

Orell Füssli Annual Report 2009

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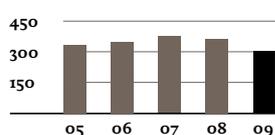
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KEY FIGURES

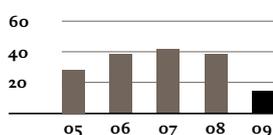
Key figures 2009

ORELL FÜSSLI GROUP

Total income in CHF million



EBIT in CHF million¹



CONSOLIDATED INCOME STATEMENT

in CHF million

	2009	2008	2007	2006
Total income	306.3	367.2	378.4	352.6
EBITDA ¹	24.3	54.1	57.8	54.5
Earnings before interest and taxes (EBIT) ¹	14.6	38.6	42.2	39.2
Gain from disposal of subsidiaries / investment property	8.5	21.2		
Net income for the period	14.7	48.0	29.9	27.4
Equity before minority interests	170.2	170.8	137.8	117.7

WEIGHTED AVERAGE WORKFORCE

	2009	2008	2007	2006
Full time equivalents	1,027	1,104	1,118	1,049

SHARE STATISTIC

in CHF

	2009	2008	2007	2006
High	162.00	215.00	209.00	160.50
Low	130.00	138.50	161.00	141.00
Earnings per share ²	7.50	24.47	15.25	13.96
Dividend per share ³	2.50	8.00	5.00	4.50

¹ In 2008: EBIT before recognition of disposal of subsidiaries. In 2009: EBIT before recognition of disposal of subsidiaries and investment property.

² At December 31, 2009, the share capital comprised 1,960,000 registered shares with a par value of 1 CHF each.

³ Dividend proposed to the Annual General Meeting on May 11, 2010.

SALES BY DIVISIONS

in percent

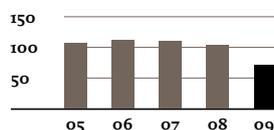


24% Division Atlantic Zeiser
28% Division Security Printing
41% Division Book Retailing
7% Other

Total Income CHF 306.3 Mio.

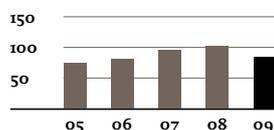
ATLANTIC ZEISER

in CHF million



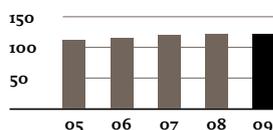
SECURITY PRINTING

in CHF million



BOOK RETAILING

in CHF million



EBIT¹ BY DIVISIONS

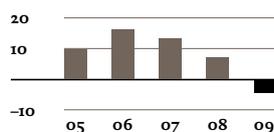
in percent

114% Division Security Printing **-30%** Division Atlantic Zeiser
8% Division Book Retailing
8% Other

Total EBIT¹ CHF 14,6 Mio.

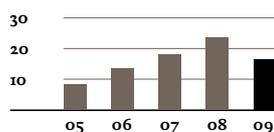
ATLANTIC ZEISER

in CHF million



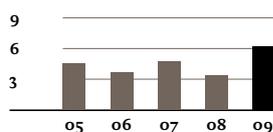
SECURITY PRINTING

in CHF million



BOOK RETAILING²

in CHF million



¹ EBIT before recognition of disposal of subsidiaries.

² Incl. disposal of investment property in 2010.

Orell Füssli is an international industrial and commercial group focusing on the core businesses of banknote & security printing, industrial systems used in the personalisation of security documents and branded products, and book retailing. The book publishing business has formed the traditional basis for the Zurich-based company since 1519. Orell Füssli is organised in three divisions and publishing companies corresponding to these business activities.

In its banknote and security printing operations Orell Füssli produces banknotes, identity documents and securities, and is noted for innovative applications of printing processes and technologies. The industrial systems business unit manufactures industrial systems for the digital printing and encoding of banknotes, passports and security documents, plastic cards, labels and packaging. Orell Füssli's book retailing group is the market leader in Switzerland.

Orell Füssli generates sales of CHF 310 million with 1000 employees at locations in 10 countries and is listed on the Swiss Stock Exchange.

Editorial

Dear shareholder,

As expected, the crisis continued to intensify in many economic regions in 2009. However, the trend was at least stabilised by the deployment of massive funds at the expense of government budgets, and central banks have revitalised the financial markets with generous injections of liquidity. Signs of a gradual recovery emerged in various sectors in the second half of the year, while certain capital goods became – or are only now being – caught up in the crisis. In Switzerland, stable consumer spending helped to limit the economic downswing.

Despite its diversified portfolio, the Orell Füssli Group was unable to escape the impact of the economic turmoil. Atlantic Zeiser suffered massively from the slump in orders at the end of 2008, which persisted until mid-2009. Firmer demand – especially also for high-margin products – did not become apparent until the second half of the year. Rigorous cost-cutting programmes made a major contribution towards helping Atlantic Zeiser to report positive operating earnings again in the second six months, despite substantially lower sales revenues. However, operating earnings for the year as a whole were clearly negative. Book retailing also looks back on a mixed year. Encouraging earnings progress as a result of intensive cost management was neutralised by weak demand and unexpectedly heavy start-up losses at new branches. Profits in the book retailing business were maintained above the previous year's level due to a book profit from a property sale. Orell Füssli Security Printing was unable to commence production of the new Swiss banknotes as planned: technical problems experienced by suppliers responsible for the development of new security features resulted in delays. The outcome of this were shortfalls in sales and earnings which Orell Füssli Security Printing was unable to redress despite high capacity utilisation with third-party orders. We assume that these shortfalls will be compensated for later. Publishing also suffered from the low level of economic activity. It was also depressed by adjustments in delivery logistics. EBIT and profits at the Orell Füssli Group are not comparable with the previous year's figures, since these were exceptionally high in 2008 due to a profit from the sale of an investment holding. However, even excluding this effect, results for 2009 were below our expectations.

We foresee an improvement in the overall business environment in 2010. The capital goods business, and especially also demand for Atlantic Zeiser's products, improved appreciably in the second half of 2009. However, order levels seen prior to the crisis are unlikely to be reached again as early as 2010. Market growth can be expected in security printing, but at the same time competition is intensifying due to new competitors, who in some cases are buying entry into the market via low prices. Orell Füssli is expecting an improvement in the order mix, which will more than offset this trend. In book retailing we foresee a more or less unchanged level of demand. Growth opportunities as well as sales risks are arising from the rapid changes in the market for information and entertainment, which

BOARD OF DIRECTORS ORELL FÜSSLI HOLDING LTD

Dr. Klaus Oesch ^{1,2}	Chairman
Dr. Rudolf Rentsch ²	Deputy Chairman
Dr. Rudolf W. Hug ¹	
Dr. Hans Kuhn ¹	
Balthasar Meier ²	

¹ Member of the Compensation Committee

² Member of the Audit Committee

also includes books. Digitisation in conjunction with the technology-driven transition from paper-based to electronic platforms is introducing new applications and new competitors. This poses new and interesting challenges for print-oriented booksellers and publishers.

The turmoil experienced in 2009 is also forcing Orell Füssli to reconsider its growth targets. It would be unrealistic simply to write off the slump in sales and earnings experienced in 2009 as a one-off event and continue planning on the basis of sales targets extrapolated from previous years. We are rather inclined to believe that the global economy needs time to approach the high performance figures of 2006 and 2007 again. Our budgets for 2010 are actually based on the assumption of relatively strong growth compared with the previous year, but in absolute terms this does not signify a return to business as usual. We aim to keep costs low despite higher volumes, and to enhance efficiency by adjusting processes and with new products and greater customer benefits. In all three of the group's divisions, innovative products and services are ready for market to offer value to existing customers and gain new customers. In view of the difficulties of assessing the business environment, it is a matter of keeping costs low and at the same time maintaining customer service levels for the event of a rapid revival in demand. However, our efforts in recent years have helped to promote individual and organisational flexibility so that we are capable of responding to developments of this nature.

The group's financial targets remain unchanged: profitable sales growth averaging 10% p.a. and RONA of 15%. At the same time the basis for this growth has to be redefined. This objective includes acquisitions at group or divisional level. In view of the still very sound balance sheet structure and available funds, we are continually examining acquisition opportunities. Target candidates should logically complement our portfolio at an acceptable purchase price and with predictable risk. In line with our dividend policy, a dividend of CHF 2.50 will be proposed to the annual general meeting for the 2009 financial year.

CEO Sönke Bandixen left the company in February 2010. His departure by mutual agreement was due to material differences of opinion on issues of management and strategy. The Board of Directors wishes to thank Sönke Bandixen for his efforts and his contribution to the development of the Orell Füssli Group in recent years. The evaluation of a new Group CEO has commenced, and in the meantime the Chairman of the Board is acting as interim CEO. Balthasar Meier is to retire from the Board due to term limit. During this period Balthasar Meier has made a valuable contribution to the work of the Board, in particular with his wide experience of financial issues and retailing. Our thanks go to Balthasar Meier for his consistently constructive work on the Board.

We also take this opportunity of thanking our employees for all their efforts. The challenging business environment has called for exceptional exertions, even if this is not evident in the results. Thanks also to our customers and shareholders for the confidence they continue to show in our company, its directors and officers.

Zurich, 8 April 2010



Dr. Klaus Oesch
Chairman of the Board of Directors

Business in 2009

Orell Füssli reported lower sales and profits in the year under review. This was mainly attributable to the difficult market conditions in the industrial business and postponements of production in security printing. Despite rigorously implemented cost-cutting action, Orell Füssli reported net profits well below expectations. The company expects the trend of business in all divisions to improve in 2010.

Orell Füssli reported sales of CHF 306 million in the 2009 financial year. This corresponds to a decline of 17 % compared to the previous year. After adjustment for exchange rate movements, sales by the ongoing businesses were 13 % lower. Operating earnings of the Orell Füssli Group declined to CHF 23.1 million (CHF 59.8 million in 2008). Net income amounted to CHF 14.7 million.

Sales and earnings of all business units in the Orell Füssli portfolio were lower than in the previous year. Orell Füssli also had to reduce its workforce in order to adjust its structures and cost base to the lower volumes of business. At the end of 2009 the number of personnel employed was 7 % lower than a year earlier. Orell Füssli also reduced the size of the Executive Board and delegated responsibility for IT and HR management to the divisions. This simplifies Orell Füssli's management structure and increases the autonomy of the divisions.

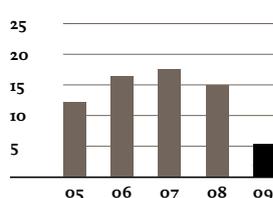
Despite the difficult and turbulent year experienced in 2009, Orell Füssli's balance sheet is still in robust shape. Free cash flow amounts to CHF 3.7 million. The net cash position declined from CHF 26.4 million in the previous year to CHF 13.0 million. The equity ratio increased from 59.3 % to 61.6 % (including minority interests), which is a very healthy figure.

SEGMENTAL RESULTS

CHF '000	2009	2008	2007	2006
Division Atlantic Zeiser				
Sales	72,536	104,984	111,507	112,334
Earnings before interest and taxes (EBIT)	-4,427	7,275	13,568	16,476
Division Security Printing				
Sales	85,323	102,980	97,503	81,580
Earnings before interest and taxes (EBIT)	16,704	23,983	18,206	13,652
Division Book Retailing				
Sales	123,629	122,747	121,509	115,715
Earnings before interest and taxes (EBIT)	6,308	3,423	4,779	3,689

RETURN ON NET ASSETS (RONA) AT THE ORELL FÜSSLIGROUP

in percent



Orell Füssli regards the return on net assets¹ (RONA) as its target measure for portfolio management. The Orell Füssli Group aims to achieve sustainable growth of 10% in sales and a RONA of 15%.

¹ EBIT before recognition of disposal of subsidiaries.

Atlantic Zeiser Division

The slump in global demand for capital goods had a severe impact on the Atlantic Zeiser Group. Compared with the previous year, sales revenues were 30.9% lower at CHF 72.5 million. After posting a substantial loss in the first half, extensive action to adjust capacity helped the division return to profit in the second six months. Nevertheless, Atlantic Zeiser suffered a loss of CHF 4.4 million for the year as a whole.

The usually reliable sector of banknote and identity document systems was faced with special challenges. After a steep plunge at the beginning of the year, demand revived considerably towards year-end, with some orders also being delivered in the year under review. The business has started the current year with an encouraging stock of orders in hand.

The card systems business was hit hard by the decline in card production worldwide. Customers' liquidity problems resulted in order cancellations. The successful development of a new and growing financial card segment helped to cushion the setback. Atlantic Zeiser is facing particular challenges in the card systems sector, since the card market will take some time to recover.

The business with digital printing systems for industrial applications has held its own well in the crisis. Growing business with innovative printing modules which can be integrated in customers' existing systems at reasonable cost proved to be a sales driver. This almost compensated for the cyclically induced reluctance to invest in large systems. Overall sales of consumables also remained stable. This sector has positioned itself well for further growth with innovative products. Atlantic Zeiser expanded its software expertise and created a basis for digital printing solutions featuring very high processing speeds through the acquisition of SOFHA GmbH with effect from 1 January 2010.

Events:

Atlantic Zeiser was the first company to succeed in establishing inkjet-based personalisation solutions for financial cards on the market. Inkjet-based card modules from Atlantic Zeiser were certified for the first time by leading financial card issuers Visa, Mastercard and American Express.

Atlantic Zeiser opened a new chapter in industrial digital printing at the PRINT trade fair in Chicago with the world premiere of the revolutionary AZ Delta family of printing modules. This technology can be employed flexibly to print packaging and labels "just-in-time" within ongoing manufacturing processes. This enables substantial cost economies to be achieved in manufacturing and logistics.

New, all-inclusive solutions for industrial digital printing on challenging substrates were also presented at European trade fairs: PackageLine for printing folding cartons and WebLine for reliable label printing, for which Atlantic Zeiser concluded a multi-year contract with a large customer to supply systems for producing pharmaceutical labels.

Atlantic Zeiser presented another major innovation at LABEL EXPO in Brussels: digital printing of high-quality metallic effects, such as gold.

Orell Füssli Security Printing Division

Orell Füssli Security Printing was unable to commence production of the 9th issue of Swiss banknotes on schedule due to delays caused by technology suppliers. Orell Füssli processed other orders continuously in three-shift operation at the planned high levels of capacity utilisation. The division's sales revenues were 17% lower at CHF 85.3 million due to the absence of a large proportion of the scheduled order volume for the Swiss National Bank (SNB). Operating earnings of CHF 16.7 million were 30.4% lower. Orell Füssli Security Printing achieved its stated objective of delivering maximum quality with high productivity.

