



# 1. HALF-YEAR FINANCIAL REPORT OF THE ORELL FÜSSLI GROUP

## 1.1 Consolidated Balance Sheet

	30.06.07	in	31.12.06	in
	CHF 1000	%	CHF 1000	%
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	25'702		27'415	
Marketable securities	2'499		15	
Current receivables	77'980		88'462	
Inventories	51'852		47'212	
Current financial assets	679		318	
Assets held for sale	-		1'000	
<b>Total current assets</b>	<b>158'712</b>	64.1	<b>164'422</b>	64.6
<b>Non-current assets</b>				
Tangible assets	78'972		79'785	
Intangible assets	3'252		3'425	
Investments	2'834		2'834	
Non-current financial assets	813		926	
Pension fund assets	930		930	
Deferred tax assets	979		1'076	
Other non-current assets	1'120		1'081	
<b>Total non-current assets</b>	<b>88'900</b>	35.9	<b>90'057</b>	35.4
<b>Total assets</b>	<b>247'612</b>	100.0	<b>254'479</b>	100.0
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables	20'775		21'202	
Prepayments from customers	54'962		53'743	
Current financial liabilities	6'665		9'122	
Other current liabilities	23'186		30'807	
Current provisions	399		603	
<b>Total current liabilities</b>	<b>105'987</b>	42.8	<b>115'477</b>	45.4
<b>Non-current liabilities</b>				
Non-current financial liabilities	5'170		5'279	
Pension fund liabilities	1'362		1'326	
Non-current provisions	148		153	
Deferred tax liabilities	2'285		2'197	
<b>Total non-current liabilities</b>	<b>8'965</b>	3.6	<b>8'955</b>	3.5
<b>Equity</b>				
Share capital	1'960		1'960	
Capital reserves	4'160		4'160	
Retained earnings	112'678		111'543	
<b>Total equity before minority interest</b>	<b>118'798</b>	48.0	<b>117'663</b>	46.2
Minority interest	13'862		12'384	
<b>Total equity</b>	<b>132'660</b>	53.6	<b>130'047</b>	51.1
<b>Total liabilities</b>	<b>247'612</b>	100.0	<b>254'479</b>	100.0

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### 1.2 Consolidated Income Statement

	2007		2006		Difference
	Jan.-June	in	Jan-June	in	to PY in
	CHF 1000	%	CHF 1000	%	%
Total income	166'108	100.0	154'452	100.0	7.5
Total direct costs	-74'882	-45.1	-68'827	-44.6	8.8
Personnel expenditure	-50'866		-47'367		
Other operating expenses	-21'457		-20'822		
Depreciation and impairment	-7'188		-6'595		
Total operating expenses	<b>-79'511</b>	-47.9	<b>-74'784</b>	-48.4	6.3
<b>Earnings before interest and taxes (EBIT)</b>	<b>11'715</b>	7.1	<b>10'841</b>	7.0	8.1
Financial result	542		-1'243		
<b>Earnings before income taxes</b>	<b>12'257</b>	7.4	<b>9'598</b>	6.2	27.7
Income tax expenses	-2'393		-2'529		
<b>Net income before minority interest</b>	<b>9'864</b>	5.9	<b>7'069</b>	4.6	39.5
Minority interest	-522		259		
<b>Net income for the period</b>	<b>9'342</b>	5.6	<b>7'328</b>	4.7	27.5
<b>Additional information</b>					
Total income less direct costs	91'226	54.9	85'625	55.4	6.5
EBITDA	18'903	11.4	17'436	11.3	8.4
<b>Earnings per share</b>					
	2007		2006		
	Jan-Jun		Jan-Jun		
	CHF		CHF		
undiluted	4.77		3.74		
diluted	4.77		3.74		

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### 1.3 Statement of Changes in Equity

