



**schlott gruppe**

AKTIENGESELLSCHAFT

INTERIM REPORT II 2006/7

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REPORT ON THE SECOND QUARTER AND THE FIRST HALF ENDED 31 MARCH 2007

Q II

# INTERIM REPORT II 2006/7

OF SCHLOTT GRUPPE

REPORT ON THE SECOND QUARTER AND THE FIRST HALF ENDED 31 MARCH 2007

- *Development in print division very disappointing*
- *schlott gruppe strengthened by book gain on disposal of direct marketing and debt reduction*

KEY FINANCIALS OF THE GROUP AS AT 31 MARCH 2007

IN K€	QII 2006/7	% total	QII 2005/6	% total	HI 2006/7	% total	HI 2005/6	% total
Net sales	122,477	201.7	97,353	176.1	244,856	188.3	212,509	173.3
Total revenue	121,835	200.6	97,936	177.1	253,389	194.9	215,963	176.2
<b>Value-added sales</b>	<b>60,723</b>	100.0	<b>55,285</b>	100.0	<b>130,017</b>	100.0	<b>122,600</b>	100.0
EBITDA	9,282	15.3	10,639	19.2	26,958	20.7	28,842	23.5
EBIT	1,802	3.0	3,958	7.2	12,382	9.5	15,290	12.5
EBT	(606)	(1.0)	2,295	4.2	7,888	6.1	12,003	9.8
<b>Post-tax income of continued operations</b>	<b>114</b>	0.2	<b>2,273</b>	4.1	<b>10,068</b>	7.7	<b>8,267</b>	6.7
<b>Post-tax income of discontinued operations</b>	<b>711</b>	1.2	<b>(1,174)</b>	(2.1)	<b>1,177</b>	0.9	<b>(1,443)</b>	(1.2)
<b>Net earnings</b>	<b>825</b>	1.4	<b>1,099</b>	2.0	<b>11,245</b>	8.6	<b>6,824</b>	5.6
Earnings per share								
from continued operations (€)	0.02	--	0.37	--	1.62	--	1.33	--
Free Cashflow (after dividend)	(11,807)	--	184	--	(36,555)	--	(6,585)	--
Employees (reporting date)	3,123	--	2,645	--	3,123	--	2,645	--

*Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.*

IN K€	31. MARCH 2007	% total	31. MARCH 2006	% total	30. SEPT. 2006	% total
Goodwill	87,806	15.5	87,796	18.0	89,575	16.8
<b>Total lt. assets</b>	<b>425,990</b>	<b>75.2</b>	<b>417,391</b>	<b>85.4</b>	<b>443,797</b>	<b>83.3</b>
Inventories	24,028	4.2	23,050	4.7	21,441	4.0
Accounts receivable	37,266	6.6	39,552	8.1	57,667	10.8
Cash and cash equivalents	2,537	0.4	1,866	0.4	2,881	0.5
Assets classified as held for sale	67,671	12.0	0	--	0	--
<b>Total st. assets</b>	<b>140,153</b>	<b>24.8</b>	<b>71,111</b>	<b>14.6</b>	<b>89,175</b>	<b>16.7</b>
<b>Total Equity</b>	<b>158,689</b>	<b>28.0</b>	<b>148,024</b>	<b>30.3</b>	<b>153,484</b>	<b>28.8</b>
Debt due to Banks	124,188	21.9	94,767	19.4	115,297	21.6
Lt. provisions	27,434	4.8	29,872	6.1	30,027	5.6
<b>Total lt. liabilities</b>	<b>185,634</b>	<b>32.8</b>	<b>158,613</b>	<b>32.5</b>	<b>181,717</b>	<b>34.1</b>
Debt due to Banks	108,084	19.1	93,348	19.1	78,745	14.8
Accounts payable and other liabilities	31,479	5.6	34,311	7.0	45,141	8.5
St. provisions	28,359	5.0	39,793	8.1	46,238	8.7
Liabilities directly associated with assets classified as held for sale	42,968	7.6	0	--	0	--
<b>Total st. liabilities</b>	<b>221,820</b>	<b>39.2</b>	<b>181,865</b>	<b>37.2</b>	<b>197,771</b>	<b>37.1</b>
<b>Balance sheet total</b>	<b>566,143</b>	<b>100.0</b>	<b>488,502</b>	<b>100.0</b>	<b>532,972</b>	<b>100.0</b>

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## LETTER TO SHAREHOLDERS

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- DEAR SHAREHOLDERS,

generating forward momentum within the *print* division proved extremely difficult in the second quarter of the financial year. In our outlook for the current financial year, presented as part of the 2005/6 annual report and, in addition, repeatedly communicated thereafter, we stated that we were unable to exclude the possibility of earnings-related risks for the Group. These risks have become all too evident in the quarter under review. Indeed, the pressure on prices was unrelenting in the second quarter, while capacity utilisation stood at a level that fell even below the general seasonal lull. Overall, the market environment is changing at an unprecedented rate.

We intend to implement wide-ranging measures to ensure that we adapt our cost structures in a sustained manner to changing market conditions both now and in the future. We are confident that this will enable us to maintain well into the future the success we have enjoyed in the past. The most important basis for success remains our outstanding market position, as we have once again shown in the quarter under review with significant organic growth in value-added sales generated in other European countries.

Furthermore, as announced on May 10, we successfully disposed of our *direct marketing* division within a very short period of time. In accordance with IFRS 5, the segment is presented in this interim report as a discontinued operation, and the corresponding figures for the previous year have been adjusted accordingly. The observations in this report refer exclusively to the continuing operation comprising the existing core business with its *print* and *corporate services* divisions, unless specific reference is made to the discontinued operation. The details regarding the disinvestment of *direct marketing* will be outlined in the report for the current quarter.

The book gain from the disposal of *direct marketing* will compensate for the current earnings weakness of the *print* division. We are therefore able to confirm our pre-tax earnings forecast for the current financial year. For the medium-term and strategic development of *schlott gruppe*, the mobilisation of resources that were previously tied up in *direct marketing* is particularly important; it gives us greater room to manoeuvre, allowing us to further strengthen the Group's position within the European printing industry. We intend to make full use of the opportunities that present themselves in this respect, the objective being to push forward with the active development of the *print* division and exploit potential growth to the greatest possible extent.