Orell Füssli secured orders in 2009 which will ensure capacity utilisation until well into 2010. Competition has continued to intensify in the banknote segment. The division has increased its productivity further in order to counteract the pressure on margins.

Polymer-based notes played a dominant role in the product mix in 2009. However, this was less pronounced than in previous years. Orell Füssli is expecting a growing proportion of paper-based notes in 2010. It is foreseeable that in addition to polymer and paper there will also be a demand for novel substrates – combinations of paper and polymer – in subsequent years.

The national market traditionally dominates the identity document segment. In 2009 Orell Füssli received an order from abroad for an e-passport project for the first time.

Events:

A technology developed by Orell Füssli Security Printing was ready to be brought to market in the year under review and was launched as a new product under the "RELIEF" brand name. "RELIEF" enables intaglio printing elements to be given an additional dimension. This opens up new possibilities with regard to security and aesthetics in the design and production of printed security products. "RELIEF" is attracting considerable interest. Orell Füssli Security Printing believes that products will soon be manufactured using this new technology, and will also offer it for utilisation by other security printers.

Orell Füssli Book Retailing Division

The ongoing severe competitive pressure from new bookstores, aggressive pricing in the Internet environment and weak consumer sentiment for long periods in 2009 resulted in a slight decline in sales after adjustment for changes in selling space at Orell Füssli bookstores. The Internet business remained at much the same level as in the previous year. One encouraging feature was a strong increase in business with large customers, where Orell Füssli gained a number of new contracts. The division posted an overall increase in sales of 0.7% to CHF 123.6 million. The cost-cutting action initiated in 2008 had the expected impact in the year under review. The division was therefore able to maintain profit margins in its traditional business, despite slightly lower sales. The trend in business at the new bookselling premises opened in 2008 did not come up to expectations, which had a very negative impact on the division's operating earnings. Orell Füssli Book Retailing posted overall annual earnings of CHF 6.3 million due to a book profit from the sale of a property which was surplus to requirements.

Events:

The re-opening of the large-format bookstore in St. Gall in February 2009 resulted in a pleasing, double-digit increase in sales at this outlet. This trend continued throughout the year and resulted in record sales in Christmas trading. In the autumn, Orell Füssli opened a new Restseller outlet in Kreuzlingen, which developed positively from the outset. This expanded the Restseller line to eight stores, and it will continue to be developed further. The new electronic gift card launched in time for Christmas trading, which replaced the existing paper gift vouchers, was very well received by customers and generated an increase in voucher sales compared with the previous year.

Orell Füssli Publishing

In contrast to earlier crisis years, the effects of the current economic situation left clear traces in sales and operating profit, especially in the picture book, schoolbook and special publications programmes. The Huber publishing house in Frauenfeld also failed to achieve its targets. Sales at Photoglob declined steeply in the first five months, and it was not until June that monthly sales figures regained the previous year's levels.

Overall sales were 6.2% lower at CHF 21.1 million, resulting in a loss of CHF 0.2 million.

Events:

The outstanding feature of 2009 was René Zeyer's book entitled "Bank-Banker-Bankrupt", with sales of 40 000 copies, which earned him a place in the "Spiegel" bestseller list. This title appeared in January 2009, at the height of the financial crisis. This secured the author appearances on Swiss TV and on numerous German TV and radio stations. The subject matter of Amir Weitmann's biography entitled "Madoff. Swindler of the Century" was similar. The book came out at the beginning of December 2009 and can probably still look forward to wider sales. Christoph von Marschall followed up his book on Barack Obama in 2007 with a volume on Michelle Obama, which has already sold very successfully in two editions. Other major sources of revenue were well-known long sellers in the schoolbook, picture book and legal sectors.

The second large Photochrom picture book entitled "Switzerland: 1886 to 1911" appeared promptly for Christmas and also met with a considerable media response.

Outlook for the divisions and the Group

Orell Füssli expects the international capital goods market to pick up in 2010. The priority at Atlantic Zeiser in 2010 will be the commercialisation of new products. Security Printing foresees growth in conjunction with intensifying competition. Capacity utilisation at the printing works is assured until well into 2010. The trend in the book retailing business must be expected to remain flat. The Orell Füssli Group expects the trend of business to recover significantly in 2010 and is focusing on returning to accustomed levels of profitability.

GROUP MANAGEMENT

Sönke Bandixen	CEO ¹
Johannes Caprez	CFO
Dr. Anton Gasteiger	Security Printing Division ²
Oliver C. Mehler	Atlantic Zeiser Division
Fabio Amato	Book Retailing Division
Alex Aepli	Publishing Companies
Hans Rudolf Andrist	Security and Infrastructure
Serge Mouttet	CIO ¹
Martin Tobler	Human Resources ¹

¹ will leave the Group in 2010 ² since 1.3.2009

Financial Report 2009

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1 FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.1 CONSOLIDATED INCOME STATEMENT

<i>in CHF '000</i>	NOTES	2009	2008
Sales to customers	4.1	302,377	365,317
Other operating income	4.5	3,909	1,887
Total income		306,286	367,204
Cost of materials		-134,455	-156,481
Direct production costs		-13,083	-18,649
Changes in inventories of finished products and work-in-progress		-749	6,005
Capitalised costs		224	1,225
Total direct costs		-148,063	-167,900
Personnel expenditure	4.6	-88,669	-98,816
Other operating expenses	4.7	-44,686	-46,312
Depreciation and impairment		-10,297	-15,496
Gain on sales of non-current assets	4.18	4,557	-67
Profit from disposal of subsidiaries	4.37	4,000	21,196
Total operating expenses		-135,095	-139,495
Earnings before interest and taxes (EBIT)		23,128	59,809
Financial income		1,686	3,046
Financial expenses		-3,689	-5,197
Share of profit from associates		-	-70
Financial result	4.8	-2,003	-2,221
Earnings before income taxes		21,125	57,588
Income tax expenses	4.9	-2,993	-7,860
Net income for the period		18,132	49,728
Attributable to the shareholders of Orell Füssli Holding Ltd.		14,699	47,962
Attributable to minority interests		3,433	1,766

CONSOLIDATED STATEMENT OF THE COMPREHENSIVE INCOME

<i>in CHF '000</i>	NOTES	2009	2008
Net income for the period		18,132	49,728
Currency translation effects		353	-5,309
Total comprehensive income for the period		18,485	44,419
Attributable to the shareholders of Orell Füssli Holding Ltd.		15,066	42,838
Attributable to minority interests		3,419	1,581

EARNINGS PER SHARE

<i>in CHF</i>	NOTES	2009	2008
Earnings per share (diluted and undiluted)	4.10	7.50	24.47

The disclosures from page 14 to 44 form an integrated part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.2 CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

<i>in CHF '000</i>	NOTES	2009	2008
Assets			
Cash and cash equivalents	4.11	26,936	34,867
Marketable securities & derivative financial instruments	4.12	87	1,001
Receivables	4.13	42,801	41,692
Receivables from POC	4.15	40,210	43,035
Inventories	4.16	51,914	52,596
Current financial assets	4.17	4,537	5,551
Current income tax receivables		2,807	1,115
Total current assets		169,292	179,857
Non-current assets			
Tangible assets	4.19	110,835	110,903
Intangible assets	4.20	1,984	2,268
Leasehold property	4.22	80	90
Investments	4.23	2,479	2,866
Non-current financial assets	4.17	12,207	13,059
Pension fund assets	4.28	4,805	3,309
Deferred tax assets	4.29	2,902	1,070
Other non-current assets		979	902
Total non-current assets		136,271	134,467
Total assets		305,563	314,324
Liabilities			
Trade payables	4.24	30,711	31,606
Prepayments from customers		50,062	58,723
Current financial liabilities	4.25	10,868	5,868
Current income tax liabilities		1,529	5,704
Other current liabilities	4.26	15,490	18,487
Current provisions	4.27	454	582
Total current liabilities		109,114	120,970
Non-current liabilities			
Non-current financial liabilities	4.25	3,108	3,566
Pension fund liabilities	4.28	457	398
Non-current provisions	4.27	414	491
Deferred tax liabilities	4.29	4,226	2,480
Total non-current liabilities		8,205	6,935
Equity			
Share capital	4.30	1,960	1,960
Capital reserves		4,160	4,160
Retained earnings	4.31	164,106	164,720
Total equity before minority interests		170,226	170,840
Minority interests		18,018	15,579
Total equity		188,244	186,419
Total liabilities		305,563	314,324

The disclosures from page 14 to 44 form an integrated part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF '000

	Share capital	Capital reserves	Retained earnings and net income	Equity before minority interests	Minority interests	Total equity
Total equity at 1 January 2009	1,960	4,160	164,720	170,840	15,579	186,419
Dividends paid	–	–	–15,680	–15,680	–980	–16,660
Total comprehensive income for the period	–	–	15,066	15,066	3,419	18,485
Total equity at 31 December 2009	1,960	4,160	164,106	170,226	18,018	188,244
Total equity at 1 January 2008	1,960	4,160	131,682	137,802	14,978	152,780
Dividends paid	–	–	–9,800	–9,800	–980	–10,780
Total comprehensive income for the period	–	–	42,838	42,838	1,581	44,419
Total equity at 31 December 2008	1,960	4,160	164,720	170,840	15,579	186,419

The share capital as at 31 December 2009, as well as at 31 December 2008, is comprised in 1,960,000 registered shares with a par value of CHF 1.– each.

The disclosures from page 14 to 44 form an integrated part of the financial report.

FINANCIAL STATEMENTS OF THE ORELL FÜSSLI GROUP

1.4 CONSOLIDATED CASH FLOW STATEMENT

<i>in CHF '000</i>	NOTES	2009	2008
Net income for the period		18,132	49,728
Depreciation		10,508	13,508
Impairment and amortisation		754	328
Profit from disposal of subsidiaries		-4,000	-21,196
Other non-fund related income and expenses		-4,107	-1,075
Change in net working capital	4.33	-3,972	34,932
Income tax paid		-9,228	-11,397
Interest paid		-798	-1,172
Change in provisions and deferred income tax		-1,765	-2,457
Cash flow from operating activities		5,524	61,199
Purchase of tangible assets		-13,185	-48,363
Proceeds from disposals of tangible assets		7,349	148
Purchase of intangible assets		-277	-584
Proceeds from disposals of intangible assets		-	5
Purchase of other non-current assets		-77	-2,997
Proceeds from disposals of other non-current assets		-	288
Acquisitions of investments		-	-46
Proceeds from disposals of investments		4,388	6,935
Proceeds from disposals of marketable securities		2	-
Cash flow from investing activities		-1,800	-44,614
Change in financial liabilities		4,944	593
Dividends paid to minorities		-980	-980
Dividends paid	4.32	-15,680	-9,800
Cash flow from financing activities		-11,716	-10,187
Translation differences on cash		33	-518
Increase (decrease) in cash and cash equivalents		-7,959	5,880
Cash and cash equivalents at 1 January	4.11	34,867	30,003
Effects of exchange rate adjustments on the opening balance		28	-1,016
Cash and cash equivalents at 1 January after effects of currency exchange rate		34,895	28,987
Cash and cash equivalents at 31 December		26,936	34,867

The disclosures from page 14 to 44 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 sales 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. 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 by the Board of Directors on 23 March 2010. 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.

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 '000).

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 2009, one new standard and several amendments of standards were enacted whose effects on the accounting policies of the Group were not previously described in a concluding way:

IAS 1 (amendment), Presentation of Financial Statements (effective from 1 January 2009). The amendment 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. The Orell Füssli Group included the amendment in its accounting policies.

IAS 23 (revised), Borrowing Costs (effective from 1 January 2009). The option to recognise borrowing costs directly attributable to the acquisition or construction of a qualifying asset as an expense through profit and loss, is eliminated by this revision. Such borrowing costs will have to be capitalised. The Group implemented the new regulation in the financial year 2009.

IFRS 3 (revised) Business Combinations – Disclosures, and IAS 27 (amendment) Consolidated and Separated Financial Statements (effective from 1 July 2009). The more significant changes in accounting for business combinations address the measurement and accounting of non-controlling interests, step acquisitions, equity transactions, the handling of a loss of control of a subsidiary, of acquisition-related costs, of changes to contingent consideration as a result of subsequent events, the effective settlement of pre-existing relationships, and reacquired rights. The Orell Füssli Group has implemented the amendments with the effective date from 1 January 2010 not including any retrospective adjustments.

IFRS 7 (amendment), Financial Instruments: Disclosures (effective from 1 January 2009). The amendments clarify and enhance existing disclosure requirements about the nature and extent of liquidity risk arising from financial instruments and their fair value measurement. The amendments introduce a three-level fair value disclosure hierarchy of financial assets and liabilities. These disclosures are expected to provide more information about the relative reliability of fair value measurements. The Group adopted the amendments in the financial report 2009.

IFRS 8 (new standard), Operating Segments (effective from 1 January 2009). The new standard replaces the previous requirements outlined in IAS 14, Segment Reporting. It governs the disclosure of information on the level of business segments regarding the manner and the financial impact of the business operations, as well as

information about the economic environment in which the entity operates. The financial report has been adjusted in accordance with the new standard. The new requirements did not lead to a change of the business units. Please refer to note 2.8 for further details.

2.4 NEW STANDARDS AND INTERPRETATIONS

In the financial year of 2009, the IASB issued one new standard and several amendments of existing standards, and one new interpretation was published by the IFRIC. The improvements either have no relevance to the Group's reporting or have not yet been conclusively analysed:

IAS 24 (revised), Related Party Disclosures (effective from 1 January 2011). The amendment of the standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Orell Füssli Group does not expect any impact on the consolidated financial statement.

IAS 32 und IAS 1 (amendment), Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009). 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 have to be classified as equity rather than as a liability. The amendment has no impact on the Group's financial statements.

IAS 32 (amendment), Classification of Right Issues (effective from 1 February 2010). The amendment specifies that a rights issue offered pro rata to all of an entity's existing shareholders on the exercise of which the entity will receive a fixed amount of cash or a fixed number of the entity's own equity instruments is classified as an equity instrument regardless of the currency in which the exercise price is denominated. The amendment has no impact on the Group's financial statements.

IAS 39 and IFRIC 9 (amendment), Embedded Derivatives (effective for reporting periods ending on or after 30 June 2009). The amendments specify to what extent an entity would need to assess any embedded derivatives in consideration of the reclassification of hybrid financial instruments. The amendment has no impact on the Group's financial statements.

IFRS 2 (amendment), Share-based Payments – Vesting Conditions and Cancellations (effective from 1 January 2009). The adjustment includes changes in respect of vesting conditions and cancellations of share-based payments. As the Orell Füssli Group has not implemented any share-based payment plans the adjustment will not have any impact on the Group's consolidated financial statements.

