

1. HALF-YEAR FINANCIAL REPORT OF THE ORELL FÜSGLI GROUP

1.1 Consolidated Balance Sheet

in CHF 1000	June 30, 2008	in %	December 31, 2007	in %
Assets				
Current assets				
Cash and cash equivalents	21,471		30,003	
Marketable securities	1,118		628	
Current receivables	96,049		100,621	
Inventories	60,541		50,270	
Current financial assets	355		395	
Total current assets	179,534	65.0	181,917	67.6
Non-current assets				
Tangible assets	86,735		76,949	
Intangible assets	3,203		3,416	
Investments	2,835		2,835	
Non-current financial assets	1,099		1,364	
Pension fund assets	1,030		1,030	
Deferred tax assets	615		581	
Other non-current assets	1,024		1,019	
Total non-current assets	96,541	35.0	87,194	32.4
Total assets	276,075	100.0	269,111	100.0
Liabilities				
Current liabilities				
Trade payables	29,589		27,859	
Current financial liabilities	9,140		5,197	
Other current liabilities	79,121		74,755	
Current provisions	166		642	
Total current liabilities	118,016	42.7	108,453	40.3
Non-current liabilities				
Non-current financial liabilities	4,032		4,611	
Pension fund liabilities	824		849	
Non-current provisions	26		41	
Deferred tax liabilities	2,239		2,377	
Total non-current liabilities	7,121	2.6	7,878	2.9
Equity				
Share capital	1,960		1,960	
Capital reserves	4,160		4,160	
Retained earnings	130,413		131,682	
Total equity before minority interest	136,533	49.5	137,802	51.2
Minority interest	14,405		14,978	
Total equity	150,938	54.7	152,780	56.8
Total liabilities	276,075	100.0	269,111	100.0

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1.2 Consolidated Income Statement

in CHF 1000	January - June 2008	in %	January - June 2007	in %	Difference to prev. year in %
Total income	173,906	100.0	166,108	100.0	4.7
Total direct costs	-75,075	-43.2	-74,882	-45.1	0.3
Personnel expenditure	-53,689		-50,866		
Other operating expenses	-22,953		-21,457		
Depreciation and impairment	-7,223		-7,188		
Total operating expenses	-83,865	-48.2	-79,511	-47.9	5.5
Earnings before interest and taxes (EBIT)	14,966	8.6	11,715	7.1	27.8
Financial result	-870		542		
Earnings before income taxes	14,096	8.1	12,257	7.4	15.0
Income tax expenses	-2,907		-2,393		
Net income before minority interest	11,189	6.4	9,864	5.9	13.4
Minority interest	-450		-522		
Net income for the period	10,739	6.2	9,342	5.6	15.0
Additional information					
Total income less direct costs	98,831	56.8	91,226	54.9	8.3
EBITDA	22,189	12.8	18,903	11.4	17.4

Earnings per share

in CHF	January - June 2008	January - June 2007
undiluted	5.48	4.77
diluted	5.48	4.77

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1.3 Statement of Changes in Equity

in CHF 1000	Share capital	Capital reserves	Retained earnings and net income	Equity before minority interest	Minority interest	Total equity
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
June 30, 2007						
before effects on curr. exchange rate diff.	1,960	4,160	111,789	117,909	13,856	131,765
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
June 30, 2007						
after effects on curr. exchange rate diff.	1,960	4,160	112,678	118,798	13,862	132,660
January 1, 2008	1,960	4,160	132,334	138,454	14,975	153,429
Dividends paid			-9,800	-9,800	-980	-10,780
Net income for the period			10,739	10,739	450	11,189
June 30, 2008						
before effects on curr. exchange rate diff.	1,960	4,160	133,273	139,393	14,445	153,838
Effects on curr. exchange rate on January 1, 2008			-652	-652	3	-649
Effects on curr. exchange rate in the period			-2,208	-2,208	-43	-2,251
Effects on curr. exchange rate on June 30, 2008			-2,860	-2,860	-40	-2,900
June 30, 2008						
after effects on curr. exchange rate diff.	1,960	4,160	130,413	136,533	14,405	150,938

The share capital as of June 30, 2008 as well as of June 30, 2007 is comprised in 1,960,000 registered shares with a par value of CHF 1 each.

The AGM on May 7, 2008 approved the proposal of the Board of Directors to pay a dividend of CHF 5.00 per share.