14 May 2007

THE MANAGEMENT BOARD

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## FINANCIAL AND BUSINESS REVIEW

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### - BUSINESS ENVIRONMENT

- *Robust economy; printing industry yet to benefit*

Germany's economic research institutes have revised upwards their forecasts for 2007. The economy is now expected to grow by 2.4 per cent in real terms. The rise in domestic sales tax at the beginning of the year had only a temporary effect on growth. Buoyed by investments and persistently high exports, the economy continues to prosper. Also private consumption is expected to deliver a positive growth contribution, but on a still very low level.

However, the favourable economic trend seems to have bypassed the printing industry. In fact, compared with the fourth quarter of 2006, the general mood within the German printing industry actually deteriorated further in the first quarter of 2007. Furthermore, the Bundesverband Druck und Medien (BVDM), an association for the printing and media industry, reported a decline in capacity utilisation and plummeting prices. Production figures are expected to fall yet again in the second quarter of 2007, accompanied by lower sales prices. According to BVDM data, the impetus from private consumption remains negligible, which has stymied growth within the publishing sector and the print advertising industry. Gravure printing, in particular, continues to be afflicted with overcapacity throughout the industry, as well as having to contend with price-related pressures in the magazine business.

### - STAFF

- *Staff headcount remains virtually unchanged*

At the end of the reporting quarter, the number of staff at *schlott gruppe* was 3,123, compared with 3,099 at the beginning. The increase was driven by recruitment activities at *reus*, where staffing levels rose to 313 by the end of the quarter, in contrast to 280 employees at the beginning. The other locations within the *print* unit consolidated their staffing levels, as a result of which the number of people employed stood at 3,021 as of March 31, 2007, compared with 2,996 as of December 31, 2006. Personnel levels within the *corporate services* segment also remained virtually unchanged, contracting to 102 employees at the end of the quarter, after 103 at December 31, 2006.

The year-on-year rise in staffing levels within the area of continuing operations, up from 2,645, is attributable to the acquisitions of *reus* and Dutch-based *biegelaar*, both transactions of which have already been discussed in detail. At the reporting date, the total number of people employed in the Netherlands stood at 203. Currently, the main focus of HR activities within *schlott gruppe* is on deploying existing resources as effectively and efficiently as possible against the backdrop of the highly competitive market conditions. Fundamental decisions on far-reaching measures within this area are currently under discussion.

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- EARNINGS PERFORMANCE

- *Pressure on prices triggers substantial fall in EBT in second quarter*
- *First-half net profit bolstered considerably by positive tax effect*

The income statement presents the financial performance of continuing operations, including the *print* and *corporate services* segments, as well as that of the former *direct marketing* segment as discontinued operations. Prior-year figures have been adjusted accordingly. Comparability for the quarter and first half is yet affected by the acquisitions of *reus* and *biegelaar*, as *biegelaar* had not yet been consolidated in the preceding year and *reus* was consolidated from 1 April. Both acquisitions are now successfully integrated into the group.

Correspondingly, the increase in value-added sales (VAS) by 9.8 per cent to €60.7 million in the second quarter and by 6.0 per cent to €130.0 million was mainly attributable to acquisitive growth. This also applies to the more pronounced increase in the cost of materials, as *biegelaar* in particular generally tends to have a lower paper-provision ratio than *schlott gruppe*. Beyond the gains achieved through acquisitions, the quarter also produced tangible organic growth in Europe, as outlined in segment reporting on page 9.

Earnings in the second quarter of 2006/7 were adversely affected by persistent pressure on prices, a situation witnessed throughout the industry. At 9.2 per cent, the rise in staff costs – induced, among other factors, by the more extensive deployment of temporary staff – remained below the percentage increase in value-added sales. However, at the same time other operating expenses rose by a disproportionate 17.3 per cent. Alongside higher costs associated with temporary staff, this was attributable to the increase in rental and leasing expenses as well as the expansion of selling and advertising costs on the back of the two corporate acquisitions mentioned above.

The increase in freight costs as a result of spiralling oil prices was another contributory factor. Additionally, depreciation and amortisation expense rose significantly by 12.0 per cent as a result of consolidation and due to the major investment activities at the Freudenstadt locations. Finally, finance costs increased from €1.7 million a year ago to €2.4 million in the quarter under review, prompted by the acquisitions and the Freudenstadt investment.

In total, the loss before taxes stood at €0.6 million in the second quarter, after positive earnings before taxes of €2.3 million in the same period a year ago. Including the positive net tax balance as a result of a change in corporation tax credits, *schlott gruppe* achieved net profit from continuing operations of €0.1 million in the second quarter, compared with €2.3 million in the same period a year ago. Calculated on a six-month basis, net profit rose from €8.3 million a year ago to €10.1 million in the first half of the current financial year, as, according to the change in the tax environment, corporation tax credit had to be capitalised during the first quarter.

In the coming quarters, we intend to rein back our costs even more aggressively in order to align them with prevailing price trends. Our main focus is on other operating expenses. In addition, we will assess and implement further adjustments within the area of staff costs. In pursuing this approach, we want to ensure that *schlott gruppe* can again operate profitably during less buoyant periods such as the second quarter of the financial year and thus add to its competitive strength.

In line with our forecast, post-tax profit from discontinued operations, our previous *direct marketing* segment, developed satisfying, as a result of which *schlott gruppe* generated total net profit of €0.8 million in the second quarter of 2006, after €1.1 million in the same period a year ago. Total net profit for the first half amounted to €11.2 million, compared with €6.8 million last year.

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- SEGMENT REPORTING

- *Significant VAS growth for print segment caused by acquisitive and organic growth*
- *Marked year-on-year decline in EBT*
- *Cost reductions in corporate services segment as scheduled*

Segment reporting encompasses the two business units *print* and *corporate services*. Within this context, *corporate services* covers the full range of Group services, including *schlott gruppe AG*.