IFRS 2 (amendment), Share-based Payments – Cash-settled share-based Payment Transactions (effective from 1 January 2010). The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. The amendments also incorporate guidance previously included in IFRIC 8 and IFRIC 11. As a result, the IASB has withdrawn these interpretations. As the Orell Füssli Group has not implemented any share-based payment plans the adjustment will not have any impact on the Group's consolidated financial statements.

IFRS 9 (new standard), Financial Instruments (effective from 1 January 2013). The standard introduces new regulations on the classification and measurement of financial assets. Publication of IFRS 9 represents the completion of the first part of a three-part project to replace IAS 39 with the aim to improve comparability and to make financial statements easier to understand for investors and other users. The impact of the new standard on the Group's financial statements has not yet been assessed.

IFRIC 19, Guidance on Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010). The interpretation regulates the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The Orell Füssli Group does not plan to introduce such kind of transactions; however, the interpretation will be included in the accounting principles and applied if needed.

Published in April 2009, the IASB issued a significant number of amendments in the course of the Annual Improvement Project. Most of them are effective from 1 January 2010. The Group will implement these adjustments on time, if necessary.

ACCOUNTING POLICIES

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. 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.

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

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 recognised 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 2009 and 2008, the Orell Füssli Group did not include any companies as joint ventures in its consolidated financial statements.

2.6 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 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 recognised 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 recognised in the statement of comprehensive income. Translation differences will be recognised in the income statement on disposal of a subsidiary.

Assets and liabilities of subsidiaries in foreign currencies are converted into Swiss Francs at the closing rate of each balance sheet date while revenues and expenses are translated at the average currency exchange rate of the financial year. The Orell Füssli Group used the following currency exchange rates for the financial year 2009 and 2008:

CURRENCY EXCHANGE RATES

	Closing rate		Annual average rate	
	2009	2008	2009	2008
EUR at a rate of CHF	1.4877	1.4888	1.5102	1.5874
USD at a rate of CHF	1.0380	1.0561	1.0857	1.0831
GBP at a rate of CHF	1.6533	1.5286	1.6958	2.0006

2.7 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 amount 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 recognises liabilities for anticipated tax audit issues on the basis of estimates of whether additional taxes are due. Where the final 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.

Construction contracts

The determination of revenue and receivable for construction contracts is based on the percentage of completion. 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. If total revenues are sufficiently predictable and directly attributable to the percentage of completion, the valuation is carried out by using the completed contract method. Alternatively accumulated cost will be used for the accrual.

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 financial years.

For the valuation adjustment of inventories to its net realisable 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.

Fair value estimation

The fair value of financial instruments traded in active markets such as marketable and available-for-sale securities, is based upon quoted market price at the balance sheet date multiplied by the number of securities at the balance sheet date (level 1). Financial instruments that are not traded in an active market but whose fair value can be directly or indirectly calculated based on other observable market indicators are determined by using this information (level 2). The fair value of financial instruments that are not traded in an active market and whose fair value cannot be calculated based on observable market indicators is determined by using other valuation techniques which require assumptions (level 3). The valuation methods differ pending on the financial instrument and will be disclosed in the notes to the consolidated financial statements if necessary.

Trade accounts receivable and payable are stated in the balances 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 liabilities 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.

ACCOUNTING POLICIES

2.8 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products and services that are subject to risk and returns different from those of other business segments. The business segments serve as basis for the internal reporting to the CODM (chief operating decision maker). The CEO of the Group has been identified as the chief of operating decision maker. The internal reporting is in accordance with IFRS and, therefore, follows the same accounting principles as the consolidated financial statements.

The Group's business activities are designated into three segments: Industrial Systems, Security Printing and Book Retailing. Other business activities include the publishing units as well as infrastructure services. Their size is not material. Information about products and services of each business segment are provided in 4.1 of the notes to the consolidated financial statements.

2.9 REVENUE RECOGNITION

Revenue from 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 recognised 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.

2.10 IMPAIRMENT

Tangible and intangible assets are assessed for impairment. Such assessment occurs on the basis of events of 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 2.17.

2.11 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 recognised 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 recognised 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 recognised 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 realised 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.

2.12 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 three months or less.

2.13 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised 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 utilises derivative financial instruments only to hedge future cash flows, however. The Group does not apply hedge accounting, but rather recognises all gains and losses immediately in the income statement. These instruments will be accounted for at fair value through profit and loss and will be adjusted – also through profit and loss – throughout the term of the contract.

2.14 INVENTORIES

Inventories include raw materials, auxiliary material and supplies, semi-finished products, finished products and trading goods. Inventories are stated at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average cost calculation. The cost of semi-finished and finished products contains direct production costs including materials and manufacturing costs, as well as overhead costs. The net realisable value is the estimated selling price in the ordinary course of business less the production and distribution costs. For the net realisable value of finished products, the range of coverage analyses 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 labour. Construction contracts are recognised 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 recognise 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 recognised as an expense.

2.16 TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ACCOUNTS RECEIVABLE

Trade accounts receivable and other current accounts receivable are measured at amortised 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 reorganisation is likely or a delay in payment for over 30 days occurs. In addition to these individual measurements a general allowance based on past experience is made.

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

Provisions for doubtful accounts receivable are recognised 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 cash flows, discounted by 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 recognised as other operating expense in the income statement, while any recovery of such provision will result in a decrease of the operational expense accordingly.

2.17 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

The 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 categorised as held for trading unless they are used for hedge accounting. Financial assets at fair value through profit or loss are categorised as current assets, if they are either held for trading or if they are realised within 12 months of the balance sheet date.

ACCOUNTING POLICIES

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 maturities, for which the Group has the positive intention and ability to hold to maturity. In 2009 and 2008, 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 investment 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.

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 derecognised if the contractual rights to the cash flows from the financial asset expire or are transferred and the Group has substantially transferred all the risk and rewards of ownership of the financial asset.

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 unrealised profits and losses resulting from changes in the fair value of available-for-sale investments are recorded in the statement for other comprehensive income. 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 new amendments of IFRS 7 have introduced a three-level fair value disclosure hierarchy for each category of financial assets and liabilities, which is disclosed in note 4.1.2. Level 1 includes financial instruments whose fair values derive directly from quoted prices in an active market for identical instruments. Level 2 includes financial instruments whose fair values can be directly or indirectly calculated with the support of other observable market indicators. Level 3 includes financial instruments whose fair values cannot be calculated based on observable market indicators but by using other valuation techniques which require assumptions. In 2009 and 2008, the Orell Füssli Group held a cooperative participation. These participations are measured at cost less impairment as their fair value cannot be evaluated.

Loans and receivables as well as held-to-maturity investments are measured at amortised costs using the effective yield method. The Group assesses at each balance sheet date whether there is objective evidence of an impairment risk. 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 recognised in the income statement of that period, to a maximum of the previously recognised impairment loss.

2.18 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 2009 or 2008.

2.19 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 include also estimated costs for dismantling and removal of tangible assets including the restoration of the site. Further, effective borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised according to the revised standard IAS 23R effective from 1 January 2009. No changes occur for borrowing costs recorded in the income statement before that date.

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 fixed asset category are as follows:

ESTIMATED USEFUL LIFE OF EACH FIXED ASSET CATEGORY

<i>in years</i>	Estimated useful lives
Machinery and technical installations	5–10
Buildings	30–40
Fixed facilities	15–40
Movable property, leasehold improvements, vehicles	4–10
IT and systems	3–5

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 recognised 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.

2.20 GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets comprise goodwill and other intangible assets, such as rights, licences 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 amortised, but tested annually for impairment. Goodwill is measured at its initial cost less accumulated impairment losses. 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 amortisation and impairment. Costs of rights, licences and software are the result of the purchase price plus directly related costs. Development costs for internally developed software are recognised as an asset if certain criteria such as technical feasibility and availability of adequate resources are fulfilled, if the company's intention is to finalise 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, licences and software are amortised using the straight-line method over the contractually agreed duration. Internally developed software is amortised using the straight-line method over a maximum period of three years.

2.21 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.

2.22 TRADE ACCOUNTS PAYABLE

Trade accounts payable are recognised at fair value and subsequently measured at amortised cost.

2.23 DIVIDEND DISTRIBUTION

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

ACCOUNTING POLICIES

2.24 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, finance lease liabilities and other financial liabilities. Initially, financial liabilities are measured at fair value net of transaction costs incurred, and subsequently, they are stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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.

2.25 LEASES

Leases of assets, in which substantially all the risk and rewards incidental to ownership are transferred to the lessee are classified as finance leases. Finance leases are initially recognised 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 of 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 use 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.

2.26 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 recognised 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 unrecognised 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 unrecognised actuarial gains and losses in excess of the greater of 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 recognised.

Past-service costs are recognised 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 does not foresee any option plan or other share-based payments either for employees, management or board members.

2.27 PROVISIONS

Provisions are recognised 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.

2.28 SHARE CAPITAL

Ordinary shares are classified as part of the 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 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).

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 foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The overall risk management and especially the financial risk management of the Orell Füssli Group focuses on the unpredictability of developments of 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. The currency exchange rate between Swiss Franc and Euro remained stable in the financial year 2009, however, on a rather low level. In 2008, the Euro lost over 10% of its value against the Swiss Franc, with its highest variance of 14% throughout that period. Based on this experience 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 31 December 2009, with all other variables held constant, post-tax profit for the year would have been reduced by CHF 3,603,000 (2008: CHF 2,824,000). In the opposite way the profit for the year would have increased to the same extent. Equity would remain unchanged. Foreign exchange gains/losses would mainly occur on translation of Euro denominated trade receivables, non-current assets, trade payables, and other current liabilities. The reaction of the profit movements in CHF/EUR exchange rates is more sensible due to a decline in receivables denominated in Euro compared to the year 2008. There were no material changes of the portion in Euro on the current liability side.

3.3 INTEREST RATE RISK

As the Orell Füssli Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are not substantially exposed 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 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.

At 31 December 2009, 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 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. Bank 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 guarantees 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 flows is conducted and regularly updated. However, some divisions are traditionally more in funds at the year end 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 at the balance sheet date.

At 31 December the available liquidity risk can be summarised as:

LIQUIDITY RESERVES AND CREDIT FACILITIES

<i>in CHF '000 at 31 December</i>	2009	2008
Liquidity reserves	27,023	35,868
Committed credit facilities	79,511	78,024
./.. rental guarantees	-3,644	-3,617
./.. utilised credit facilities	-11,384	-7,169
Total liquidity reserves and non-utilised credit facilities	91,506	103,106

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 authorised 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.

Originally, the Orell Füssli Group's expectation was an increase of its gearing ratio in the financial year 2009, due to budgeted investments and extensive renovation work for the security printing business unit. The disposal of the two subsidiaries and its online database of corporate and personal information business in 2008 the cash outflow could be widely compensated. Therefore the net gearing ratio as of the balance sheet date remained stable. The net gearing ratio at 31 December 2009 and 2008 were as follows:

NET GEARING RATIO

<i>in CHF '000 at 31 December</i>	2009	2008
Total financial liabilities	13,976	9,434
+ trade accounts payable	30,711	31,606
+ prepayments from customers	50,062	58,723
+ other current liabilities	7,625	8,841
./.. cash and cash equivalents	-26,936	-34,867
Net indebtedness	75,438	73,737
Total equity	188,244	186,419
Total capital	263,682	260,156
Net gearing ratio	29%	28%

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 SEGMENT REPORTING BY BUSINESS UNITS

As mentioned in paragraph 2.1 business activities of Orell Füssli Group are designated into three segments that provide the basis for the internal segment reporting by business units. Segment reporting provides information on tangible assets and the income statement to the level of earnings before interest and taxes. It follows the accounting principles in accordance with IFRS.

Industrial Systems

Disclosures in connection with the production and marketing of machineries and systems for encoding and personalisation of any printable products.

Security Printing

Disclosures in connection with the production and marketing of bank notes, security documents, passports 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).

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

Financial results, results from associates and income taxes remain unallocated, as these positions are governed on a Group level rather than by business units. Inter-segment sales and expenses are eliminated based on normal commercial terms and conditions that would be provided to third parties. The consolidation effects are also disclosed as unallocated.

SEGMENT RESULTS 2009

<i>in CHF '000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Total gross segment sales	72,355	85,322	123,606	21,094	302,377	–	302,377
Inter-segment sales	181	1	23	32	237	–237	–
Sales to customers	72,536	85,323	123,629	21,126	302,614	–237	302,377
Depreciation and impairment	–2,880	–4,061	–2,938	–331	–10,210	–87	–10,297
Earnings before interest and taxes (EBIT)	–4,427	16,704	6,308	–217	18,368	4,760	23,128
Financial result						–2,003	–2,003
Share of profit from associates (Note 4.23)						–	–
Income tax expenses						–2,993	–2,993
Net income for the period							18,132
Total tangible assets at 31 December 2009	16,633	81,080	12,614	335	110,662	173	110,835

SEGMENT RESULTS 2008

<i>in CHF '000</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Total gross segment sales	105,004	102,945	122,742	34,626	365,317	–	365,317
Inter-segment sales	–20	35	5	68	88	–88	–
Sales to customers	104,984	102,980	122,747	34,694	365,405	–88	365,317
Depreciation and impairment	–4,511	–6,611	–3,518	–693	–15,333	–163	–15,496
Earnings before interest and taxes (EBIT)	7,275	23,983	3,423	24,317	58,998	811	59,809
Financial result						–2,151	–2,151
Share of profit from associates (Note 4.23)						–70	–70
Income tax expenses						–7,860	–7,860
Net income for the period							49,728
Total tangible assets at 31 December 2008	16,451	77,280	16,546	472	110,749	154	110,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 SALES TO CUSTOMERS AND TANGIBLE ASSETS BY COUNTRIES AND REGIONS

Industrial Systems and Security Printing are the two business units whose customer relations exist worldwide without any geographic market specifications. The business segment Book Retailing and other activities find their customers mainly in Switzerland and the neighbouring countries. In the 2009 and 2008 financial years, no recorded sales revenue of a single country was material in an extent that would require separate disclosure, apart from Switzerland.

Therefore, the Group allocates its sales revenue in the following geographic segments as hitherto:

SALES TO CUSTOMERS BY REGION

<i>in CHF '000</i>	2009	2008
Switzerland	180,105	201,970
Germany	14,326	14,551
The rest of Europe and Africa	69,061	74,070
North and South America	11,235	13,912
Asia and Oceania	27,650	60,814
Total sales by region	302,377	365,317

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

The Orell Füssli Group owns tangible assets in the following regions:

TANGIBLE ASSETS BY REGION

<i>in CHF '000 at 31 December</i>	2009	2008
Switzerland	94,202	94,451
Germany	14,563	14,273
The rest of Europe and Africa	679	646
North and South America	1,391	1,533
Total segment assets	110,835	110,903

4.3 SALES REVENUE WITH KEY ACCOUNTS

Each business unit of the Orell Füssli Group serves a large number of different customers. In the 2009 and 2008 financial years, none of them has generated sales revenue for the Group in an extent that would require separate disclosure. The business segment Security Printing generates the most significant sales revenue with key accounts; among them are national bank institutions and public authorities. The Group does not provide names or details about these customers. However, Swiss National Bank Ltd. is a major shareholder of the Orell Füssli Group and, therefore, further information on related-party transactions has to be disclosed in note 4.38.