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1.4 Cash Flow Statement

in CHF 1000	January - June 2008	January - June 2007
Net income before minority interest	11,189	9,864
Depreciation and impairment	7,223	7,188
Other non-fund related income and expenses	41	-526
Change in receivables	5,161	11,062
Change in inventories	-11,585	-3,954
Change in trade payables	1,988	-569
Change in other payables	-2,463	-1,926
Change in accruals net, provisions and deferred income tax	5,452	-3,820
Cash flow from operating activities	17,006	17,319
Investments in non-current assets	-16,928	-4,180
Acquisitions and investments	-	-
Change in marketable securities	-955	-2,310
Cash flow from investing activities	-17,883	-6,490
Change in financial liabilities	3,663	-2,899
Change in minorities	-	-
Dividends paid to minorities	-980	-980
Dividends paid	-9,800	-8,820
Cash flow from financing activities	-7,117	-12,699
Translation differences on cash	-95	6
Increase (decrease) in cash and cash equivalents	-8,089	-1,864
Cash and cash equivalents on January 1	30,003	27,415
Effects of exchange rate adjustments on the opening balance	-443	151
Cash and cash equivalents on January 1, after effects of currency exchange rate	29,560	27,566
Cash and cash equivalents on June 30	21,471	25,702
Free cash flow ¹	-877	10,829

¹ Operating cash flow reduced by cash flow from investing activities.

2. NOTES TO THE HALF-YEAR FINANCIAL REPORT

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, 2008 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). 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, 2007. The applied accounting policies used in the consolidated half-year report comply with the principles outlined in the annual report 2007.

- The following new interpretation came into force as per January 1, 2008:
IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions (effective for financial years commencing on or after January 1, 2008). The interpretation of the standard did not have significant influence on the interim report of the Group.
- IASB published a new amendment in February 2008:
IAS 32 / IAS 1 - Amendment to improve the financial reporting of particular financial instruments (effective for financial years commencing on or after January 1, 2009). The amendment addresses the classification of particular types of financial instruments with characteristics similar to equity. Since the Orell Füssli Group does not use such types of financial instruments the amendment will not have any influence on the Group's consolidated financial statements.

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

As per January 1, 2008 the Group purchased assets and liabilities of Huber Verlag in Frauenfeld and integrated these activities into Orell Füssli Verlag AG. Further, Scola Verlag AG was legally liquidated after the activities were moved to Orell Füssli Verlag AG.

At the beginning of the year Atlantic Zeiser Beteiligungen GmbH was merged into Atlantic Zeiser GmbH. Therefore, Atlantic Zeiser GmbH has become a subsidiary directly owned by Orell Füssli Holding AG, and holds all investments of the other entities of the Atlantic Zeiser Group henceforward. The purchase of KISS AG was effective on July 1, 2008 and, therefore, the transfer of assets and liabilities was not considered in the half-year financial report of the Group.

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

2.4 Assets held for sale

As per balance sheet date June 30, 2008 no assets held for sale could be identified.

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2.5 Currency translation

Following exchange rates were used for the most important currencies:

	Closing rate June 30, 2008	Closing rate Dec. 31, 2007	Average rate January - June 2008	Average rate January - June 2007
€ at a rate of CHF	1.6091	1.6587	1.6070	1.6358
\$ at a rate of CHF	1.0190	1.1267	1.0417	1.2262
£ at a rate of CHF	2.0329	2.2498	2.0697	2.4255

2.6 Segment results

in CHF 1000	Security printing & industrial systems	Book retailing	Publishing	Unallocated	Total
January - June 2008					
Total gross segment sales	95,912	54,249	22,983	-	173,144
Inter-segment sales	15	3	8	-26	-
Sales	95,927	54,252	22,991	-26	173,144
Depreciation and impairment	-5,022	-1,563	-558	-80	-7,223
Earnings before interest and taxes	12,498	190	2,601	-323	14,966
January - June 2007					
Total gross segment sales	89,193	54,130	21,484	-	164,807
Inter-segment sales	1	3	19	-23	-
Sales	89,194	54,133	21,503	-23	164,807
Depreciation and impairment	-4,749	-1,673	-599	-167	-7,188
Earnings before interest and taxes	9,539	836	1,990	-650	11,715

The generated turnover 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.

2.7 Related party transactions

The Orell Füssli Group sold goods and services to related companies in the amount of CHF 18,394,000 (January-June 2007: CHF 10,480,000). Goods and services were sold to related companies under normal commercial terms and conditions that would also be provided to unrelated

2.8 Events after the balance sheet date

At the beginning of the second term of 2008 the Orell Füssli Group sold its business unit of Orell Füssli Wirtschaftsinformationen.

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 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.