The *print* segment increased value-added sales (VAS) by 9.7 per cent to €59.7 million in the second quarter of the 2006/7 financial year, while VAS rose by 6.1 per cent to €127.8 million in the first half. Growth was driven principally by the takeover of *reus* und *biegelaar*, which had not yet been consolidated in the comparable prior-year periods. Beyond this, the business unit also performed particularly well abroad, thus further strengthening the market position of *schlott gruppe*, as outlined in detail on page 9.

The more noticeable expansion of tonnage in relation to VAS, by 17.8 per cent to 144.9 thousand metric tons in the second quarter and by 15.4 per cent to 310.6 thousand metric tons in the first half, serves as evidence of the immense price-related pressures within the printing industry as a whole. At the same time it should be noted, however, that there is a growing trend towards higher weights of paper. This has a direct effect on printed tonnage, without actually increasing the surface area of paper printed. Although the pressure on prices is exaggerated by this effect, the price pressure remained - as we had reported repeatedly - significantly above the long-term mean of approx. 2 per cent in the second quarter.

Correspondingly, the *print* segment had to contend with a significant decline in EBIT from €4.3 million a year ago to €2.0 million in the period under review. Due to higher interest charges attributable to the two corporate acquisitions and high capital expenditures, EBT declined at a slightly more pronounced rate from €3.4 million in the second quarter of 2005/6 to €0.6 in the quarter under review. In the first half, EBIT amounted to €12.6 million, after €15.5 million in same period a year ago, while EBT stood at €9.8 million, compared with €13.8 million.

The most recent pressure on prices proved too severe for short-term cost reductions to have a full compensatory effect, as reflected in earnings performance. So, the staff cost ratio for the second quarter was contained at a level comparable to that recorded in the preceding quarter, while the six-month period saw an increase of one percentage point. In parallel, however, the ratio of other operating expenses rose significantly in the second quarter as well as the first half, while the expense ratio associated with depreciation and amortisation grew slightly.

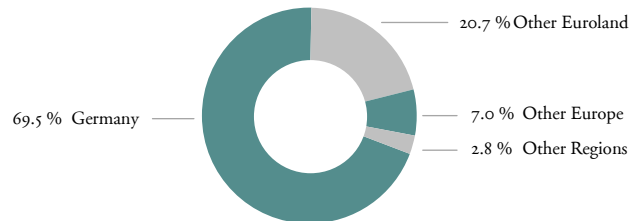
Sluggish earnings performance within the *print* segment was attributable to gravure printing, an area which recorded a significant year-on-year decline and fell short of targets. Within this context, however, flexible machinery such as our state-of-the-art rotary printing system operating at the Freudenstadt plant achieved a tangibly higher capacity utilisation, whereas capacities associated with less flexible machines proved more difficult to fill with customer orders. By contrast, web offset printing developed well in the period under review. Particularly the 48-page printing machine installed at our Lübeck plant has proved to be highly competitive.

We are also encouraged by the level of momentum generated within the area of finishing. As one of the largest providers of postpress services, *schlott gruppe* has benefited significantly from this trend. With this in mind, we are looking to intensify our sales activities in this area.

Value-added sales generated in the *corporate services* segment are attributable principally to cost allocations associated with *print* segment operations. Therefore, when analysing the revenue performance of *corporate services*, it is advisable to focus mainly on cost-related trends, the emphasis being on costs before finance cost because this segment is responsible for refinancing the other entities of *schlott gruppe*. On this basis, costs fell from €3.4 million in the second quarter of 20056 to €3.2 in the quarter under review, and from €9.2 million in the first half of 20056 to €8.5 million in the first half of 20067. This is in line with reported forecasts for the annual period as a whole and bears testimony to our ongoing commitment towards cost optimisation.

## REGIONAL BREAKDOWN OF VALUE-ADDED SALES IN THE FIRST HALF 2006/7

100 percent = 130.017 k€



The breakdown of vAS by sales market reveals quite clearly the bifurcated market trends domestically and abroad. While Germany had to contend with a tangible decline in vAS during the second quarter and first half, foreign markets were much more buoyant. We achieved significant growth beyond the first time inclusion of *biegelaar* in the consolidated group, as a result of which we more than offset the weakness of our domestic market.

This is reflected in the financial data reported for *biegelaar* since its initial consolidation. In general, plant-specific data is of relatively limited use, as all locations are controlled via our centralised production planning system and orders are distributed within the Group according to customer requirements, internal production processes and logistical factors. Having said that, a breakdown of vAS by customer location is currently indeed of benefit in terms of financial analysis, given the fact that *biegelaar* operates with a high level of capacity utilisation by serving mainly its local customer base.

Focusing on the first half of 2006/7, we were able to raise vAS in the rest of the Euro zone from €14.2 million to €26.9 million. Effective from the date of initial consolidation, *biegelaar* generated vAS of €9.3 million. Thus, an amount of €3.4 million in additional vAS from Euro zone customers was generated during this period and processed at other *schlott gruppe* locations. Within this context, we benefited from improved market access to the Benelux region via *biegelaar* when it came to attracting additional orders. Additionally, business development in France was particularly encouraging. At the same time, the United Kingdom and the Scandinavian region, two key markets for *schlott gruppe*, proved much more robust than the domestic market over the course of the second quarter and the first half.

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- BALANCE SHEET, CASH FLOW UND CAPITAL EXPENDITURE

- *Equity ratio remains on solid level*
- *Net debt lower following change in accounting status of direct marketing division*

The changes to the balance sheet are mainly due to the acquisition of *reus* and *biegelaar*. At the end of the same quarter of 2005/6, *reus* had not yet been consolidated; it was included in the consolidated group by the end of the 2005/6 financial year; *biegelaar* was first consolidated as of November 1, 2006. In addition, the presentation of our former *direct marketing* segment as a discontinued operation has also had a significant impact on the balance sheet. *schlott gruppe* announced the successful disposal of this business unit subsequent to the balance sheet date.