	Share capital CHF 1000	Capital reserves CHF 1000	Retained earnings and net income CHF 1000	Equity before minority interest CHF 1000	Minority interest CHF 1000	Total equity CHF 1000
January 1, 2006	1'960	4'160	89'786	95'906	11'948	107'854
Dividends paid			-5'880	-5'880		-5'880
Net income for the period			7'328	7'328	-259	7'069
<b>June 30, 2006</b>						
<b>before effects on curr. exchange rate diff.</b>	<b>1'960</b>	<b>4'160</b>	<b>91'234</b>	<b>97'354</b>	<b>11'689</b>	<b>109'043</b>
Effects on curr. exchange rate on January 1, 2006			414	414	1	415
Effects on curr. exchange rate in the period			-514	-514	6	-508
Effects on curr. exchange rate on June 30, 2006			-100	-100	7	-93
<b>June 30, 2006</b>						
<b>after effects on curr. exchange rate diff.</b>	<b>1'960</b>	<b>4'160</b>	<b>91'134</b>	<b>97'254</b>	<b>11'696</b>	<b>108'950</b>
January 1, 2007	1'960	4'160	111'262	117'382	12'377	129'759
Change in scope of consolidation			5	5	957	962
Dividends paid			-8'820	-8'820		-8'820
Net income for the period			9'342	9'342	522	9'864
<b>June 30, 2007</b>						
<b>before effects on curr. exchange rate diff.</b>	<b>1'960</b>	<b>4'160</b>	<b>111'789</b>	<b>117'909</b>	<b>13'856</b>	<b>131'765</b>
Effects on curr. exchange rate on January 1, 2007			281	281	7	288
Effects on curr. exchange rate in the period			608	608	-1	607
Effects on curr. exchange rate on June 30, 2007			889	889	6	895
<b>June 30, 2007</b>						
<b>after effects on curr. exchange rate diff.</b>	<b>1'960</b>	<b>4'160</b>	<b>112'678</b>	<b>118'798</b>	<b>13'862</b>	<b>132'660</b>

The share capital as of June 30, 2007 as well as of June 30, 2006 is comprised in 1,960,000 registered shares with a par value of CHF 1 each.

The AGM on May 9, 2007 approved the proposal of the Board of Directors to pay a dividend of CHF 4.50 per share.

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### 1.4 Cash Flow Statement

	2007 Jan-Jun CHF 1000	2006 Jan-Jun CHF 1000
Net income before minority interest	9'864	7'070
Depreciation and impairment	7'188	6'596
Other non-fund related income and expenses	-526	-608
Change in receivables	11'062	-4'032
Change in inventories	-3'954	-1'807
Change in trade payables	-569	-17'172
Change in other payables	-1'926	32'704
Change in accruals net, provisions and deferred income tax	-3'820	181
<b>Cash flow from operating activities</b>	<b>17'319</b>	<b>22'932</b>
Investments in non-current assets	-4'180	-3'550
Acquisitions and investments	-	-
Change in marketable securities	-2'310	1'164
<b>Cash flow from investing activities</b>	<b>-6'490</b>	<b>-2'386</b>
Change in financial liabilities	-2'899	-9'180
Change in minorities	-	-
Dividends paid to minorities	-980	-979
Dividends paid	-8'820	-5'880
<b>Cash flow from financing activities</b>	<b>-12'699</b>	<b>-16'039</b>
Translation differences on cash	-12	-36
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-1'882</b>	<b>4'471</b>
Cash and cash equivalents on January 1	27'566	16'772
Cash and cash equivalents on June 30	25'702	21'243
Free cash flow <sup>1</sup>	<b>10'829</b>	<b>20'546</b>

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

## 2. NOTES TO THE HALF-YEAR FINANCIAL REPORT OF THE ORELL FÜSSLI GROUP

This report has not been audited by our statutory auditors.

### 2.1 Basis of accounting

The consolidated financial statements of the Orell Füssli Group as per June 30, 2007 have been prepared in accordance with Swiss law and the accounting standards of the SWX Swiss Exchange. They are further prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB). Further, this report complies with the interim financial report in accordance with IAS 34. It does not show all detailed information as in the annual report and, therefore, should be read with reference to the annual report as per December 31, 2006. The applied accounting policies used in the consolidated half-year report comply with the principles outlined in the annual report 2006.