4.4 TOTAL INCOME

<i>in CHF '000</i>	2009	2008
Sales of goods and products	305,758	354,533
Revenues from services	–	12,109
Revenues from license fees	528	562
Total income	306,286	367,204

4.5 OTHER OPERATING INCOME

<i>in CHF '000</i>	2009	2008
Rental income from operating leases	764	222
Other income	3,145	1,665
Total other operating income	3,909	1,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.6 PERSONNEL EXPENDITURE

<i>in CHF '000</i>	2009	2008
Wages and salaries	74,440	83,484
Social security costs	5,447	6,126
Pension costs by contribution plans	2,135	2,245
Pension costs by defined benefit plans (refer to note 4.28)	1,559	575
Other personnel expenditure	5,088	6,386
Total personnel expenditure	88,669	98,816

4.7 OTHER OPERATING EXPENSES

<i>in CHF '000</i>	2009	2008
Marketing and distribution expenses	14,750	15,676
Operating lease expenses	11,870	9,238
Repairs and maintenance	4,491	5,881
Administration expenses	6,650	7,318
Other operating expenses	6,925	8,199
Total other operating expenses	44,686	46,312

4.8 FINANCIAL RESULT

<i>in CHF '000</i>	Expense	Income	Balance 2009	Expense	Income	Balance 2008
Interest income and expenses						
Bank borrowings	-602	500	-102	-963	383	-580
Finance lease liabilities	-227	15	-212	-267	44	-223
Total interest income and expenses	-829	515	-314	-1,230	427	-803
Other finance income and expense						
Net gains (losses) from securities held for trade	-297	-313	-610	-586	631	45
Dividend income	-	145	145	-	123	123
Share of profit/(loss) of associates	-	88	88	-70	37	-33
Net gains (losses) from foreign exchange differences	-2,212	1,251	-961	-2,863	1,828	-1,035
Bank charges and other finance cost	-351	-	-351	-518	-	-518
Total other finance income and expense	-2,860	1,171	-1,689	-4,037	2,619	-1,418
Total financial result	-3,689	1,686	-2,003	-5,267	3,046	-2,221

4.9 INCOME TAX EXPENSES

<i>in CHF '000</i>	2009	2008
Current income tax	3,293	8,085
Deferred income tax (refer to note 4.29)	-300	-225
Total income tax expenses	2,993	7,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The income taxes 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:

RECONCILIATION OF THE INCOME TAXES

<i>in CHF '000</i>	2009	2008
Profit before income tax	21,125	57,588
Weighted average applicable tax rate of the Group	14.2%	16.8%
Income tax calculated	2,993	9,691
Different income tax rates	-23	-63
Upcoming income tax rate changes	-2	-
Expenses not deductible for income tax purposes	145	300
Revenue not subject to income tax	-361	-2,250
Utilisation of tax losses recognised as tax assets	-2	-70
Adjustments to deferred tax assets	459	-42
Tax effects related to other periods	-213	275
Other	-3	19
Income tax recognised in the income statement	2,993	7,860

The Group's profit was exceptionally high in the financial year 2008 due to the disposal of two subsidiaries. Orell Füssli Holding Ltd. is entitled to claim the participation exemption on the gain of such disposals. Also in the 2009 financial year, an additional profit could be recorded on the disposal of that investment. Furthermore, certain foreign entities based in countries with higher income tax rates than in Switzerland did not generate any taxable profits in 2009. Consequently, the Group's weighted average applicable tax rate was lower than in the previous period.

4.10 EARNINGS PER SHARE

<i>At 31 December</i>	2009	2008
Net income for the period in CHF '000	14,699	47,962
Weighted average numbers of shares in issue (in thousands)	1,960	1,960
Earnings per share (in CHF)	7.50	24.47

In terms of IAS 33 no dilution effects per share occurred either in 2009 or 2008.

4.11 CASH AND CASH EQUIVALENTS

<i>in CHF '000 at 31 December</i>	2009	2008
Cash at bank and in hand	26,844	34,867
Short-term bank deposits	92	-
Total cash and cash equivalents	26,936	34,867

The actual interest rate for bank balances and for short-term bank deposits ranged between 0.125% and 3.58% (2008: 0.125% and 6.71%). 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.12 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities can be allocated to the following categories:

FINANCIAL ASSETS

<i>in CHF '000 at 31 December</i>	2009	2008
Held for trade		
Marketable securities	13	15
Derivative financial instruments	74	986
Total held for trade	87	1,001
Loans and receivables		
Trade accounts receivable	30,175	32,501
Financial assets	16,744	18,610
Other non-current assets	979	902
Total loans and receivables	47,898	52,013
Held to maturity		
N/A	-	-
Total held to maturity	-	-
Available for sale		
Investments (refer to note 4.23)	2,110	2,497
Total available for sale	2,110	2,497
Total financial assets	50,095	55,511

FINANCIAL LIABILITIES

<i>in CHF '000 at 31 December</i>	2009	2008
At amortised costs		
Trade payables	30,711	31,606
Financial payables	13,976	9,434
Other current payables	7,625	8,841
Total at amortised costs	52,312	49,881
At fair value through profit and loss		
Derivative financial instruments	296	596
Total at fair value through profit and loss	296	596
Total financial liabilities	52,608	50,477

The contractual undiscounted cash flow of financial liabilities is as follows:

CONTRACTUAL UNDISCOUNTED CASH FLOW OF FINANCIAL LIABILITIES

<i>in CHF '000 at 31 December</i>	Liabilities from borrowings, trade payables and other current liabilities	Liabilities from finance lease	Total 2009	Liabilities from borrowings, trade payables and other current liabilities	Liabilities from finance lease	Total 2008
From current financial liabilities						
Due within 6 months	49,041	160	49,201	46,388	185	46,573
Due between 6 and 12 months	146	173	319	156	199	355
Total from current financial liabilities	49,187	333	49,520	46,544	384	46,928
From non-current financial liabilities						
Due between 1 and 2 years	271	361	632	216	429	645
Due between 2 and 5 years	63	1,192	1,255	-	1,334	1,334
Due later than 5 years	625	1,152	1,777	645	1,585	2,230
Total from non-current financial liabilities	959	2,705	3,664	861	3,348	4,209
Total contractual undiscounted cash flow of financial liabilities	50,146	3,038	53,184	47,405	3,732	51,137

The fair value of marketable securities, derivative financial instruments and financial instruments available for sale is determined based on a three-level hierarchy as disclosed in paragraph 2.17 of the accounting principles. For each level different calculation methods are used to estimate the fair value of the recorded financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FAIR VALUE OF FINANCIAL ASSETS

<i>in CHF '000 at 31 December</i>	Level 1	Level 2	Level 3	Total 2009	Level 1	Level 2	Level 3	Total 2008
Held for trade								
Marketable securities	13	–	–	13	15	–	–	15
Currency option contracts	–	–	–	–	–	277	–	277
Forward foreign exchange rate	–	74	–	74	–	709	–	709
Total held for trade	13	74	–	87	15	986	–	1,001
Available for sale								
Investments	–	–	2,110	2,110	–	–	2,497	2,497
Total available for sale	–	–	2,110	2,110	–	–	2,497	2,497

FAIR VALUE OF FINANCIAL LIABILITIES

<i>in CHF '000 at 31 December</i>	Level 1	Level 2	Level 3	Total 2009	Level 1	Level 2	Level 3	Total 2008
Held for trade								
Currency option contracts	–	–	–	–	–	–	–	–
Forward foreign exchange rate	–	296	–	296	–	596	–	596
Total held for trade	–	296	–	296	–	596	–	596

The Group has included a participation in the retailer cooperation Schweizer Buchzentrum as financial instruments on level 3. According to IAS 39 such participation needs to be stated as financial instrument “available for sale”. As no direct or indirect observable market information is available to calculate the fair value the valuation is based on the purchase cost deducted by impairments, if any. The Orell Füssli Group considers the carrying amount of the investment of CHF 2,110,000 (2008: CHF 2,497,000) as corresponding to its approximate fair value. It is not planned to sell the position in the near future.

As per 31 December 2009 and 31 December 2008, several option contracts are stated in the tables above as financial instruments held for trade. All of them expire within the coming twelve months and are linked to transactions which fall due with high probability during the year 2010. 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 realised gain or loss through the same accounts. The calculation of the fair value as per balance sheet date is based on observable market information (level 2).

The contract values as disclosed in the following table do not represent the market risks; they solely provide indications on the upcoming transaction volume on the balance sheet date. The fair value at 31 December is based on market values or based on calculations supported by standardised option-pricing models using market prices.

CONTRACT VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

<i>in CHF '000 at 31 December</i>	2009	2008
Currency option contracts		
Currency option contracts in SGD	–	4,326
Total currency option contracts	–	4,326
Forward foreign exchange rate		
Forward foreign exchange rate contracts in SGD	18,964	9,954
Forward foreign exchange rate contracts in EUR	–	12,063
Forward foreign exchange rate contracts in other currencies	3,356	308
Total foreign exchange rate contracts	22,320	22,325
Total contract value of derivative financial instruments	22,320	26,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.13 RECEIVABLES

<i>in CHF '000 at 31 December</i>	2009	2008
Trade accounts receivable gross	32,000	35,470
Provisions for doubtful trade accounts receivable	-1,825	-2,969
Total trade accounts receivable net	30,175	32,501
Prepayments to suppliers	546	2,172
Receivables from related parties	2,858	1,278
Accrued income and deferred expenses	5,077	1,888
Other receivables	4,145	3,853
Total other receivables	12,626	9,191
Total receivables	42,801	41,692

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

4.14 TRADE ACCOUNTS RECEIVABLE

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

AGING STRUCTURE OF TRADE ACCOUNTS RECEIVABLE

<i>in CHF '000 at 31 December</i>	2009	2008
Not overdue	16,219	23,124
Past due not more than 30 days	8,647	5,738
Past due from 31 to 60 days	2,515	1,259
Past due from 61 to 90 days	592	641
Past due from 91 to 180 days	1,058	2,541
Past due more than 180 days	2,969	2,167
Total trade accounts receivable gross	32,000	35,470
Provisions for doubtful trade accounts receivable	-1,825	-2,969
Total trade accounts receivable net	30,175	32,501

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 experience. The loss was included in the income statement as "other operating expenses".

PROVISION FOR DOUBTFUL TRADE ACCOUNTS RECEIVABLE

<i>in CHF '000</i>	2009	2008
At 1 January	-2,969	-2,876
Increase in provisions for doubtful trade accounts receivable	-1,687	-1,775
Utilisation of provisions	1,682	1,270
Reversal of provisions	1,164	116
Translation effects	-15	296
At 31 December	-1,825	-2,969

Part of provisions for doubtful trade accounts receivable are individual allowances in an amount of CHF 896,000 (2008: CHF 2,226,000). The effective loss on accounts receivable within the past five years has always been less than 0.5% of the annual turnover.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Trade accounts receivable include amounts denominated in the following currencies:

TRADE ACCOUNTS RECEIVABLE BY CURRENCIES

<i>in CHF '000 at 31 December</i>	2009	2008
CHF	12,503	15,924
EUR	15,225	14,813
USD	1,842	1,168
GBP	541	596
Other	64	–
Total trade accounts receivable net	30,175	32,501

In the 2009 financial year, certain European subsidiaries of the Group forfeited receivables in an amount of CHF 1,752,000 (2008: CHF 3,029,000).

4.15 CONSTRUCTION CONTRACTS

Revenue from construction contracts by using the PoC-method during the year ended 31 December 2009 was CHF 17,315,000 (2008: CHF 29,464,000). The aggregate amount of costs incurred and the recognised profits (less recognised losses) for all construction contracts in progress was as disclosed on the balance sheet date.

4.16 INVENTORIES

<i>in CHF '000 at 31 December</i>	2009	2008
Raw materials, auxiliary materials and supplies	19,212	19,519
Semi-finished and finished goods	17,742	14,408
Trading goods	7,952	11,009
Work-in-progress	7,008	7,660
Total inventories	51,914	52,596

The cost of inventories recognised as expense and included in the income statement amounted to CHF 135,204,000 (2008: CHF 150,476,000). The write-down on inventories recognised in the income statement during the financial year ended at 31 December 2009, was CHF –95,000 (2008: CHF 523,000).

4.17 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 comprise:

FINANCIAL ASSETS

<i>in CHF '000 at 31 December</i>	Current financial assets	Non-current financial assets	Total 2009 financial assets	Current financial assets	Non-current financial assets	Total 2008 financial assets
Financial assets						
Loan assets	4,342	12,083	16,425	4,022	12,403	16,425
Lease and finance contracts	174	124	298	291	656	947
Other current financial assets	21	–	21	1,238	–	1,238
Total financial assets	4,537	12,207	16,744	5,551	13,059	18,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

FINANCE LEASE ASSETS

in CHF '000 at 31 December

	Gross investments in finance lease	Present value of future minimum lease payments	Unrealised interest income 2009	Gross investments in finance lease	Present value of future minimum lease payments	Unrealised interest income 2008
Current finance lease assets						
Due within 6 months	110	101	9	161	146	15
Due between 6 and 12 months	79	73	6	160	145	15
Total current finance lease assets	189	174	15	321	291	30
Non-current finance lease assets						
Due between 1 and 2 years	134	124	10	332	307	25
Due between 2 and 5 years	–	–	–	377	349	28
Due later than 5 years	–	–	–	–	–	–
Total non-current finance lease assets	134	124	10	709	656	53
Total finance lease assets	323	298	25	1,030	947	83

No contingent finance lease assets relating to production output are recorded and no provision on finance lease assets was made.