As at March 31, 2007, the Group's equity ratio stood at 28.0 per cent – comparable to the figure posted at the end of the first quarter. Net debt at the reporting date was €229.8 million. This was below the equivalent figure of €238.7 million at the end of the first quarter and reflects the changed accounting status of the former *direct marketing* segment. Its increase compared to the balance sheet date 2005/6 is caused by the acquisitions of *reus* and *biegelaar*.

By contrast, cash flow for the quarter and first half only records developments for the continuing operation. The corresponding figures for the previous year have been adjusted accordingly. Despite weaker earnings in the second quarter, *schlott gruppe's* net cash from current business activities, i.e. operating activities before income tax payments, stood at a very solid €6.4 million. The year-on-year decline from €14.8 million was largely due to a cash inflow of €9.3 million in the previous year caused by a fall in receivables from customers.

However, the figures for the second quarter show the impact of €10.5 million previously reported as tax liabilities and disbursed according to schedule in the quarter under review. Cash flow from ordinary business activities, i.e. cash flow from operating activities after income tax payments, ended the quarter at minus €4.2 million, compared to €13.2 million in the preceding year. With regard to the first half of 2006/7, cash flow fell to minus €5.6 million from €20.6 million.

As forecast, investment activity in the second quarter of the current financial year was well below the corresponding level for the previous year, with a net outflow of €1.5 million, while net cash from financing activities stood at €6.0 million. The figure for the first half was €30.9 million, as the first quarter of the financial year included the financing of acquisition-related payments. In the previous year, the down payment of bank debt led to an outflow of €6.5 million in the second quarter, while the net figure of net cash from financing activities for the first half was roughly zero.

- EVENTS AFTER THE BALANCE SHEET DATE

On January 23, 2007, *schlott gruppe* announced that it would be disposing of its *direct marketing* division. This transaction was successfully concluded, after the end of this reporting period, on May 10, 2007. As a result, the *direct marketing* division is shown in this interim report as a discontinued operation, and the previous year's figures have been adjusted accordingly. Changes to the accounting status of the former division are explained in detail in individual sections of this report and in the Notes.

- OUTLOOK

- *Including book gain on disposal of meiller, EBT forecast for the current financial year confirmed*
- *Consolidated net debt set to fall significantly to around €200 million following disposal*

We are currently steering the Group through a particularly difficult period in the market cycle. In disposing of our *direct marketing* division, we have been able to release financial resources and management capacity in a systematic fashion in order to create additional room for manoeuvre in our *print* division. The book gain from the transaction also allows us to reconfirm our EBT forecast of €23 million for the current financial year net of the expected earnings contribution from the division sold.

With regard to medium-term and strategic growth of *schlott gruppe*, it is also crucial that following the disposal we can now devote all resources within our business to the development of the *print* division and that we are in a position to reduce the Group's net debt by approx. €60 million. On this basis, we can continue to strengthen our market position in the European printing market with renewed vigour. Over the medium term, we shall aim to compensate for the downward pressure on prices by implementing wide-ranging cost reduction measures, further optimising production and exploiting our competitive advantages at a technical and strategic level. We also strengthen the Group and extend our leading position as consolidation in our industry progresses.

