

# Half-year Financial Report 2009

**orell füssli**

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

## 1.1 Consolidated Balance Sheet

in CHF 1000

	June 30, 2009	in %	December 31, 2008	in %
<b>Current assets</b>				
Cash and cash equivalents	11,366		34,867	
Marketable securities & derivative financial instruments	65		1,001	
Current receivables	87,785		85,842	
Inventories	56,612		52,596	
Current financial assets	4,412		5,551	
<b>Total current assets</b>	<b>160,240</b>	<b>53.1</b>	<b>179,857</b>	<b>57.2</b>
<b>Non-current assets</b>				
Tangible assets	113,691		110,903	
Intangible assets	2,038		2,268	
Investments	2,867		2,866	
Non-current financial assets	16,928		13,059	
Pension fund assets	3,309		3,309	
Deferred tax assets	1,515		1,070	
Leasehold property	96		90	
Other non-current assets	949		902	
<b>Total non-current assets</b>	<b>141,393</b>	<b>46.9</b>	<b>134,467</b>	<b>42.8</b>
<b>Total assets</b>	<b>301,633</b>	<b>100.0</b>	<b>314,324</b>	<b>100.0</b>
<b>Current liabilities</b>				
Trade payables	23,836		31,606	
Current financial liabilities	16,576		5,868	
Other current liabilities	81,173		82,914	
Current provisions	592		582	
<b>Total current liabilities</b>	<b>122,177</b>	<b>40.5</b>	<b>120,970</b>	<b>38.5</b>
<b>Non-current liabilities</b>				
Non-current financial liabilities	3,749		3,566	
Pension fund liabilities	427		398	
Non-current provisions	491		491	
Deferred tax liabilities	3,317		2,480	
<b>Total non-current liabilities</b>	<b>7,984</b>	<b>2.6</b>	<b>6,935</b>	<b>2.2</b>
<b>Equity</b>				
Share capital	1,960		1,960	
Capital reserves	4,160		4,160	
Retained earnings	151,516		164,720	
<b>Total equity before minority interest</b>	<b>157,636</b>	<b>52.3</b>	<b>170,840</b>	<b>54.4</b>
Minority interests	13,836		15,579	
<b>Total equity</b>	<b>171,472</b>	<b>56.8</b>	<b>186,419</b>	<b>59.3</b>
<b>Total liabilities</b>	<b>301,633</b>	<b>100.0</b>	<b>314,324</b>	<b>100.0</b>

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## 1.2 Consolidated Income Statement

in CHF 1000	January - June 2009		January - June 2008		Change to pre- vious year in %
		in %		in %	
Sales to customers	136,824		173,025		
Other operating income	1,125		881		
<b>Total income</b>	<b>137,949</b>	<b>100.0</b>	<b>173,906</b>	<b>100.0</b>	<b>-20.7</b>
Total direct costs	-65,305	-47.3	-75,075	-43.2	-13.0
Personnel expenditure	-47,361		-53,689		
Other operating expenses	-22,789		-22,953		
Depreciation and impairment	-7,591		-7,223		
Renegotiated profit from disposal of subsidiaries	4,000		-		
Total operating expenses	<b>-73,741</b>	<b>-53.5</b>	<b>-83,865</b>	<b>-48.2</b>	<b>-12.1</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>-1,097</b>	<b>-0.8</b>	<b>14,966</b>	<b>8.6</b>	
Financial result	-794		-870		
<b>Earnings before income taxes</b>	<b>-1,891</b>	<b>-1.4</b>	<b>14,096</b>	<b>8.1</b>	
Income tax expenses	1,883		-2,907		
<b>Net income before minority interests</b>	<b>-8</b>	<b>-0.0</b>	<b>11,189</b>	<b>6.4</b>	
Minority interests	811		-450		
<b>Net income for the period</b>	<b>803</b>	<b>0.6</b>	<b>10,739</b>	<b>6.2</b>	<b>-92.5</b>
<b>Additional information</b>					
Total income less direct costs	72,644	52.7	98,831	56.8	-26.5
EBITDA	6,494	4.7	22,189	12.8	-70.7
Earnings before interest and taxes and before recognition of disposal of subsidiaries	-5,097	-3.7	14,966	8.6	

