

orell füssli Holding Ltd

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To our shareholders

Dr. Klaus Oesch
CEO Orell Füssli Group

Zürich, 9th August 2006

Orell Füssli results of the first semester 2006

First semester profit significantly higher than pervious year – high workload for security printing – increased order intake for industrial systems division – favourable full year figures expected.

Dear shareholders,

The Orell Füssli group realised in the first semester 2006 a turnover of CHF 154.5 million, which is 8% more than in 2005. EBIT was 51% up to CHF 10.8 million and net income was up 88% to CHF 7.3 million. The comparison to the previous year's figures shows that the operational problems of last year were corrected. The first semester results are within budget, which in the 1st semester tends to be volatile depending on the actual mix of activities. In most divisions the second semester is stronger because of seasonal peaks typically so in the book retailing and publishing businesses.

Similar to the previous year a higher turnover and value addition with the division **security printing** is expected for the second semester. Order backlog and capacity utilisation for security printing continue to be excellent for the next 12 months. Operational problems which were burdening last year are overcome and the stronger second semester will underline expectations for a good result for the full year.

The reorganisation and restructuring with **Atlantic Zeiser** is almost fully implemented. Oliver Mehler is in charge as CEO since beginning of July. There should be no more extraordinary charges as were witnessed last year. Due to a favourable order in-take in the first semester, the full year result should exceed last year's figure clearly.

With **book retailing** the increase in demand was under the optimistic expectations. Demand was slightly higher than in the previous year and we expect profit figures to remain on the level of last year. Technical problems delayed the implementation of a new ERP system, which means additional expenses and delay of planned economies.

With **publishing** profitability was further improved although sales remained at the level of last year. The improvements were mainly due to the division business information. But also for Photoglob organisational measurements have taken place in order to improve profitability for the future.

Outlook 2006

For the full year we expect the group sales to be slightly higher than last year. EBIT and net income will show significant improvement compared to 2005. We expect figures to match those of the peak year 2004. After organisational and structural adjustments last year the Board of Directors and the management believe that the prospects for further growth are well set.

The Orell Füssli Group

As a strategic and financial holding, the traditional company of Orell Füssli combines the three independent business segments of security printing and industrial systems, book retailing and publishing and employs around 1000 personnel.

Both in terms of technology and quality, the **Security Printing and Industrial Systems** division is a leader in the security printing sector, in the development and manufacture of systems for security documents and for the individualisation of products and documents. Orell Füssli holds a leading position in German-speaking Switzerland in the **Book retailing** sector, with 11 wholesale and specialist outlets and thanks to its links with the Internet (www.books.ch). The **Publishing** sector includes not only specialist book publishers but also extensive on-line databases containing company and personal information relating to the Swiss economy (www.teledata.ch, www.kompass.ch).

With best regards,



K. Oesch

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Enclosure : Orell Füssli Half-Year Financial Report 2006