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# THE SHARE

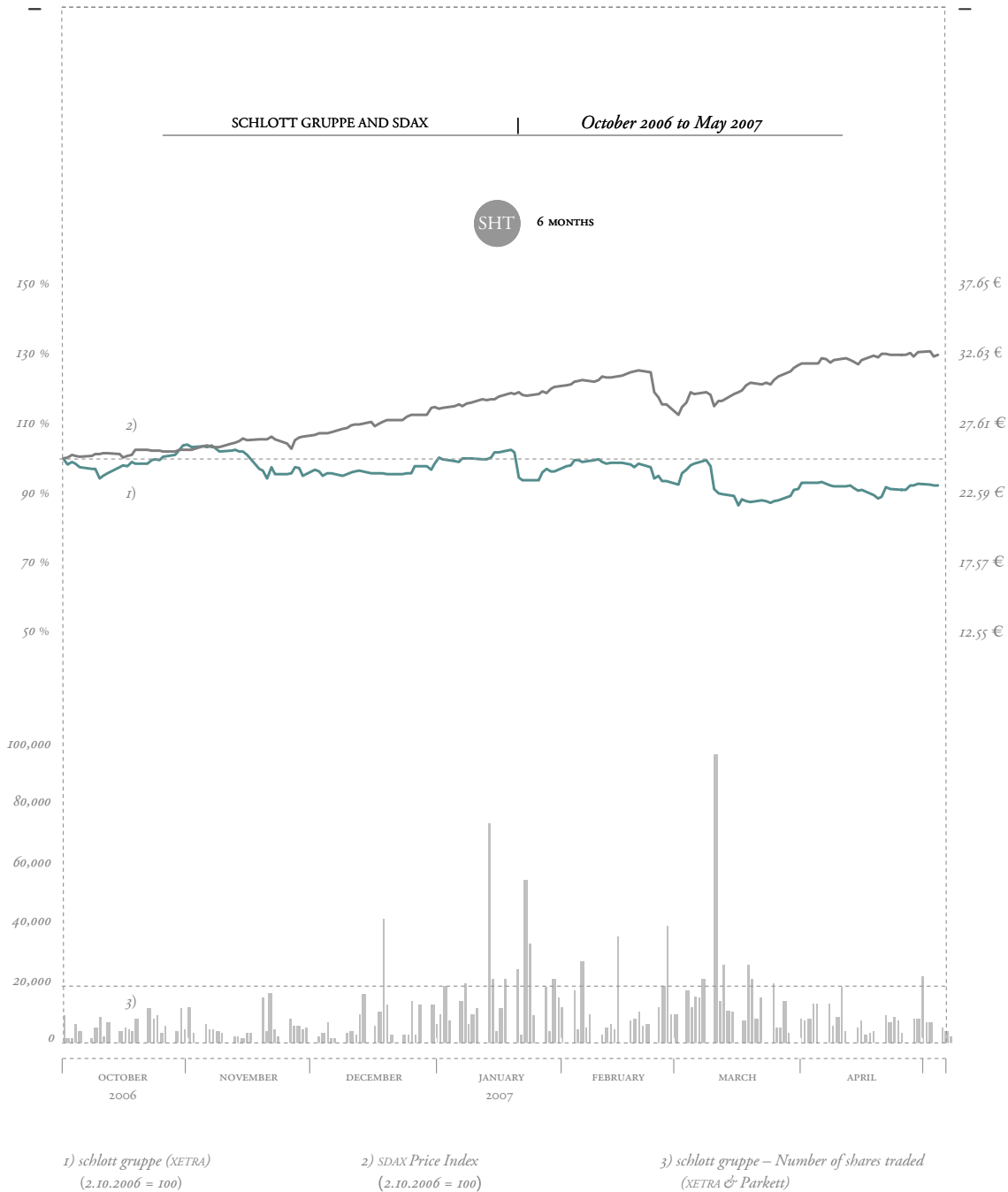
OF SCHLOTT GRUPPE

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- *Stock trends sideways after period of consolidation*
- *Share price yet to be boosted by growth prospects following market consolidation*

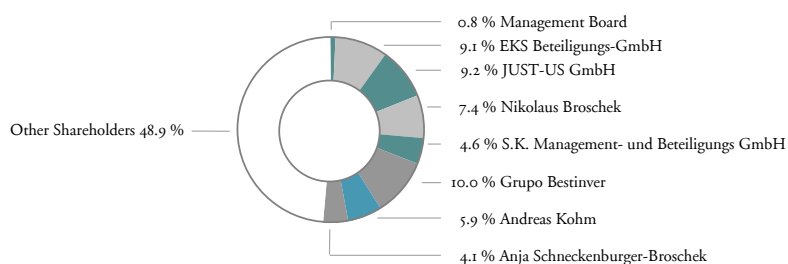
The share price of *schlott gruppe* receded by 10.0 per cent in the quarter under review. Adjusted for the €1.0 per share dividend paid the decline was 5.8 per cent. By contrast, the SDAX gained 9.9 per cent during the same period. *schlott gruppe's* underperformance in relation to the SDAX reflects to a good part the disparate nature of economic recovery in Germany: while the industrial sector has been reaping the rewards of this fresh impetus, the domestic printing sector remains in the doldrums. At the end of the first half of the 2006/7 financial year, *schlott gruppe's* share price was 12.2 per cent lower than at the end of the last financial year ended September 30, 2006. Following a decline prompted by the business outlook and the related risks for the earnings projection presented for the 2006/7 financial year, the stock trended sideways during most of the second quarter.

Within this context, the company's share price is a reflection solely of current operating performance within an extremely challenging competitive environment. Indeed, it would appear that the tangible opportunities arising from market consolidation in the European printing industry are currently disregarded by the markets, despite the fact that the decision to sell *schlott gruppe's direct marketing* unit has created a springboard for market expansion in Europe and the further optimisation of our competitive position. Indeed, we have taken another major step forward in our efforts to position ourselves as a major printing group within an attractive market – a market with significant barriers to entry, dominated by a select group of companies. Both *schlott gruppe* and its shareholders look set to benefit from this trend for many years to come.



## SHAREHOLDER STRUCTURE AS OF 11 MAY 2007

based on 6,204,200 shares



Free float according to definition of Deutsche Börse AG: 68.4 %

*In the period from the beginning of the quarter to the publication date of this report schlott gruppe received the following notification according to §15a WpHG.*

Name	Function	Date of notification	Action	No. of shares	Amount (€)
S.K. Management- und Beteiligungs GmbH	Relationship to a member of Supervisory Board	06.03.2007	Purchase	500	11,825.00

*In the period from the beginning of the quarter to the publication date of this report schlott gruppe received no notifications according to §21 WpHG.*

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## FINANCIALS

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## GROUP PROFIT AND LOSS STATEMENT (QUARTER)

in the period from 1 January to 31 March 2007 (previous year for comparison)

IN K€	QI 20067	QII 20067	QIII 20056	% change vs. previous year
Net sales	122,379	122,477	97,353	25.8
Increase (decrease) in inventory of finished goods and work in progress	5,290	(2,831)	(2,849)	(0.6)
Own expenses capitalized	0	0	63	--
Other operating income	3,885	2,189	3,369	(35.0)
<b>Total revenue</b>	<b>131,554</b>	<b>121,835</b>	<b>97,936</b>	<b>24.4</b>
Cost of raw materials, supplies and purchased goods	(43,541)	(45,066)	(29,185)	54.4
Cost of purchased services	(14,834)	(13,857)	(10,097)	37.2
Personnel expenses	(38,073)	(36,343)	(33,275)	9.2
Other operating expenses	(17,430)	(17,287)	(14,740)	17.3
<b>EBITDA</b>	<b>17,676</b>	<b>9,282</b>	<b>10,639</b>	<b>(12.8)</b>
Expenses for scheduled depreciation	(7,096)	(7,480)	(6,681)	12.0
<b>EBIT</b>	<b>10,580</b>	<b>1,802</b>	<b>3,958</b>	<b>(54.5)</b>
Income from participations	0	0	0	--
Income from foreign exchange transactions	(26)	55	(43)	n.m.
Interest and similar income	839	434	194	123.7
Interest and similar expenses	(2,899)	(2,897)	(1,814)	59.7
<b>Net financial results</b>	<b>(2,086)</b>	<b>(2,408)</b>	<b>(1,663)</b>	<b>44.8</b>
<b>EBT</b>	<b>8,494</b>	<b>(606)</b>	<b>2,295</b>	<b>n.m.</b>
Taxes on income	1,460	720	(22)	n.m.
<b>Post-tax income of continued operations</b>	<b>9,954</b>	<b>114</b>	<b>2,273</b>	<b>(95.0)</b>
<b>Post-tax income of discontinued operations</b>	<b>466</b>	<b>711</b>	<b>(1,174)</b>	<b>n.m.</b>
<b>Earnings after tax</b>	<b>10,420</b>	<b>825</b>	<b>1,099</b>	<b>(24.9)</b>
<i>Thereof applicable to</i>				
<i>Shareholders of schlott gruppe AG</i>	<b>10,420</b>	<b>826</b>	<b>1,099</b>	<b>(24.8)</b>
<i>Minorities</i>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>--</b>

Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.