### Earnings per share

in CHF	January - June 2009	January - June 2008
undiluted	0.41	5.48
diluted	0.41	5.48

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### 1.3 Comprehensive income

#### Recognized Income / (Expense)

in CHF 1000	January - June 2009	January - June 2008
<b>Net income for the period before minority interests</b>	<b>-8</b>	<b>11,189</b>
Currency translation effects	1,721	-2,251
<b>Total comprehensive income</b>	<b>1,713</b>	<b>8,938</b>
attributable to the shareholders of Orell Füssli Holding Ltd.	2,476	8,531
attributable to minority interests	-763	407

### 1.4 Statement of Changes in Equity

#### Consolidated Statement of Changes in Equity

in CHF 1000	Share Capital	Capital Reserves	Retained Earnings and Net Income	Equity before Minority Interests	Minority Interests	Total Equity
<b>Total equity on January 1, 2008</b>	1,960	4,160	131,682	137,802	14,978	152,780
Total comprehensive income			8,531	8,531	407	8,938
Dividends paid			-9,800	-9,800	-980	-10,780
<b>Total equity on June 30, 2008</b>	<b>1,960</b>	<b>4,160</b>	<b>130,413</b>	<b>136,533</b>	<b>14,405</b>	<b>150,938</b>
<b>Total equity on January 1, 2009</b>	1,960	4,160	164,720	170,840	15,579	186,419
Total comprehensive income			2,476	2,476	-763	1,713
Dividends paid			-15,680	-15,680	-980	-16,660
<b>Total equity on June 30, 2009</b>	<b>1,960</b>	<b>4,160</b>	<b>151,516</b>	<b>157,636</b>	<b>13,836</b>	<b>171,472</b>

The share capital as of June 30, 2009 as well as of June 30, 2008 is comprised in 1,960,000 registered shares with a par value of CHF 1.00 each.

The AGM on May 6, 2009 approved the proposal of the Board of Directors to pay a dividend of CHF 8.00 per share.

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### 1.5 Cash Flow Statement

in CHF 1000	January - June 2009	January - June 2008
Net income before minority interest	-8	11,189
Depreciation and impairment	7,627	7,223
Renegotiated profit from disposal of subsidiaries	-4,000	-
Other non-fund related income and expenses	265	41
Change in receivables	11,104	5,161
Change in inventories	-3,203	-11,585
Change in trade payables	-7,874	1,988
Change in other payables	-9,568	-2,463
Change in accruals net, provisions and deferred income tax	-4,839	5,452
<b>Cash flow from operating activities</b>	<b>-10,496</b>	<b>17,006</b>
Investments in non-current assets	-9,299	-16,928
Proceeds from disposals of investments	1,232	-
Change in marketable securities	418	-955
<b>Cash flow from investing activities</b>	<b>-7,649</b>	<b>-17,883</b>
Change in financial liabilities	10,708	3,663
Dividends paid to minorities	-980	-980
Dividends paid	-15,680	-9,800
<b>Cash flow from financing activities</b>	<b>-5,952</b>	<b>-7,117</b>
Translation differences on cash	208	-95
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-23,889</b>	<b>-8,089</b>
Cash and cash equivalents on January 1	34,867	30,003
Effects of exchange rate adjustments on the opening balance	388	-443
Cash and cash equivalents on January 1, after effects of currency exchange rate	35,255	29,560
<b>Cash and cash equivalents on June 30</b>	<b>11,366</b>	<b>21,471</b>
<b>Free cash flow<sup>1</sup></b>	<b>-18,145</b>	<b>-877</b>