4.18 NON-CURRENT ASSETS HELD FOR SALE

In the 2009 financial year, the Orell Füssli Group sold a property in St. Gall that was no longer in operational use. The asset was classified as tangible, as management decided on the disposal after the half-year financial report 2009 was issued. Therefore, no prior reclassification to non-current assets held for sale was recorded. At 31 December 2009 and 2008, there are no non-current assets held for sale by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.19 TANGIBLE ASSETS IN 2009

in CHF '000

	Land and buildings	Machinery and technical installations	Other tangible assets	Assets under construction	Total 2009
Cost at 1 January	108,531	104,231	38,509	17,220	268,491
Change in scope of consolidation	-	-	-	-	-
Additions ¹	2,096	4,355	1,617	5,341	13,409
Disposals	-15,055	-1,171	-2,125	-2	-18,353
Reclassification	7,233	6,798	7,294	-21,431	-106
Exchange differences	-31	78	-4	5	48
Cost at 31 December	102,774	114,291	45,291	1,133	263,489
Accumulated depreciation and impairment at 1 January	-68,474	-65,122	-23,992	-	-157,588
Change in scope of consolidation	-	-	-	-	-
Depreciation on disposals	12,559	1,170	1,829	2	15,560
Depreciation	-2,852	-2,241	-4,727	-	-9,820
Impairment	-271	-	-483	-	-754
Reclassification	-	-	-	-	-
Exchange differences	19	-83	12	-	-52
Accumulated depreciation and impairment at 31 December	-59,019	-66,276	-27,361	2	-152,654
Net book value at 31 December	43,755	48,015	17,930	1,135	110,835
Insured value at 31 December					295,867
Net book value of tangible assets under finance lease	3,656	63	7	-	3,726
Commitments for purchases of property, plant and other equipment					275

TANGIBLE ASSETS IN 2008

in CHF '000

	Land and buildings	Machinery and technical installations	Other tangible assets	Assets under construction	Total 2008
Cost at 1 January	112,028	88,124	37,177	2,075	239,404
Change in scope of consolidation	-	-6	-1,595	-	-1,601
Additions ¹	193	26,283	2,860	20,252	49,588
Disposals	-1,747	-8,954	-2,659	-	-13,360
Reclassification	349	-	4,514	-5,068	-205
Exchange differences	-2,292	-1,216	-1,788	-39	-5,335
Cost at 31 December	108,531	104,231	38,509	17,220	268,491
Accumulated depreciation and impairment at 1 January	-67,274	-70,813	-24,368	-	-162,455
Change in scope of consolidation	-	6	1,094	-	1,100
Depreciation on disposals	1,726	8,889	2,530	-	13,145
Depreciation	-3,922	-4,275	-4,242	-	-12,439
Impairment	-38	-11	-279	-	-328
Reclassification	-	-	-	-	-
Exchange differences	1,034	1,082	1,273	-	3,389
Accumulated depreciation and impairment at 31 December	-68,474	-65,122	-23,992	-	-157,588
Net book value at 31 December	40,057	39,109	14,517	17,220	110,903
Insured value at 31 December					255,979
Net book value of tangible assets under finance lease	3,729	61	-	-	3,790
Commitments for purchases of property, plant and other equipment					10,317

¹ Additions include additions by cash purchase, by capitalised costs and by acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.20 INTANGIBLE ASSETS IN 2009

<i>in CHF '000</i>	Software and developments	Rights and licenses	Other intangible assets	Total 2009
Cost at 1 January	5,462	1,690	850	8,002
Change in scope of consolidation	–	–	–	–
Additions ¹	152	125	–	277
Disposals	–86	–	–	–86
Reclassification	106	–	–	106
Exchange differences	–3	–	–	–3
Cost at 31 December	5,631	1,815	850	8,296
Accumulated depreciation and impairment at 1 January	–3,223	–1,667	–844	–5,734
Change in scope of consolidation	–	–	–	–
Depreciation on disposals	86	–	–	86
Depreciation	–631	–38	–2	–671
Reclassification	–	–	–	–
Exchange differences	6	–	1	7
Accumulated depreciation and impairment at 31 December	–3,762	–1,705	–845	–6,312
Net book value at 31 December	1,869	110	5	1,984

INTANGIBLE ASSETS IN 2008

<i>in CHF '000</i>	Software and developments	Rights and licenses	Other intangible assets	Total 2008
Cost at 1 January	8,156	1,761	939	10,856
Change in scope of consolidation	–2,968	–13	–	–2,981
Additions ¹	545	31	8	584
Disposals	–132	–88	–	–220
Reclassification	205	–	–	205
Exchange differences	–344	–1	–97	–442
Cost at 31 December	5,462	1,690	850	8,002
Accumulated depreciation and impairment at 1 January	–4,740	–1,761	–939	–7,440
Change in scope of consolidation	2,242	13	–	2,255
Depreciation on disposals	127	88	–	215
Depreciation	–1,039	–7	–2	–1,048
Reclassification	–	–	–	–
Exchange differences	187	–	97	284
Accumulated depreciation and impairment at 31 December	–3,223	–1,667	–844	–5,734
Net book value at 31 December	2,239	23	6	2,268

¹ Additions include additions by cash purchase, by capitalised costs and by acquisitions.

4.21 FURTHER DETAILS ON TANGIBLE ASSETS

The workings and installations in the building of the Orell Füssli Group's head office could be finalised as planned in the 2009 financial year. The expenditures included investments in production facilities and machineries for the security printing division.

Bank borrowings are secured on land and buildings for the value of CHF 577,000 (2008: CHF 0).

Lease rentals amounting to CHF 11,024,000 (2008: CHF 8,370,000), while CHF 846,000 (2008: CHF 868,000) are related to other leased tangible assets. Operating lease expenses are included in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.22 INVESTMENT PROPERTY

<i>in CHF '000</i>	2009	2008
Cost at 1 January	466	466
Exchange differences	-117	-144
Cost at 31 December	349	322
Accumulated depreciation and impairment at 1 January	-232	-319
Depreciation	-18	-21
Exchange differences	-19	108
Accumulated depreciation and impairment at 31 December	-269	-232
Net book value at 31 December	80	90
Fair value of investment property at 31 December	285	280
Amounts recognised in the income statement		
Rental income	79	93
Direct operating expenses arising from investment property generating rental income	-14	-13
Direct operating expenses arising from investment property not generating rental income	-14	-13

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

There is no commitment or obligation on repairs and maintenance of the investment property.

4.23 INVESTMENTS

<i>in CHF '000 at 31 December</i>	2009	2008
Investments in associated companies	305	305
Participation in cooperatives	2,110	2,497
Other investments	64	64
Total investments	2,479	2,866

At 31 December 2009 and 2008, investments encompass the participation in Orell Füssli Kartographie Ltd. of 24% and in Travel Book Shop Ltd. of 35%. The investment is accounted for an investment in associates in the consolidated financial statements. At balance sheet date the carrying amount was CHF 270,000 (2008: CHF 270,000) for Orell Füssli Kartographie Ltd. and CHF 35,000 (2008: CHF 35,000) for Travel Book Shop Ltd. The investments do not include any goodwill either at 31 December 2009 or at 31 December 2008. Neither is a listed company.

According to IAS 39, the participation in the retailer cooperative Schweizer Buchzentrum needs to be classified as a financial instrument "available-for-sale" (refer to note 4.12).

4.24 TRADE PAYABLES

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

TRADE PAYABLES BY CURRENCIES

<i>in CHF '000 at 31 December</i>	Trade payables third parties	Trade payables related parties	Total 2009	Trade payables third parties	Trade payables related parties	Total 2008
CHF	21,695	13	21,708	22,957	21	22,978
EUR	7,625	991	8,616	7,337	902	8,239
USD	348	-	348	258	-	258
GBP	39	-	39	22	-	22
Other	-	-	-	109	-	109
Total trade payables	29,707	1,004	30,711	30,683	923	31,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.25 FINANCIAL LIABILITIES

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

MATURITIES OF FINANCIAL LIABILITIES

<i>in CHF '000 at 31 December</i>	From borrowings	Liabilities from finance lease	Total 2009	From borrowings	Liabilities from finance lease	Total 2008
From current financial liabilities						
Due within 6 months	10,405	157	10,562	5,345	182	5,527
Due between 6 and 12 months	139	167	306	150	191	341
Total current financial liabilities	10,544	324	10,868	5,495	373	5,868
From non-current financial liabilities						
Due between 1 and 2 years	246	335	581	198	396	594
Due between 2 and 5 years	53	1,025	1,078	–	1,142	1,142
Due later than 5 years	600	849	1,449	614	1,216	1,830
Total non-current financial liabilities	899	2,209	3,108	812	2,754	3,566
Total financial liabilities	11,443	2,533	13,976	6,307	3,127	9,434

Interest expenditure from finance lease liabilities was in an amount of CHF 227,000 (2008: 267,000).

No secured liabilities are included in the 2009 or 2008 financial liabilities. Finance lease liabilities are secured effectively as the rights to the lease 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 Swiss Francs at the exchange rate of the balance sheet date.

FINANCIAL LIABILITIES BY CURRENCIES

<i>in CHF '000 at 31 December</i>	From borrowings	Liabilities from finance lease	Total 2009	From borrowings	Liabilities from finance lease	Total 2008
CHF	600	62	662	687	62	749
EUR	10,843	2,471	13,314	5,620	3,065	8,685
Total financial liabilities	11,443	2,533	13,976	6,307	3,127	9,434

EFFECTIVE INTEREST RATES ON FINANCIAL LIABILITIES

<i>Per cent</i>	2009	2008
CHF	0.83–6.25%	2.65–5.00%
EUR	1.42–7.75%	4.30%

4.26 OTHER CURRENT LIABILITIES

<i>in CHF '000 at 31 December</i>	2009	2008
Accrued expenses and deferred income	7,567	9,050
Derivative financial instruments (refer to note 4.12)	296	596
Other current payables	7,627	8,841
Total other current liabilities	15,490	18,487

In connection with the derivative financial instruments reference is made to note 4.12. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.27 PROVISIONS

Provisions are considered for restructuring, warranties, outstanding commissions and projects that need to be finished. Provisions for restructuring refer to obligations due to the social compensation plan of 1992. No provision was made for legal claims either in 2009 or 2008. The maturities of the stated provisions as per balance sheet date were as follows:

MATURITIES OF PROVISIONS

<i>in CHF '000 at 31 December</i>	Due within 12 months	Due between 1 and 5 years	Due later than 5 years	Total 2009	Due within 12 months	Due between 1 and 5 years	Due later than 5 years	Total 2008
Provisions for legal claims	–	–	–	–	–	–	–	–
Provisions for restructuring	4	18	–	22	5	20	1	26
Warranty provisions	246	–	–	246	447	–	–	447
Other provisions	204	274	122	600	130	360	110	600
Total provisions	454	292	122	868	582	380	111	1,073

The development of the stated provisions in the 2009 and 2008 financial year is stated below:

MOVEMENT IN PROVISIONS

<i>in CHF '000</i>	2009	2008
At 1 January	1,073	683
Additions (charged to income statement)	251	600
Reversals (charged to income statement)	–213	–69
Utilisation during the year	–245	–84
Exchange differences	2	–57
At 31 December	868	1,073

4.28 RETIREMENT BENEFIT OBLIGATIONS

The pension plans of the Orell Füssli Group are related to retirement benefits for the employees. At 31 December 2009, the Group's balance sheet includes pension fund assets of CHF 4,805,000 (2008: CHF 3,309,000) and pension fund liabilities of CHF 457,000 (2008: CHF 398,000). The calculation according to IAS 19 results in a net pension asset of CHF 4,348,000 (2008: CHF 2,911,000). The analysis of the pension fund liability and the amounts recognised in the income statement are as follows:

FAIR VALUE OF PLAN ASSETS

<i>in CHF '000</i>	2009	2008
At 1 January	117,618	133,274
Expected return on plan assets	4,411	4,998
Employer's contribution	3,056	3,125
Employees' contribution	2,887	3,160
Curtailments, settlements, plan amendments	–	–10,420
Benefits paid	–5,171	–4,278
Actuarial gain/(loss) on plan assets	–1,299	–12,241
At 31 December	121,502	117,618

PRESENT VALUE OF BENEFIT OBLIGATIONS

<i>in CHF '000</i>	2009	2008
At 1 January	–119,105	–130,273
Service costs	–5,539	–6,104
Interest costs	–4,169	–4,560
Curtailments, settlements, plan amendments	–	13,067
Benefits paid	5,171	4,278
Actuarial gain/(loss) on benefit obligations	–1,090	4,487
At 31 December	–124,732	–119,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AMOUNT RECOGNISED IN PERSONNEL EXPENSES

<i>in CHF '000</i>	2009	2008
Service costs	-5,539	-6,104
Interest costs	-4,169	-4,560
Expected return on plan assets	4,411	4,998
Curtailement gain	-	1,845
Adjustment due to IAS 19.58	851	86
Net periodic benefit cost	-4,446	-3,735
Employees' contribution	2,887	3,160
Total amount recognised in personnel expenses	-1,559	-575

The actual return on the plan assets was 10.4% (2008: -9.7%)

The movement in the pension fund liability is as follows:

MOVEMENT IN PENSION FUND LIABILITY

<i>in CHF '000</i>	Switzerland	Abroad	Total 2009	Switzerland	Abroad	Total 2008
At 1 January	4,174	-1,263	2,911	1,624	-1,443	181
Total expense charged to income statement	-1,559	-60	-1,619	-575	180	-395
Employer's contribution	3,056	-	3,056	3,125	-	3,125
At 31 December	5,671	-1,323	4,348	4,174	-1,263	2,911

Over the past five years, the development of the overfunding/underfunding and the actuarial gain/loss was as follows:

OVERFUNDING/UNDERFUNDING OVER FIVE YEARS

<i>in CHF '000 at 31 December</i>	2009	2008	2007	2006	2005
Fair value of plan assets	121,502	117,618	133,274	121,750	118,461
Present value of pension obligations	-124,732	-119,105	-130,273	-119,937	-120,702
Overfunding/(underfunding)	-3,230	-1,487	3,001	1,813	-2,241
Limitation of assets according IAS 19.58	-	-850	-1,260	-1,360	-2,336
Unrecognised actuarial (gains)/losses	8,901	6,511	-117	542	4,263
Asset/(liability) in the balance sheet – net	5,671	4,174	1,624	995	-314
Pension obligations abroad	-1,323	-1,263	-1,443	-1,391	-1,308
Total overfunding/(underfunding)	4,348	2,911	181	-396	-1,622

ACTUARIAL GAIN/LOSS OVER FIVE YEARS

<i>in CHF '000</i>	2009	2008	2007	2006	2005
Experience adjustments on plan liabilities	3,106	4,487	-7,547	2,967	-7,308
Change in assumptions adjustment on plan liabilities	-4,197	-	7,833	2,635	-
Experience adjustments on plan assets	-1,299	-12,241	181	-2,556	3,571
Total actuarial gain/(loss)	-2,390	-7,754	467	3,046	-3,737

The principal actuarial assumptions used were as follows:

ACTUARIAL ASSUMPTIONS

<i>Per cent</i>	2009	2008
Discount rate	3.25%	3.50%
Expected return on assets	3.75%	3.75%
Future salary increases	2.00%	2.00%
Future pension increase	0.25%	0.25%
Life expectancy on the basis of EVK 2000 plus	4.50%	4.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The expected returns of each asset class are based on the risk premium concept. Thereby it is supposed that the market compensates investors by higher expected returns for bearing risk that cannot be eliminated by diversification. Based on actual risk premiums and market outlook the expected risk premium for each asset class is estimated. The portfolio return results from the weighted sum of the asset class returns less charges.