## GROUP PROFIT AND LOSS STATEMENT (FIRST HALF)

in the period from 1 October 2006 to 31 March 2007 (previous year for comparison)

IN K€	HI 20067	HI 20056	% change
Net sales	244,856	212,509	15.2
Increase (decrease) in inventory			
of finished goods and work in progress	2,459	(1,642)	n.m.
Own expenses capitalized	0	63	--
Other operating income	6,074	5,033	20.7
<b>Total revenue</b>	<b>253,389</b>	<b>215,963</b>	<b>17.3</b>
Cost of raw materials, supplies and purchased goods	(88,607)	(65,385)	35.5
Cost of purchased services	(28,691)	(22,945)	25.0
Personnel expenses	(74,416)	(69,095)	7.7
Other operating expenses	(34,717)	(29,696)	16.9
<b>EBITDA</b>	<b>26,958</b>	<b>28,842</b>	<b>(6.5)</b>
Expenses for scheduled depreciation	(14,576)	(13,552)	7.6
<b>EBIT</b>	<b>12,382</b>	<b>15,290</b>	<b>(19.0)</b>
Income from participations	0	0	--
Income from foreign exchange transactions	29	(19)	n.m.
Interest and similar income	1,273	448	184.2
Interest and similar expenses	(5,796)	(3,716)	56.0
<b>Net financial results</b>	<b>(4,494)</b>	<b>(3,287)</b>	<b>36.7</b>
<b>EBT</b>	<b>7,888</b>	<b>12,003</b>	<b>(34.3)</b>
Taxes on income	2,180	(3,736)	n.m.
<b>Post-tax profit or loss of continued operations</b>	<b>10,068</b>	<b>8,267</b>	<b>21.8</b>
<b>Post-tax profit or loss of discontinued operations</b>	<b>1,177</b>	<b>(1,443)</b>	<b>n.m.</b>
<b>Earnings after tax</b>	<b>11,245</b>	<b>6,824</b>	<b>64.8</b>
<b>Thereof applicable to</b>			
Shareholders of schlott gruppe AG	11,246	6,824	64.8
Minorities	(1)	0	--

Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.

## DEVELOPMENT OF BUSINESS SEGMENTS (QUARTER)

in the period from 1 January to 31 March 2007 (previous year for comparison)

IN K€	print		corporate services		All sectors		Reconciliation		Group (Continued Operations)	
	20067	20056	20067	20056	20067	20056	20067	20056	20067	20056
Net sales to customers	122,044	96,903	433	450	122,477	97,353	0	0	122,477	97,353
Inter-company sales	70	84	2,217	2,278	2,287	2,362	(2,287)	(2,362)	0	0
Changes in inventory	(2,831)	(2,849)	0	0	(2,831)	(2,849)	0	0	(2,831)	(2,849)
Cost of materials	(45,712)	(29,663)	0	0	(45,712)	(29,663)	646	478	(45,066)	(29,185)
Cost of services purchased	(13,885)	(10,097)	0	0	(13,885)	(10,097)	28	0	(13,857)	(10,097)
<b>Value-added sales</b>	<b>59,686</b>	<b>54,441</b>	<b>2,650</b>	<b>2,728</b>	<b>62,336</b>	<b>57,169</b>	<b>(1,613)</b>	<b>(1,884)</b>	<b>60,723</b>	<b>55,285</b>
Other operating income	2,118	3,319	748	530	2,866	3,849	(677)	(480)	2,189	3,369
Personnel expenses	(34,174)	(31,168)	(2,169)	(2,107)	(36,343)	(33,275)	0	0	(36,343)	(33,275)
Depreciation expenses	(6,953)	(6,212)	(173)	(287)	(7,126)	(6,499)	(354)	(182)	(7,480)	(6,681)
Other operating expenses	(18,700)	(16,076)	(874)	(1,029)	(19,574)	(17,105)	2,287	2,365	(17,287)	(14,740)
<b>EBIT</b>	<b>1,977</b>	<b>4,304</b>	<b>182</b>	<b>(165)</b>	<b>2,159</b>	<b>4,139</b>	<b>(357)</b>	<b>(181)</b>	<b>1,802</b>	<b>3,958</b>
Short-term interest result	(424)	(232)	(102)	(788)	(526)	(1,020)	0	(45)	(526)	(1,065)
<b>Segment earnings</b>	<b>1,553</b>	<b>4,072</b>	<b>80</b>	<b>(953)</b>	<b>1,633</b>	<b>3,119</b>	<b>(357)</b>	<b>(226)</b>	<b>1,276</b>	<b>2,893</b>
Long-term interest result	(1,065)	(649)	(876)	49	(1,941)	(600)	4	45	(1,937)	(555)
Foreign exchange result	148	(43)	270	0	418	(43)	(363)	0	55	(43)
<b>EBT</b>	<b>636</b>	<b>3,380</b>	<b>(526)</b>	<b>(904)</b>	<b>110</b>	<b>2,476</b>	<b>(716)</b>	<b>(181)</b>	<b>(606)</b>	<b>2,295</b>
Employees (reporting date)	3,021	2,542	102	103	3,123	2,645	----	----	3,123	2,645

Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.

