,667	37,515	5,599	317,781
Other members of the Executive	1,922,634	375,023	304,307	46,206	2,648,170
<b>Total</b>	<b>2,130,634</b>	<b>441,690</b>	<b>341,822</b>	<b>51,805</b>	<b>2,965,951</b>

<sup>1</sup> The disclosed compensation to Sönke Bandixen refers to entitlements for the period from May 1, 2007, until December 31, 2007. Calculated on an annual basis, Sönke Bandixen receives the highest remuneration paid to a member of the Executive Board. The information about Dr. Klaus Oesch has already been disclosed under "Remuneration of members of the Board of Directors".

### 7.12 LEGAL NOTES REQUIRED

<i>in CHF 1000 on December 31</i>	2008	2007
Contingent liabilities in favor of third parties	9,121	12,044

On December 31, 2008, Orell Füssli does not hold any own shares.

### 7.13 MAJOR SHAREHOLDERS

<i>On December 31, 2008</i>	Total registered shares	Participation in %
SNB Swiss National Bank Ltd., Berne (CH)	653,460	33,34%
Fam. Siegert, Meerbusch (D)	126,090	6,43%

No further disclosures are required by article 663b of the Swiss Federal Code of Obligations (SCO).

### 7.14 Proposed appropriation of retained earnings and unrestricted reserves

The following proposal will be made on the occasion of the AGM on May 6, 2009, for the allocation of unappropriated profits and other retained earnings:

<i>in CHF 1000</i>	2008
Unrestricted reserves	69,816
Net income for the year 2008	42,513
<b>Earnings available for appropriation</b>	<b>112,329</b>
Dividend of CHF 8.00 per share	-15,680
<b>Total unrestricted reserves</b>	<b>96,649</b>

If the proposal is accepted, the dividend amounts to:

per share	CHF 8.00
minus withholding tax	CHF 2.80
to be paid out	CHF 5.20

## 8 Report of the Statutory Auditors on the Financial Statements

### To the general meeting of Orell Füssli Holding Ltd.

As statutory auditor, we have audited the financial statements of Orell Füssli Holding Ltd, which comprise the balance sheet, income statement and notes (pages 92 to 98 and 100), for the year ended December 31, 2008.

### 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 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 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 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 December 31, 2008 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.

PricewaterhouseCoopers AG



Armin Bantli  
Audit expert  
Auditor in charge



Arno Frieser  
Audit expert

Zurich, March 16, 2009

## 9 Companies of the Orell Füssli Group

### INVESTMENTS

	City, Country		Nominal Capital in 1000	% of capital held <sup>1</sup>	
				direct	indirect <sup>2</sup>
<b>Affiliated companies for which full consolidation treatment applies</b>					
Orell Füssli Security Printing Ltd.	Zurich, CH	CHF	10,000	100	
Orell Füssli Security Documents Ltd.	Zurich, CH	CHF	2,000	100	
Orell Füssli Technology Ltd.	Zug, CH	CHF	50	100	
Orell Füssli Banknote Engineering Ltd.	Zurich, CH	CHF	100	50	
Orell Füssli Buchhandlungs Ltd.	Zurich, CH	CHF	5,000	51	
Rösslitor Bücher Ltd.	St. Gall, CH	CHF	187		99
Orell Füssli Verlag Ltd.	Zurich, CH	CHF	1,000	100	
Photoglob Ltd.	Zurich, CH	CHF	1,000	71	
Orell Füssli Dienstleistungs Ltd.	Zurich, CH	CHF	500	100	
Atlantic Zeiser GmbH	Emmingen, D	EUR	869		100
Atlantic Zeiser Inc	West Caldwell, USA	USD	0		100
Atlantic Zeiser Ltd.	Andover, UK	GBP	0		100
Atlantic Zeiser France SAS	Créteil Cedex, F	EUR	38		100
Atlantic Zeiser SA	Madrid, ESP	EUR	60		100
Atlantic Zeiser SRL	Milano, I	EUR	100		100
Tritron GmbH	Battenberg, D	EUR	200		51
<b>Associated companies for which equity consolidation treatment applies</b>					
Orell Füssli Kartographie Ltd.	Zurich, CH	CHF	210	24	
Travel Book Shop Ltd. <sup>3</sup>	Zurich, CH	CHF	100		35
<b>Other interests</b>					
Schweizer Buchzentrum <sup>3</sup>	Hägendorf, CH	CHF	13,230		19

<sup>1</sup> Capital held and voting rights in % are identical except the participation in the cooperative Schweizer Buchzentrum.

<sup>2</sup> Capital participation of the particular mother company.

<sup>3</sup> Held through Orell Füssli Buchhandlungs Ltd.

## Contact for Investor Relations

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