ASSET ALLOCATION

<i>Per cent</i>	2009	2008
Cash and cash equivalents	9.3%	9.8%
Bonds	46.1%	47.3%
Shares	23.2%	18.5%
Properties	16.8%	15.9%
Other	4.6%	8.5%
Total	100.0%	100.0%

The expected employer's contribution will be in an amount of CHF 3,102,000 in the 2010 financial year.

4.29 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset them and then the deferred income taxes relate to the same tax authority. The details of deferred taxes assets and liabilities as well as the changes in the deferred income taxes (net) are disclosed in the following tables:

DEFERRED INCOME TAX ASSETS AND LIABILITIES

<i>in CHF '000 at 31 December</i>	Deferred income tax assets	Deferred income tax liabilities	Balance 2009	Deferred income tax assets	Deferred income tax liabilities	Balance 2008
Cash and cash equivalents and receivables	463	-676	-213	724	-100	624
Inventories	1,657	-523	1,134	2,301	-570	1,731
Construction contracts	-	-4,878	-4,878	-	-4,449	-4,449
Non-current assets	257	-3,411	-3,154	881	-2,091	-1,210
Current liabilities	3,277	-3	3,274	1,645	-4	1,641
Non-current liabilities	40	-45	-5	43	-44	-1
Tax loss carry-forward	2,518	-	2,518	254	-	254
Effects from offsetting	-5,310	5,310	-	-4,778	4,778	-
Total deferred income tax	2,902	-4,226	-1,324	1,070	-2,480	-1,410

CHANGES IN DEFERRED INCOME TAXES

<i>in CHF '000</i>	2009	2008
At 1 January	1,410	1,796
Effects of currency translation	214	-161
Change in scope of consolidation	-	-
Charges to income statement	-300	-225
At 31 December	1,324	1,410

MATURITIES OF DEFERRED INCOME TAXES

<i>in CHF '000 at 31 December</i>	Current due within 12 months	Non-current due later than 12 months	Total 2009	Current due within 12 months	Non-current due later than 12 months	Total 2008
Deferred tax assets	547	2,355	2,902	534	536	1,070
Deferred tax liabilities	-2,686	-1,540	-4,226	-1,287	-1,193	-2,480
Deferred tax assets/(liabilities) net	-2,139	815	-1,324	-753	-657	-1,410

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax income assets of CHF 153,000 (2008: CHF 363,000) in respect of losses amounting to CHF 727,000 (2008: CHF 1,728,000) that can be carried forward against future taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the expiry of tax loss carry-forwards which have not been used for the recognition of deferred income tax assets. The applicable tax rate in case of realisation would be at 21% in the 2009 and 2008 financial years.

TAX LOSS CARRY-FORWARDS NOT RECOGNISED IN THE BALANCE SHEET

<i>in CHF '000 at 31 December</i>	2009	2008
Due within 12 months	285	495
Due between 1 and 2 years	68	667
Due between 2 and 3 years	11	192
Due between 3 and 4 years	311	11
Due between 4 and 5 years	52	311
Later than 5 years	–	52
Total tax loss carry-forwards not recognised in the balance sheet	727	1,728

4.30 SHARE CAPITAL

The number of approved ordinary shares is 1,960,000 (2008: 1,960,000). They are exclusively registered shares with a par value of CHF 1 per share (2008: CHF 1 per share). All shares are fully paid.

4.31 RETAINED EARNINGS

<i>in CHF '000</i>	Balance 2009 gross	Exchange differences	Balance 2009 net	Balance 2008 gross	Exchange differences	Balance 2008 net
Retained earnings at 1 January	170,496	–5,776	164,720	132,334	–652	131,682
Change	–981	367	–614	38,162	–5,124	33,038
Retained earnings at 31 December	169,515	–5,409	164,106	170,496	–5,776	164,720

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 Swiss Francs.

4.32 DIVIDEND PER SHARE

The dividends paid in 2009 and 2008 were in an amount of CHF 15,680,000 (CHF 8.00 per share) and CHF 9,800,000 (CHF 5.00 per share) respectively. A dividend in respect of the year ended at 31 December 2009 of CHF 4,900,000 (CHF 2.50) is to be proposed to the shareholders at the Annual General Meeting to be held on 11 May 2010. These financial statements do not reflect this dividend payable.

4.33 CHANGES IN NET WORKING CAPITAL

The changes in the net working capital for the cash flow statement include the following positions in the balance sheet:

CHANGES IN THE NET WORKING CAPITAL

<i>in CHF '000</i>	2009	2008
Change in trade accounts receivable	755	–4,469
Change in inventories	654	–5,482
Change in other receivables	6,141	10,989
Change in trade payables	–911	6,027
Change in other liabilities	–5,924	26,880
Change in accruals net	–4,687	987
Total change in net working capital	–3,972	34,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.34 CONTINGENCIES

At 31 December 2009, the Group's contingent liabilities for guarantees to third parties amounted to CHF 8,435,000 (2008: CHF 9,121,000). The rental guarantees are valid for the next two to nine years. They are subject to optional extensions.

CONTINGENCIES

<i>in CHF '000 at 31 December</i>	2009	2008
Advance payment guarantees	4,241	4,954
Rental guarantees	3,644	3,617
Bank guarantees	550	550
Total contingencies	8,435	9,121

4.35 PAYABLES FROM OPERATING 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:

MATURITIES OF FUTURE AGGREGATE MINIMUM LEASE PAYMENTS

<i>in CHF '000 at 31 December</i>	2009	2008
No later than 1 year	11,502	11,523
Later than 1 year and no later than 5 years	30,308	31,651
Later than 5 years	17,808	16,519
Total future aggregate minimum lease payments	59,618	59,693

In 2009, future aggregate minimum lease payments have not changed substantially in comparison to the previous period. The book retailing renewed several existing contracts with lease options and concluded new lease agreements in addition.

4.36 BUSINESS COMBINATIONS

The Orell Füssli Group did not carry out any business combination in the financial year 2009, neither externally nor internally of the Group.

4.37 DISPOSAL OF SUBSIDIARIES

At 1 July 2008 the Orell Füssli Group disposed its 100% investment in Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. to Axon Active Ltd., Lucerne. An additional gain of CHF 4,000,000 was included in the 2009 financial statements due to renegotiations on the purchase price.

In the financial year 2009, the Orell Füssli Group did not dispose any subsidiaries.

4.38 RELATED PARTY TRANSACTIONS

The Orell Füssli Group sold goods and services to related companies in an amount of CHF 21,359,000 (2008: CHF 26,261,000). Goods and services were sold at related companies under normal commercial terms and conditions that would also be provided to third parties.

The Orell Füssli Group sold goods of associated and related companies in the amount of CHF 7,276,000 (2008: CHF 6,536,000).

At balance sheet date, the sale and purchase of goods and services to related companies resulted in receivables of CHF 2,858,000 (2008: CHF 1,278,000) and liabilities of CHF 1,004,000 (2008: CHF 923,000).

In 2009 and 2008, 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 2009 and 2008 financial years, and the Group did not receive any loans from related parties during that period.

4.39 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 3,045,000 (2008: CHF 3,228,000) for the financial year 2009. The social insurance contribution amounted to CHF 407,000 (2008: CHF 411,000). 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.

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.

4.40 EVENTS AFTER THE BALANCE SHEET DATE

For the first two months of 2010, Atlantic Zeiser GmbH introduced short-time working for about one third of its workforce in its production plant in Emmingen (D) as it had already done in the previous year. However, Atlantic Zeiser GmbH has returned to full-time employment since March 2010.

The German subsidiary Atlantic Zeiser GmbH acquired 74.9% of the shares of Berlin-based SOFHA GmbH with effect from 1 January 2010. The purchase price was EUR 4,000,000. SOFHA GmbH is a software systems company in the field of industrial digital printing solutions and is a member of the exclusive circle of Adobe® Co-Development Partners with extensive source code access. Through the acquisition of SOFHA, Atlantic Zeiser aims to accelerate growth in high-resolution inkjet systems and to penetrate into new spheres of application. The remaining shares will be retained by the current management and can be acquired in full at a later date. The acquisition balance sheet in accordance with IFRS is currently in preparation.

Atlantic Zeiser SDN BHD, a subsidiary of Atlantic Zeiser GmbH with its office in Kuala Lumpur, Malaysia, will be included in the scope of consolidation with effect from 1 January 2010. The subsidiary aims to strengthen the presence of the Atlantic Zeiser Group in the Asian market and, thus, will be included in the business unit of Industrial Systems.

The Orell Füssli Group decided in March 2010 to sell its controlling interest of 71.05% in Photoglob Ltd. to the minority share holder and managing director of the entity. The agreement foresees a step-by-step buyout. In the 2010 financial year, the investment in Photoglob Ltd. will be deconsolidated and included in investments in associates effective from the date when the Group's participation including rights and obligations will be reduced in an extent that does not allow using the full-consolidation method anymore.

Furthermore, management of Orell Füssli Buchhandlungs Ltd. decided to fully integrate the activities of St. Gall-based Rösslitor Bücher Ltd. and to legally dissolve the subsidiary.

According to an announcement published in February 2010, the Orell Füssli Group increases the management autonomy of the divisions in the fields of IT and Human Resources and at the same time reduces the size of the Group's executive management team.

On 25 February 2010, the CEO of Orell Füssli Group Sönke Bandixen left the corporation with immediate effect by mutual agreement. The search of a successor has been initiated. The chairman of the Board of Directors Klaus Oesch will act as CEO ad interim.

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 statement, 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 Holding Ltd, which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes (pages 10 to 44), for the year ended 31 December 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and the 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 judgement, 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 31 December 2009 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 Auditors 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



Christian Kessler
Audit expert
Auditor in charge



Arno Frieser
Audit expert

Zurich, 25 March 2010

6 FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD.

6.1 INCOME STATEMENT

<i>in CHF '000</i>	NOTES	2009	2008
Income from investments	7.1	7,020	19,020
Other operating income		2,234	2,439
Total operating income		9,254	21,459
Personnel expenditure		-1,563	-1,843
Other operating expenses		-1,339	-1,512
Total operating expenses		-2,902	-3,355
Operating income before interest and taxes (EBIT)		6,352	18,104
Financial income		4,023	4,859
Financial expenses		-1,373	-3,855
Financial result		2,650	1,004
Operating income before interest and taxes		9,002	19,108
Extraordinary income	7.2	4,750	24,091
Extraordinary expenses	7.3	-132	-501
Income tax expenses	7.4	-190	-185
Net income for the period		13,430	42,513

FINANCIAL STATEMENTS OF ORELL FÜSSLI HOLDING LTD.

6.2 BALANCE SHEET AT 31 DECEMBER

<i>in CHF '000</i>	NOTES	2009	2008
Assets			
Cash and cash equivalents		598	9,690
Current financial assets	7.6	4,000	5,232
Receivables from affiliated and associated entities		44,164	31,531
Other receivables		397	130
Total current assets		49,159	46,583
Operating assets			
Non-current financial assets	7.6	12,750	12,000
Investments in affiliated and associated entities		28,140	28,140
Loans to affiliated and associated entities	7.7	50,191	44,567
Total non-current assets		91,159	84,728
Total assets		140,318	131,311
Liabilities			
Trade payables		66	143
Payables to affiliated and associated entities	7.8	15,556	4,114
Current provisions		5	5
Other current liabilities		1,365	1,469
Total current liabilities		16,992	5,731
Provision for restructuring			
		147	151
Total non-current liabilities		147	151
Share capital			
Legal reserves		1,960	1,960
Unrestricted reserves	7.9	11,140	11,140
Retained earnings:			
Net income for the period		96,649	69,816
Total equity		123,179	125,429
Total liabilities		140,318	131,311

7 NOTES TO THE FINANCIAL STATEMENTS

7.1 INCOME FROM INVESTMENTS

Income from subsidiaries is based upon the net income on 31 December 2009. The respective dividend payments have already been approved at the Annual General Meeting.

Compared to the financial year 2008, profits of the subsidiaries are considerably lower. As a consequence the resulting dividends are smaller.

7.2 EXTRAORDINARY INCOME

Orell Füssli Holding Ltd. had recorded an extraordinary income of CHF 24,046,000 in the financial year 2008 due to the disposal of the two subsidiaries Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. In 2009, renegotiations led to an additional profit of CHF 4,750,000.

7.3 EXTRAORDINARY EXPENSES

In the financial year 2009 and 2008, extraordinary expenses include single payments to pensioners of the Group and further donations. In 2008, the impairment of an investment was recorded as further expense.

7.4 INCOME TAXES

Income tax is calculated on the ordinary net income reduced by the dividends from subsidiaries in 2009.

7.5 NET INCOME FOR THE PERIOD

Compared to 2008, dividend income from investments was considerably lower for the financial year 2009 due to smaller profits of the subsidiaries. The disposal of the two subsidiaries Orell Füssli Wirtschaftsinformationen Ltd. and Kompass Schweiz Verlag Ltd. had a further positive impact on the result of the previous year 2008.

7.6 FINANCIAL ASSETS

Changes of current and non-current assets increased in 2008 due to the sale of two subsidiaries. As a result of renegotiations in the financial year 2009, a further increase of financial assets was recorded. Apart from the renegotiated amount of CHF 4,750,000 the receivables are secured by first class bank guarantees.

7.7 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 demand for loans and overdrafts provided by Orell Füssli Holding Ltd. increased in the financial year 2009 due to significant investments within the security printing business unit and lower cash inflows in the subsidiaries.

7.8 PAYABLES TO AFFILIATED AND ASSOCIATED ENTITIES

Christmas sales and the disposal of a property in St. Gall generated a significant amount of cash and cash equivalents to the book retailing business in the last months of the year 2009. These funds were transferred to Orell Füssli Holding Ltd. on the basis of a short-term loan.