## DEVELOPMENT OF BUSINESS SEGMENTS (FIRST HALF)

*in the period from 1 October 2006 to 31 March 2007 (previous year for comparison)*

IN K€	print		corporate services		All sectors		Reconciliation		Group (Continued Operations)	
	20067	20056	20067	20056	20067	20056	20067	20056	20067	20056
Net sales to customers	243,983	211,402	873	1,107	244,856	212,509	0	0	244,856	212,509
Inter-company sales	101	123	4,468	4,540	4,569	4,663	(4,569)	(4,663)	0	0
Changes in inventory	2,459	(1,642)	0	0	2,459	(1,642)	0	0	2,459	(1,642)
Cost of materials	(89,984)	(66,578)	(17)	0	(90,001)	(66,578)	1,394	1,193	(88,607)	(65,385)
Cost of services purchased	(28,719)	(22,945)	0	0	(28,719)	(22,945)	28	0	(28,691)	(22,945)
<b>Value-added sales</b>	<b>127,840</b>	<b>120,423</b>	<b>5,324</b>	<b>5,647</b>	<b>133,164</b>	<b>126,070</b>	<b>(3,147)</b>	<b>(3,470)</b>	<b>130,017</b>	<b>122,600</b>
Other operating income	5,447	4,473	3,530	3,553	8,977	8,026	(2,903)	(2,993)	6,074	5,033
Personnel expenses	(70,086)	(64,878)	(4,352)	(4,217)	(74,438)	(69,095)	22	0	(74,416)	(69,095)
Depreciation expenses	(13,534)	(12,604)	(515)	(583)	(14,049)	(13,187)	(527)	(365)	(14,576)	(13,552)
Other operating expenses	(37,066)	(31,910)	(3,681)	(4,414)	(40,747)	(36,324)	6,030	6,628	(34,717)	(29,696)
<b>EBIT</b>	<b>12,601</b>	<b>15,504</b>	<b>306</b>	<b>(14)</b>	<b>12,907</b>	<b>15,490</b>	<b>(525)</b>	<b>(200)</b>	<b>12,382</b>	<b>15,290</b>
Short-term interest result	(664)	(452)	(66)	(452)	(730)	(904)	0	0	(730)	(904)
<b>Segment earnings</b>	<b>11,937</b>	<b>15,052</b>	<b>240</b>	<b>(466)</b>	<b>12,177</b>	<b>14,586</b>	<b>(525)</b>	<b>(200)</b>	<b>11,652</b>	<b>14,386</b>
Long-term interest result	(2,199)	(1,235)	(1,603)	(1,129)	(3,802)	(2,364)	9	0	(3,793)	(2,364)
Foreign exchange result	32	(18)	(209)	0	(177)	(18)	206	(1)	29	(19)
<b>EBT</b>	<b>9,770</b>	<b>13,799</b>	<b>(1,572)</b>	<b>(1,595)</b>	<b>8,198</b>	<b>12,204</b>	<b>(310)</b>	<b>(201)</b>	<b>7,888</b>	<b>12,003</b>
Employees (reporting date)	3,021	2,542	102	103	3,123	2,645	----	----	3,123	2,645

*Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.*

## BALANCE SHEET: ASSETS

as at 31 March 2007 (previous year and end of fiscal year 2006 for comparison)

IN K€	%		%		%	
	31. MARCH 2007	total	31. MARCH 2006	total	30. SEPT. 2006	total
Goodwill	87,806	15.5	87,796	18.0	89,575	16.8
Other intangible assets	1,895	0.3	1,450	0.3	2,650	0.5
Downpayments	0	--	32	0.0	33	0.0
<b>Intangible assets</b>	<b>89,701</b>	<b>15.8</b>	<b>89,278</b>	<b>18.3</b>	<b>92,258</b>	<b>17.3</b>
Land, land rights and buildings, incl. buildings on land owned by others	132,766	23.5	145,034	29.7	145,972	27.4
Industrial plant and machinery	164,249	29.0	138,497	28.4	139,351	26.1
Other plant, machinery, and business equipment	20,367	3.6	22,501	4.6	21,734	4.1
Downpayments and plant under construction	4,850	0.9	13,549	2.8	35,308	6.6
<b>Fixed Assets</b>	<b>322,232</b>	<b>56.9</b>	<b>319,581</b>	<b>65.1</b>	<b>342,365</b>	<b>64.2</b>
Shares in affiliated companies	209	0.0	29	0.0	209	0.0
Shares in other companies	194	0.0	194	0.0	194	0.0
Other loans	22	0.0	0	0.0	0	0.0
<b>Financial Assets</b>	<b>425</b>	<b>0.1</b>	<b>223</b>	<b>0.0</b>	<b>403</b>	<b>0.1</b>
<b>Investment properties</b>	<b>6,213</b>	<b>1.1</b>	<b>7,830</b>	<b>1.6</b>	<b>7,627</b>	<b>1.4</b>
<b>Lt. Receivables/Other lt. Assets</b>	<b>7,419</b>	<b>1.3</b>	<b>149</b>	<b>0.0</b>	<b>67</b>	<b>0.0</b>
<b>Deferred taxes</b>	<b>0</b>	<b>--</b>	<b>330</b>	<b>0.1</b>	<b>1,077</b>	<b>0.2</b>
<b>Total lt. assets</b>	<b>425,990</b>	<b>75.2</b>	<b>417,391</b>	<b>85.4</b>	<b>443,797</b>	<b>83.3</b>
Raw materials and supplies	14,142	2.5	13,273	2.7	13,464	2.5
Work in process; goods and services	9,306	1.6	9,039	1.9	7,138	1.3
Finished goods	580	0.1	738	0.2	839	0.2
<b>Inventories</b>	<b>24,028</b>	<b>4.2</b>	<b>23,050</b>	<b>4.7</b>	<b>21,441</b>	<b>4.0</b>
Accounts receivable	37,266	6.6	39,552	8.1	57,667	10.8
Tax refunds	2,150	0.4	447	0.1	254	0.0
Other st. assets	4,825	0.9	4,745	1.0	5,239	1.0
<b>St. receivables/other st. assets</b>	<b>44,241</b>	<b>7.8</b>	<b>44,744</b>	<b>9.2</b>	<b>63,160</b>	<b>11.9</b>
<b>Cash and cash equivalents</b>	<b>2,537</b>	<b>0.4</b>	<b>1,866</b>	<b>0.4</b>	<b>2,881</b>	<b>0.5</b>
<b>Assets classified as held for sale</b>	<b>67,671</b>	<b>12.0</b>	<b>0</b>	<b>--</b>	<b>0</b>	<b>--</b>
<b>Deferred Income</b>	<b>1,676</b>	<b>0.3</b>	<b>1,451</b>	<b>0.3</b>	<b>1,693</b>	<b>0.3</b>
<b>Total st. assets</b>	<b>140,153</b>	<b>24.8</b>	<b>71,111</b>	<b>14.6</b>	<b>89,175</b>	<b>16.7</b>
<b>Balance sheet total</b>	<b>566,143</b>	<b>100.0</b>	<b>488,502</b>	<b>100.0</b>	<b>532,972</b>	<b>100.0</b>