No new standards have been published by the IASB within the first six months of the year, however, one standard has been revised and one new interpretation was issued. The Orell Füssli Group currently examines in what extent the amendments will take effect on the accounting principles of the Group.

- *IAS 23, Borrowing Costs (effective for financial years commencing on or after January 1, 2009)*. The revised standard requires that interest and other borrowing costs incurred with respect to certain qualifying assets are capitalized and included in the carrying value of the assets.
- *IFRIC 13, Customer Loyalty Programs (effective for financial years commencing on or after July 1, 2008)*. The interpretation addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations.

### 2.2 Accruals and estimations

Income and expenses, which do not occur on a linear base throughout the financial year are accrued only, if such accruals were justified also at the financial year end.

Expenses for income tax are based on best estimations on the weighted average tax rate for the full financial year.

### 2.3 Change in scope of consolidation

The ownership on assets and liabilities of Buchhandlung Huber in Frauenfeld was transferred to Orell Füssli Buchhandlungs Ltd. as per January 1, 2007. In the same manner the activities of Globi Verlag in Zurich were added to the structure of Orell Füssli Verlag Ltd.

Also on January 1, 2007 all shares of Videodata Ltd., Zurich were purchased by the Group. Their activities became part of Orell Füssli Wirtschaftsinformationen Ltd. in the first months of the year.

Furthermore, the companies Tritron GmbH & Co KG and Tritron Beteiligungs GmbH merged together at the beginning of the year. The remaining entity continues its business under the name of Tritron GmbH. Due to the change in the legal form of the company a material adjustment on minority interest had to be recognized as shown in the Statement of Changes in Equity.

All other changes as described did not lead to any further adjustment in scope of consolidation of the Group.

## 2.4 Currency translation

Following exchange rates were used for the important currencies:	Closing rate		average rate	
	Balance sheet		P&L-statement	
	30.06.2006	31.12.2006	2007	2006
€ at a rate of CHF	1.6557	1.6096	1.6358	1.5641
\$ at a rate of CHF	1.2288	1.2197	1.2262	1.2687
£ at a rate of CHF	2.4624	2.3890	2.4255	2.2739

## 2.5 Segment results

	Security Printing & Industrial Systems	Book Retailing	Publishing	Unallocated	Total
	CHF 1000	CHF 1000	CHF 1000	CHF 1000	CHF 1000
<b>January - June 2007</b>					
Total gross segment sales	89'193	54'130	21'484	-	164'807
Inter-segment sales	1	3	19	-23	-
<b>Sales</b>	<b>89'194</b>	<b>54'133</b>	<b>21'503</b>	<b>-23</b>	<b>164'807</b>
Depreciation and impairment	-4'749	-1'673	-599	-167	-7'188
<b>Earnings before Interest and Taxes</b>	<b>9'539</b>	<b>836</b>	<b>1'990</b>	<b>-650</b>	<b>11'715</b>
<b>January - June 2006</b>					
Total gross segment sales	84'041	50'440	18'694	-	153'175
Inter-segment sales	157	1	25	-	183
<b>Sales</b>	<b>84'198</b>	<b>50'441</b>	<b>18'719</b>	<b>-</b>	<b>153'358</b>
Depreciation and impairment	-4'087	-1'634	-702	-172	-6'595
<b>Earnings before Interest and Taxes</b>	<b>10'207</b>	<b>-739</b>	<b>1'961</b>	<b>-588</b>	<b>10'841</b>

The turnover generated is under strong influence of seasonal fluctuation, especially in the areas of book retailing and publishing. Therefore, the presented figures in the annual financial report cannot be used for direct comparison, as the second half of the year traditionally results with higher turnover.

## 2.6 Related party transactions

The Orell Füssli Group sold goods and services to related companies in the amount of CHF 10,480,000 (January-June 2006: CHF 6,166,000). Goods and services were sold to related companies under normal commercial terms and conditions that would also be provided to unrelated parties.

## 2.7 Assets held for sale

In the first quarter of the year 2007, the property in Gockhausen was sold. As a consequence, the Orell Füssli Group does not record any further assets held for sale.

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include - but are not confined to - future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

This English translation is based on the half-year financial report in German.