7.9 UNRESTRICTED RESERVES

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

UNRESTRICTED RESERVES

<i>in CHF '000</i>	2009	2008
Opening balance at 1 January	69,816	59,139
./.. dividends paid	-15,680	-9,800
+ retained earnings from previous period	42,513	20,477
Closing balance at 31 December	96,649	69,816

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 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 categorised in accordance with the criteria established by the Committee of Sponsoring Organisations 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 REMUNERATION 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 1 January 2007, by virtue of which all listed companies are obliged to make additional disclosures of compensation to directors and officers under articles 663b^{bis} 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 member 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 contribution 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 2009 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 2009 financial year, nor were any guarantees assumed for loans granted to directors and officers by third parties. The balance sheet contains no claims of this nature arising from loans as at 31 December 2009.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS 2009

<i>in CHF</i>	Basic remuneration	Variable remuneration	Other payments		Total 2009
	in cash	in cash	Social security and pension costs	Special allowances	
Dr. Klaus Oesch, Chairman Audit Committee (Member) Compensation Committee (Member)	201,000	63,813	23,452	–	288,265
Dr. Rudolf Rentsch, Deputy Chairman Audit Committee (Chairman)	30,000	12,500	3,139	–	45,639
Dr. Rudolf W. Hug Compensation Committee (Chairman)	22,000	12,500	1,130	–	35,630
Dr. Hans Kuhn Compensation Committee (Member)	22,000	12,500	2,548	–	37,048
Balthasar Meier Audit Committee (Member)	24,000	12,500	2,696	–	39,196
Total	299,000	113,813	32,965	–	445,778

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS 2008

<i>in CHF</i>	Basic remuneration	Variable remuneration	Other payments		Total 2008
	in cash	in cash	Social security and pension costs	Special allowances	
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
Total	293,000	232,819	58,432	–	584,251

Remuneration of members of the Executive Board

The compensation of members of the Executive Board set out below corresponds to entitlements for the 2009 and 2008 reporting period. Provision is made in the relevant financial year for all compensation, even if these are not disbursed until the following year.

REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD 2009

<i>in CHF</i>	Basic remuneration	Variable remuneration	Other payments		Total 2009
	in cash	in cash	Social security and pension costs	Special allowances	
Sönke Bandixen CEO Orell Füssli Group	373,200	89,856	72,696	8,549	544,301
Other members of the Executive	1,845,111	280,590	301,686	35,275	2,462,662
Total	2,218,311	370,446	374,382	43,824	3,006,963

NOTES TO THE FINANCIAL STATEMENTS

REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD 2008

<i>in CHF</i>	Basic remuneration	Variable remuneration	Other payments		Total 2008
	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	1,874,666	277,067	280,438	37,817	2,469,988
Total	2,236,670	419,577	352,676	46,216	3,055,139

7.12 LEGAL NOTES REQUIRED

<i>in CHF '000 at 31 December</i>	2009	2008
Contingent liabilities in favour of third parties	8,435	9,121

At 31 December 2009 Orell Füssli does not have any own shares.

7.13 MAJOR SHAREHOLDERS

<i>At 31 December 2009</i>	Total registered shares	Participation in %
SNB Swiss National Bank Ltd., Berne, CH	653,460	33.34%
Fam. Siegert, Meerbusch, D	134,500	6.86%

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 11 May 2010, for the allocation of unappropriated profits and other retained earnings:

PROPOSED APPROPRIATION OF RETAINED EARNINGS AND UNRESTRICTED RESERVES

<i>in CHF '000</i>	2009
Unrestricted reserves	96,649
Net income for the year 2009	13,430
Earnings available for appropriation	110,079
Dividend per share of CHF 2.50	-4,900
Total unrestricted reserves	105,179

If the proposal is accepted, the dividend amounts to:

DIVIDEND ON ACCEPTANCE OF THE PROPOSED APPROPRIATION OF RETAINED EARNINGS

<i>in CHF</i>	2009
Dividend per share	2.500
minus withholding tax	-0.875
To be paid out	1.625

8 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

To the general meeting of Orell Füssli Holding Ltd, Zurich

As statutory auditor, we have audited the financial statements of Orell Füssli Holding Ltd, which comprise the balance sheet, income statement and notes (pages 46 to 51 and 53), for the year ended 31 December 2009.

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 31 December 2009 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 instruction 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



Christian Kessler
Audit expert
Auditor in charge



Arno Frieser
Audit expert

Zurich, 25 March 2010

9 COMPANIES OF THE ORELL FÜSSLI GROUP

SIGNIFICANT INVESTMENTS

	City, Country	Currency	Nominal capital	% of capital held ¹	
			in 1000	direct	indirect ²
Affiliated companies for which full consolidation treatment applies					
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 SAS	Créteil Cedex, F	EUR	38		100
Atlantic Zeiser SA	Madrid, E	EUR	60		100
Atlantic Zeiser SRL	Milano, I	EUR	100		100
Tritron GmbH	Battenberg, D	EUR	200		51
Associated companies for which equity consolidation treatment applies					
Orell Füssli Kartographie Ltd.	Zurich, CH	CHF	210	24	
Travel Book Shop Ltd. ³	Zurich, CH	CHF	100		35
Other interests					
Schweizer Buchzentrum ³	Hägendorf, CH	CHF	13,230		17

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

² Capital participation of the particular mother company.

³ Held through Orell Füssli Buchhandlungs Ltd.

Corporate Governance

This report complies with the published standards of the SIX Swiss Exchange regarding information on Corporate Governance and the new requirements of the Swiss Federal Code of Obligations. Unless otherwise indicated, the data refer to 31 December 2009.

1. GROUP STRUCTURE AND SHAREHOLDERS

Operational Structure of the Group

The Orell Füssli Group is subdivided into three operational divisions and the Publishing Companies.

Strategic and operational management within the Atlantic Zeiser, Security Printing, Book Retailing divisions, as well as the Publishing Companies, is largely autonomous. Orell Füssli Holding Ltd operates as a financial holding company and exerts influence on the strategic direction of the individual divisions.

Consolidated Companies

The registered office of the parent company, Orell Füssli Holding Ltd, is Zurich. The company is listed on the SIX Swiss Exchange under security code 342'080 and ISIN code CH0003420806. Its stock market capitalisation on 31 December 2009, was CHF 277 million.

Orell Füssli Holding Ltd has no investments in listed companies. An overview of the main investments and subsidiaries can be found in the financial report.

MAJOR SHAREHOLDERS (at 26 February 2010)

	Total registered shares	Participation in %
Swiss National Bank Ltd, Berne (CH)	653,460	33
Fam. Siegert, Meerbusch (D)	134,500	7
Sarasin Investmentfonds Ltd, Basel (CH)	71,414	4
Lincoln Vale European Partners Master Fund, Lincoln (USA)	60,940	3

The company has not entered into cross-shareholdings with shareholders.

2. CAPITAL STRUCTURE

Capital

Orell Füssli Holding Ltd's share capital consists of 1,960,000 registered shares with a par value of 1 CHF and is fully paid. Orell Füssli Holding Ltd has issued neither dividend-right certificates nor participation certificates.

At 31 December 2009, Orell Füssli Holding Ltd has authorised capital of up to CHF 0.4 million at its disposal. This was approved by the Annual General Meeting of shareholders held on 6 May 2009, for a maximum of 2 years. The relevant terms and conditions will be stipulated at the date of issue.

Orell Füssli Holding Ltd has no contingent capital at 31 December 2009.

Orell Füssli Holding Ltd has no outstanding options or convertible bonds at 31 December 2009.

CHANGES IN CAPITAL – ORELL FÜSSLI GROUP

<i>in CHF 1000</i>	31.12.09	31.12.08	31.12.07
Share capital, registered shares	1,960	1,960	1,960
Share capital, bearer shares	4,160	4,160	4,160
Legal reserve	149,407	116,758	101,790
Net profit	14,699	47,962	29,892
Total shareholders' equity	170,226	170,840	137,802

Details of changes in capital are listed in the financial report.

Restrictions on Transfer

The Articles of Incorporation of Orell Füssli Holding Ltd include no restrictions on transfers of shares.

The Articles of Incorporation of Orell Füssli Holding Ltd can be inspected at www.orellfuessli.com
– Investors – Corporate Governance.

3. BOARD OF DIRECTORS

<i>Members of the Board of Directors</i>	Year of birth	Nationality	Member since
Dr. Klaus Oesch	1944	Swiss	06.05.92
Dr. Rudolf Rentsch	1947	Swiss	08.05.96
Dr. Rudolf W. Hug	1944	Swiss	06.05.98
Dr. Hans Kuhn	1961	Swiss	09.05.07
Balthasar Meier	1947	Swiss	08.05.96

Cross-interests

There are no reciprocal appointments to Boards of Directors of other listed companies.

Biographical Data of the Members of the Board of Directors

The Board of Directors has no executive members. Dr. Hans Kuhn represents Orell Füssli's largest shareholder, the Swiss National Bank Ltd (SNB). The SNB has its own banknotes produced by Orell Füssli. All other members of the Board are independent and do not maintain any significant business relationship with Orell Füssli Holding Ltd or any other company in the Orell Füssli Group other than their directorship.

CORPORATE GOVERNANCE



01 CHAIRMAN

Dr. Klaus Oesch Member of the Audit Committee and Compensation Committee

Swiss, born 1944; Qualifications: Dr. sc. techn., dipl. El.-Ing. ETH, MBA INSEAD

Significant professional activities and functions:

- 1968–1971 Swissair AG, Zurich: Operations Research
- 1972–1973 Georg Fischer AG, Schaffhausen: group development
- 1974–1983 UBS, Zurich: turnaround management, M&A (First Vice President)
- 1984–1991 Eternit/Nueva Group Zurich: Member of Group Management
- 1992–2007 Managing Director, Orell Füssli Holding Ltd, Zurich
- Since May 2007 Chairman of the Board of Directors, Orell Füssli Holding Ltd, Zurich

Other board appointments:

- Chairman of the Board of Directors, Typon Holding Ltd, Burgdorf
- Deputy Chairman of the Board of Directors, Koras Ltd, Hasle-Rüegsau
- Chairman of the Board of Directors, Geosond Holding Ltd, Glarus

02 DEPUTY CHAIRMAN

Dr. Rudolf Rentsch Chairman of the Audit Committee

Swiss, born 1947; Qualifications: Dr. iur., University of Zurich

Significant professional activities and functions:

- 1974–1975 Rentsch International SA, Ungersheim (France): project management
- 1975–1976 Alford Packaging, Inc., Ridgefield Park NJ (USA): management training
- 1976–1981 CEO Rentsch International SA, Ungersheim, and Rentsch GmbH, Berlin
- 1981–1994 RIG Rentsch Ltd, Rickenbach: Chairman of the Board of Directors and Managing Director (1985: IPO)
- 1995–1998 AMCOR Rentsch Ltd: Chairman of the Board of Directors
- 1999–2003 Vogt-Schild Holding Ltd, Solothurn: Chairman of the Board of Directors and CEO
- Since mid-2003 concentration on directorships

Other board appointments:

- Member of the Board of Directors, Baloise Bank SOBA, Solothurn, resigned on 31 March 2009
- Member of the Board of Directors, Hoffmann-Neopac, Thun
- Member of the Board of Directors, Sintron Ltd, Grenchen
- Member of the Board of Directors, Typon Holding Ltd, Burgdorf

03 MEMBER OF THE BOARD

Dr. Rudolf W. Hug Member of the Compensation Committee

Swiss, born 1944; Qualifications: Dr. iur., MBA INSEAD

Significant professional activities and functions:

- 1972–1976 Chase Manhattan Bank: international credit business
- 1977–1982 Credit Suisse: Head of North America business region
- 1983–1986 Credit Suisse: Head of Berne branch office
- 1987–1997 Credit Suisse/CSFB: Managing Director, International business segment
- Since 1997 independent management consultant

Other board appointments:

- Member of the Board of Directors, Swiss Post, Berne, resigned on 19 December 2009
- Member of the Board of Directors, Deutsche Bank (Switzerland) Ltd, Geneva
- Member of the Board of Directors, Allreal Holding Ltd, Zurich
- Chairman of the Board of Directors, Panalpina Welttransport (Holding) Ltd
- Member of the Foundation Board, Ernst Göhner Foundation



04 MEMBER OF THE BOARD

Balthasar Meier Member of the Audit Committee

Swiss, born 1947; Qualifications: Minerva School of Business, Zurich; bank training, Zurich

Significant professional activities and functions:

- 1995–2009 Chairman of the Board of Directors, Fogal Ltd
- Since 2002 Chairman of the Board and Managing Director, WMPartners Vermögensverwaltungs Ltd, Zurich

Other board appointments:

- Member of the Board of Directors, BVZ Holding Ltd, Zermatt
- Member of the Board of Directors, Ulysse Nardin SA, Le Locle

05 MEMBER OF THE BOARD

Dr. Hans Kuhn Member of the Compensation Committee

Swiss, born 1961; Qualifications: Dr. iur, lawyer, LL.M.

Significant professional activities and functions:

- 1995–2001 Swiss Federal Office of Justice, Section of Private International Law and International Civil Procedure Law, 1998–2001 Deputy Head of Section
- 2001–2007 Swiss National Bank (SNB) Ltd: Head of Legal Services, Director since 2003
- Since 2007 SNB: Head of the “Law and Services Division”

Other board appointments:

- Member of the Board of Directors, various companies of the StabFund Group

Election and Term of Office

The Board of Directors consists of at least three members elected by the Annual General Meeting of shareholders. Directors are elected for a one-year term of office by an absolute majority of votes represented at an Annual General Meeting of shareholders. Candidates are voted for individually. The restrictions on age and duration of office are stipulated in the regulations governing the organisation of the company.

Internal Organisation

The Board of Directors has the following functions: Chairman and Deputy Chairman.

The main functions of the Board of Directors comply with the Swiss Code of Obligations, in particular Art. 716a and the internal Rules of Organisation. Responsibility for management is delegated to the CEO and the Executive Board of Orell Füssli Holding Ltd. The functions of the Executive Board include the management of Orell Füssli Holding Ltd. The CEO chairs the Executive Board.

The Board of Directors convenes as often as business requires, but at least once a quarter. Members of senior management may also be invited to attend the meetings. The Board of Directors can also invite external consultants to attend in order to deal with specific issues. Two committees support the Board of Directors in its work.

Audit Committee

The Board of Directors has appointed an Audit Committee, which assesses the external auditors, internal controls, and the annual financial statements. The functions of the Audit Committee are defined in a set of regulations. The Audit Committee has decision-making authority subject to the approval of the Board of Directors as a whole. The committee is composed of three non-executive members of the Board of Directors. The CEO and the CFO also attend the meetings of the Audit Committee in a consultative capacity. The committee convenes at least twice a year, usually in the first and fourth quarter. The audit committee convened two times in the year under review.

Compensation Committee

The Board of Directors has appointed a Compensation Committee, which determines the salary of the members of the Executive Board and management personnel, subject to corporate success and performance. The functions of the Compensation Committee are defined in a set of regulations. The Compensation Committee is authorised to take decisions. The committee is composed of three non-executive members of the Board of Directors and convenes at least once a year. The compensation committee convened once in the year under review.