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

## ORELL FÜSSLI GROUP

### 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, 2009 have been prepared in accordance with Swiss law and the accounting standards of the SIX 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, 2008. The applied accounting policies used in the consolidated half-year report comply with the principles outlined in the annual report 2008. On January 1, 2009 extensive IFRS amendments were enforced with the following effects:

- IAS 1 Presentation of financial statements - The comprehensive income needs to be presented as additional element of the financial statement.
- IFRS 8 Operating segments. Reporting in business segments according to IFRS 8 is based on business results that are reviewed regularly by the management for business decisions. The initial implementation of IFRS 8 had no impact on the number of operating segments, whereas certain notes to the consolidated Financial Statement were amended.

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.

#### 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.

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### 2.3 Change in scope of consolidation

There were no changes in scope of consolidation in the first half-year 2009. On June 30, 2008 the segment other business activities includes the figures of Orell Füssli Business Information, which was sold on July 1, 2008

### 2.4 Currency translation

Following exchange rates were used for the most important currencies:

	Closing rate June 30, 2009	Closing rate Dec. 31, 2008	Average rate January - June 2009	Average rate January - June 2008
€ at a rate of CHF	1.5250	1.4888	1.5029	1.6070
\$ at a rate of CHF	1.0856	1.0561	1.1176	1.0417
£ at a rate of CHF	1.7934	1.5286	1.6688	2.0697

### 2.5 Segment results

in CHF 1000

	Industrial Systems	Security Printing	Book Retailing	Other	Unallocated	Total
<b>January - June 2009</b>						
Total gross segment sales	33,454	38,924	54,900	9,546	-	136,824
Inter-segment sales	112	1	16	19	-148	-
<b>Sales</b>	<b>33,566</b>	<b>38,925</b>	<b>54,916</b>	<b>9,565</b>	<b>-148</b>	<b>136,824</b>
Depreciation and impairment	-1,342	-4,223	-1,850	-145	-31	-7,591
<b>Earnings before interest and taxes</b>	<b>-5,811</b>	<b>4,548</b>	<b>-2,935</b>	<b>3,547</b>	<b>-446</b>	<b>-1,097</b>
Financial result						- 794
<b>Earnings before income taxes</b>						<b>-1,891</b>
<b>Tangible assets on June 30, 2009</b>	<b>17,268</b>	<b>78,636</b>	<b>17,154</b>	<b>477</b>	<b>156</b>	<b>113,691</b>
<b>January - June 2008</b>						
Total gross segment sales	50,377	45,535	54,130	22,983	-	173,025
Inter-segment sales	-	15	3	8	-26	-
<b>Sales</b>	<b>50,377</b>	<b>45,550</b>	<b>54,133</b>	<b>22,991</b>	<b>-26</b>	<b>173,025</b>
Depreciation and impairment	-1,854	-3,168	-1,563	-558	-80	-7,223
<b>Earnings before interest and taxes</b>	<b>236</b>	<b>12,262</b>	<b>190</b>	<b>2,601</b>	<b>-323</b>	<b>14,966</b>
Financial result						- 870
<b>Earnings before income taxes</b>						<b>14,096</b>
<b>Tangible assets on June 30, 2008</b>	<b>16,772</b>	<b>55,952</b>	<b>12,674</b>	<b>1,105</b>	<b>232</b>	<b>86,735</b>
Tangible assets on December 31, 2008	16,451	77,280	16,546	472	154	110,903

## **ORELL FÜSSLI GROUP**

In 2009 the earnings before interest and taxes of the segment other business activities include the renegotiated purchase price of CHF 4,000,000.

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.

### **2.6 Related party transactions**

The Orell Füssli Group sold goods and services to related companies in the amount of CHF 11,524,000 (January-June 2008: CHF 18,394,000). Goods and services were sold to related companies under normal commercial terms and conditions that would also be provided to unrelated parties.

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.