Allocation of authority between the Board of Directors and the Executive Board

The allocation of authority between the Board of Directors and the Executive Board is governed by the internal Rules of Organisation that can be accessed at www.orellfuessli.com – Investors – Corporate Governance. The Board of Directors determines business policy, organisational structure, elects the CEO, approves the budget and takes decisions on extraordinary investments, in accordance with the authority allocated to it. The Board of Directors has entrusted business management to the Executive Board, under the chairmanship of the CEO.

Information and control facilities used by the Board of Directors

The Board of Directors supervises risk management and implementation of the internal controlling unit. The CEO briefs the Board of Directors at its meetings about the current progress of business and significant business events. The Board of Directors is supported in its duties by an Audit Committee and a Compensation Committee. Details of the internal control system and risk management can be accessed at www.orellfuessli.com – Investors – Corporate Governance.



4. EXECUTIVE BOARD

Members of the Executive Board (at 31.12.2009)

01 MEMBER OF THE EXECUTIVE BOARD

Sönke Bandixen CEO Orell Füssli Holding Ltd

Swiss, born 1957; Qualifications: Dipl. Masch.-Ing. ETH Zurich, PMD Harvard Business School, Boston

Significant professional activities and functions:

- 1984–1993 SIG, Neuhausen a. Rh.: Member of the Executive Board SIG Verpackungstechnik
- 1994–1996 Cosa Liebermann, Dübendorf: Head of the “Technology” Business Unit/Vice President Marketing
- 1997–2003 Kaba Group, Rümlang: Head of the Kaba Door Systems Division
- 2004–2006 independent management consultant/interim manager, partner at AMC Account Management Center Ltd, Zurich
- Since 2007 CEO Orell Füssli Holding Ltd, Zurich

Other board appointments:

- Various directorships with companies in the Orell Füssli Group
- Member of the Board of Directors, Axon Active AG, Luzern

02 MEMBER OF THE EXECUTIVE BOARD

Johannes Caprez CFO Orell Füssli Holding Ltd

Swiss, born 1952; Qualifications: Swiss certified accountant/Controller,

Swiss certified pension fund administration expert

Significant professional activities and functions:

- 1972–1981 various financial appointments
- 1982–1985 Orell Füssli Graphische Betriebe Ltd: Head of Cost Accounting
- 1986–1989 Katadyn Products Ltd, Wallisellen: Head of Finance & Accounting
- 1990–1998 Orell Füssli Graphische Betriebe Ltd: Head of Finance & Accounting
- Since 1999 Orell Füssli Holding Ltd: CFO

Other board appointments:

- Various directorships with companies in the Orell Füssli Group
- Member of the Foundation Board Imoka Anlagestiftung, Zug

03 MEMBER OF THE EXECUTIVE BOARD

Dr. Anton Gasteiger Head of the Security Printing Division

Austrian, born 1957, Qualifications: Master Business Administration, Vienna University of Economics and Business Administration, PhD Macro-Economics, University Paris IX / Vienna University of Economics and Business Administration,

Post-graduate studies, Tokyo Nohkoh University, Japan

Significant professional activities and functions:

- 1984–1989 Nixdorf Computer, Düsseldorf, Munich, Tokyo, Hong Kong, various Sales Functions and Member of Executive Boards in various subsidiaries
- 1990–2008 Giesecke & Devrient GmbH, Group Vice President Sales & Marketing, Printing Division
- Since March 1, 2009: Head of the Security Printing Division, Orell Füssli Group

Other board appointments:

- Various directorships with companies in the Orell Füssli Group



04 MEMBER OF THE EXECUTIVE BOARD

Oliver C. Mehler Head of the Atlantic Zeiser Division

German, born 1967; Qualifications: Dipl.-Ing. Elektrotechnik, TU Braunschweig

Significant professional activities and functions:

- 1990–2001 IAV Group: various functions, finally General Manager IAV Inc. (USA)
- 2001–2003 Enginion Ltd, Berlin: Executive Board
- 2003–2006 IAV Group: Senior Vice President
- Since 2006 CEO Atlantic Zeiser Group

Other board appointments:

- Various appointments with Atlantic Zeiser Group companies

05 MEMBER OF THE EXECUTIVE BOARD

Fabio Amato Head of the Book Retailing Division

Swiss-Italian, born 1969; Qualifications: Masters in Industrial Engineering, ETH Zurich

Significant professional activities and functions:

- 1996–2002 ABB Switzerland: various functions; Head of Operations, Gas-insulated Switch Systems
- 2002–2004 Orell Füssli Holding Ltd: Assistant to the Managing Director/CEO
- Seit 2004 Head of the Book Retailing Division, Orell Füssli Group

Other board appointments:

- Various directorships with companies in the Orell Füssli Group

06 MEMBER OF THE EXECUTIVE BOARD

Alex Aepli Head of the Publishing Division

Swiss, born 1946; Qualifications: Dipl. Buchhändler

Significant professional activities and functions:

- 1970–1987 Manesse Publishing Company, Zurich: Head of Distribution
- 1988 Orell Füssli Publishing Division: Head of Distribution
- 1989–1992 Head of Orell Füssli Publishing Division, Managing Director Parabel Publishing Company; Middelhaue Publishing Company, Managing Director Daeniker Ltd
- 1993–1998 Sauerländer Publishing Company, Aarau: Member of the Executive Board; Member of the Board of Directors Helbing & Lichtenhahn Ltd; Member of the Board of Directors sabe Publishing Company
- 1999–2000 Member of the Executive Board Unionsverlag/Limmatverlag
- 1999–2002 CEO Werk Ltd
- 2001–2007 CEO hier+jetzt, publishing company for culture and history
- Since 2007 Head of the Publishing Division, Orell Füssli Group

Other board appointments:

- Various directorships with companies in the Orell Füssli Group
- Since 1999 Chairman, Board of Directors Werk Ltd, Zurich
- Since 2001 Chairman, Board of Directors Unionsverlag Ltd, Zurich
- 2001–2009 Stockholder hier+jetzt Publishing Company, Baden

**07 MEMBER OF THE EXECUTIVE BOARD**

Hans Rudolf Andrist Head of Security and Infrastructure, Security Manager

Swiss, born 1954; Qualifications: Dipl. Masch.-Ing. FH/STV

Significant professional activities and functions:

- 1979–1981 Sprecher & Schuh Ltd: Head of Production Control
- 1981–1983 Oerlikon-Bührle Ltd, Machine Tool Works: Fire Prevention Officer
- 1983–1986 Telekurs Ltd: Fire Prevention Officer
- 1987–1992 Elvia Insurance, Switzerland: Security Officer
- 1992–1995 Orell Füssli Graphische Betriebe Ltd, Division Security Printing: Head of Security and Services, Security Officer
- Since 1996 Orell Füssli Group: Head of Security and Infrastructure, Security Manager

Other board appointments:

- Since 1989 Member of the Executive Board and since 2008 chairman of the Security Technology Committee FGST of the Swiss Engineering STV

08 MEMBER OF THE EXECUTIVE BOARD

Serge Mouttet Chief Information Officer

Swiss, born 1960; Qualifications: Dipl. Ing. HTL/Exec. MBA-HSG

Significant professional activities and functions:

- 1985–1991 Ferd. Rüesch Ltd, St. Gall: Analyst
- 1991–1994 Model Ltd, Weinfelden: Project Manager
- 1994–2001 Soudronic Ltd, Bergdietikon: Head of IT
- Since 2003 Chief Information Officer, Orell Füssli Group

09 MEMBER OF THE EXECUTIVE BOARD

Martin Tobler Head of Human Resources

Swiss, born 1966; Qualifications: Lic. phil. I, University of Zurich, SKP, SKAL

Significant professional activities and functions:

- 1996–1999 Knorr Thayngen: HR Assistant
- 1999–2002 Sihl Zurich: Head of Human Resources, Chairman of the Foundation Board, Sihl Pension Plans
- Since 2003 Head of Human Resources, Orell Füssli Group, Chairman of the Foundation Board, Orell Füssli Pension Plans

There are no noteworthy management agreements with either legal entities or natural persons outside the Orell Füssli Group.

5. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Transparency Statute of the Swiss Federal Code of Obligations (SCO) came into effect on 1 January 2007, by virtue of which all listed companies are obliged to make additional disclosures of compensation to directors and officers under articles 663b^{bis} und 663c, para. 3.

The information provided in this section conforms to the requirements of the 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 CHF 821,000 being defined by occupational pension's legislation, the Orell Füssli Group does not provide any specific pension funds for members of the Board of Directors and 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 2009 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 2009 financial year, nor were any guarantees 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 31 December 2009.

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 of 26 February 2010, no members 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.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

<i>in CHF</i>					
	Basic remuneration	Variable remuneration	Other payments		Total 2009
	in cash	in cash	Social security and pension costs	Special allowances	
Dr. Klaus Oesch, Chairman Audit Committee (Member) Compensation Committee (Member)	201,000	63,813	23,452	–	288,265
Dr. Rudolf Rentsch, Deputy Chairman Audit Committee (Chairman)	30,000	12,500	3,139	–	45,639
Dr. Rudolf W. Hug Compensation Committee (Chairman)	22,000	12,500	1,130	–	35,630
Dr. Hans Kuhn Compensation Committee (Member)	22,000	12,500	2,548	–	37,048
Balthasar Meier Audit Committee (Member)	24,000	12,500	2,696	–	39,196
Total	299,000	113,813	32,965	–	445,778

Remuneration of members of the Executive Board

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

REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD

<i>in CHF</i>					
	Basic remuneration	Variable remuneration	Other payments		Total 2009
	in cash	in cash	Social security and pension costs	Special allowances	
Sönke Bandixen CEO Orell Füssli Group	373,200	89,856	72,696	8,549	544,301
Other members of the Executive	1,845,111	280,590	301,686	35,275	2,462,662
Total	2,218,311	370,446	374,382	43,824	3,006,963

6. SHAREHOLDERS' PARTICIPATION RIGHTS

The Articles of Incorporation of Orell Füssli Holding Ltd can be accessed in full at www.orellfuessli.com – Investors – Corporate Governance.

Shareholders are entitled to one vote for each share they own. In terms of the relationship to the company, only persons listed in the official share register are recognised as shareholders.

The threshold at which shareholders are entitled to have an item included in the agenda at the AGM amounts to shares with a par value of 5% of the outstanding share capital.

CORPORATE GOVERNANCE

7. CHANGES IN CONTROL AND DEFENSIVE MEASURES

There is no statutory clause suspending the obligation to submit an offer once a threshold defined by stock exchange legislation is reached.

The Orell Füssli Group has no clauses that apply to members of the Board of Directors and the Executive Board in the event of changes in control.

8. AUDITORS

Duration of the Mandate and Term of Office of the Lead Auditor

External auditing of the consolidated financial statements and those of the holding company was first time assigned to PricewaterhouseCoopers at the Annual General Meeting of shareholders held on 14 May 2003. The auditor in charge, Christian Kessler, has held the position as auditor in charge since 2009. Audit fees of CHF 441,000 to PricewaterhouseCoopers and CHF 66,000 to other auditors were incurred in 2009.

Additional fees totaling CHF 61,000 were charged by PricewaterhouseCoopers in the year under review.

Audit Supervision and Control Instruments

The Audit Committee is responsible for monitoring and controlling external auditing. The Audit Committee convened three times in the year under review. The external auditor in charge is also invited to attend these meetings for the purpose of providing information. In addition to the regular audit reports, reporting by the external auditor also includes a management letter.

9. INFORMATION POLICY

The company issues a press release containing the Group's provisional key figures for the year under review at the beginning of February after the close of the financial year. The annual financial statements are published together with the annual report at an annual results press conference and presentation for financial analysts, which takes place in April.

The Annual General Meeting of shareholders takes place every year in May. The company issues a press release containing the Group's key figures for the half-year within one month after the end of the first term. At Investors' Day in the second half of the year Orell Füssli gives business journalists and financial analysts more in-depth insights into parts of the Group. Information on exceptional events of stock exchange relevance is published in ad hoc press releases. Regular press releases are mailed to shareholders at the same time as they are published.

The press releases can also be accessed at www.orellfuessli.com – Media.

No statements relating to the future imply any guarantee whatsoever with regard to future performance. They are subject to risks and uncertainties including but not confined to future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

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HISTORY OF THE ORELL FÜSSLI GROUP

- 1519 Company is founded by Christoph Froschauer, a printer who had immigrated from Bavaria. He becomes a citizen of Zurich, and his company becomes the government printing press.
- 1531 Folio Bible is printed (the so-called "Zurich Bible")
- 1576 The land surveyor Jos Murer publishes a plan of the city
- 1761 The Orell and Gessner publishing companies merge to form Orell, Gessner & Cie. Hans Conrad Gessner's bookshop is also absorbed into this partnership.
- 1766 Hans Rudolf Füssli takes over the publishing company of Heidegger & Cie.
- 1770 The Orell, Gessner & Cie. and Füssli & Cie. publishing companies merge to form Orell, Gessner, Füssli & Cie.
- 1780 First edition of the "Zürcher Zeitung" newspaper, which became the "Neue Zürcher Zeitung" in 1821. It was spun off as an independent public limited company in 1868.
- 1798 The Gessner family withdraw from the partnership; the publishing company and bookshops now trade as Orell Füssli & Cie.
- 1827 First securities are printed
- 1843 First postage stamps are printed in continental Europe, the second series worldwide – "Züri 4" and "Züri 6"
- 1880 Development of the ten-colour photochromic printing technique
- 1890 Company is converted into a public limited company (Art. Institut Orell Füssli Ltd)
- 1897 Listing on Zurich Stock Exchange
- 1911 Company begins printing banknotes for the Swiss National Bank
- 1992 Orell Füssli Buchhandlungs Ltd is founded; the book retailer H. Hugendubel, Germany, takes a minority interest in the company
- 1996 Internet book retailing launched at www.books.ch
- 1999 Company is restructured to form Orell Füssli Holding Ltd
- 2001 Takeover of Teledata Ltd
- 2002 Acquisition of a majority shareholding in Atlantic Zeiser Group Ltd (Germany), which becomes wholly-owned in 2005
- 2003 Takeover of the publishing units Atlantis and pro juventute
- 2004 Acquisition of bookstores Rösslitor Bücher, St. Gall
- 2007 Acquisition of Globi Verlag, Zurich
- 2008 Acquisition of Verlag Huber, Frauenfeld, Divestment of Orell Füssli Business Information Division
- 2010 Acquisition of a majority shareholding in SOFHA GmbH, Berlin

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