## BALANCE SHEET: LIABILITIES

as at 31 March 2007 (previous year and end of fiscal year 2006 for comparison)

IN K€	%		%		%	
	31. MARCH 2007	total	31. MARCH 2006	total	30. SEPT. 2006	total
Subscribed capital	18,613	3.3	18,613	3.8	18,613	3.5
Capital reserves	58,668	10.4	58,668	12.0	58,668	11.0
Earnings reserves	50,652	8.9	42,704	8.7	42,769	8.0
Valuation reserves	563	0.1	(69)	0.0	324	0.1
Retained earnings	30,670	5.4	28,111	5.8	33,112	6.2
Cumulative income or expense recognised directly in equity relating to a assets classified as held for sale	(474)	(0.1)	0	--	0	--
<b>Shareholders' equity</b>	<b>158,692</b>	<b>28.0</b>	<b>148,027</b>	<b>30.3</b>	<b>153,486</b>	<b>28.8</b>
Minorities	(3)	--	(3)	0.0	(2)	0.0
<b>Total Equity</b>	<b>158,689</b>	<b>28.0</b>	<b>148,024</b>	<b>30.3</b>	<b>153,484</b>	<b>28.8</b>
<b>Debt due to Banks</b>	<b>124,188</b>	<b>21.9</b>	<b>94,767</b>	<b>19.4</b>	<b>115,297</b>	<b>21.6</b>
<b>Other lt. liabilities</b>	<b>902</b>	<b>0.2</b>	<b>843</b>	<b>0.2</b>	<b>1,683</b>	<b>0.3</b>
Provision for pensions and similar liabilities	19,985	3.5	22,753	4.7	22,833	4.3
Other lt. provisions	7,449	1.3	7,119	1.5	7,194	1.3
<b>Lt. provisions</b>	<b>27,434</b>	<b>4.8</b>	<b>29,872</b>	<b>6.1</b>	<b>30,027</b>	<b>5.6</b>
<b>Government subsidies</b>	<b>2,124</b>	<b>0.4</b>	<b>2,935</b>	<b>0.6</b>	<b>2,234</b>	<b>0.4</b>
<b>Deferred taxes</b>	<b>30,986</b>	<b>5.5</b>	<b>30,196</b>	<b>6.2</b>	<b>32,476</b>	<b>6.1</b>
<b>Total lt. liabilities</b>	<b>185,634</b>	<b>32.8</b>	<b>158,613</b>	<b>32.5</b>	<b>181,717</b>	<b>34.1</b>
<b>Debt due to Banks</b>	<b>108,084</b>	<b>19.1</b>	<b>93,348</b>	<b>19.1</b>	<b>78,745</b>	<b>14.8</b>
<b>St. liabilities</b>	<b>108,084</b>	<b>19.1</b>	<b>93,348</b>	<b>19.1</b>	<b>78,745</b>	<b>14.8</b>
Advance payments received on orders	290	0.1	580	0.1	414	0.1
Accounts payable	31,479	5.6	34,311	7.0	45,141	8.5
Liabilities to affiliated parties	31	0.0	31	0.0	32	0.0
Other liabilities	10,565	1.9	13,770	2.8	27,031	5.1
<b>Accounts payable and other liabilities</b>	<b>42,365</b>	<b>7.5</b>	<b>48,692</b>	<b>10.0</b>	<b>72,618</b>	<b>13.6</b>
Tax provisions	1,241	0.2	8,923	1.8	10,055	1.9
Other provisions	27,118	4.8	30,870	6.3	36,183	6.8
<b>St. provisions</b>	<b>28,359</b>	<b>5.0</b>	<b>39,793</b>	<b>8.1</b>	<b>46,238</b>	<b>8.7</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>42,968</b>	<b>7.6</b>	<b>0</b>	<b>--</b>	<b>0</b>	<b>--</b>
<b>Deferred charges</b>	<b>44</b>	<b>0.0</b>	<b>32</b>	<b>0.0</b>	<b>170</b>	<b>0.0</b>
<b>Total st. liabilities</b>	<b>221,820</b>	<b>39.2</b>	<b>181,865</b>	<b>37.2</b>	<b>197,771</b>	<b>37.1</b>
<b>Balance sheet total</b>	<b>566,143</b>	<b>100.0</b>	<b>488,502</b>	<b>100.0</b>	<b>532,972</b>	<b>100.0</b>

## CASH FLOW STATEMENT

in the period from 1 October 2006 to 31 March 2007 (previous year for comparison)

IN K€	QI 20067	QII 20067	QIII 20056	HI 20067	HI 20056
<b>CASHFLOW FROM ORDINARY BUSINESS ACTIVITIES</b>					
FOREIGN EXCHANGE GAINS/(LOSSES)	10,553	1,858	3,914	12,411	15,270
Depreciation of fixed assets	7,096	7,480	6,681	14,576	13,552
Decrease / (Increase) in value of fixed assets	0	0	0	0	0
Increase / (decrease) in provisions	(1,934)	(2,444)	(5,640)	(4,378)	(7,369)
Gains / (losses) from disposals of fixed assets	(109)	(104)	(57)	(213)	(62)
<b>RESULTS PRIOR TO CHANGES IN NET CURRENT ASSETS</b>	<b>15,606</b>	<b>6,790</b>	<b>4,898</b>	<b>22,396</b>	<b>21,391</b>
(Increase) / decrease in inventory	(6,182)	4,247	2,767	(1,935)	466
(Increase) / decrease in trade receivables	8,201	880	9,313	9,081	4,124
(Increase) / decrease in trade payables	(12,622)	(2,478)	(262)	(15,100)	(3,428)
(Increase) / decrease in other net current assets	(5,372)	(3,086)	(1,965)	(8,458)	1,844
<b>NET CASHFLOW FROM CURRENT BUSINESS ACTIVITIES</b>	<b>(369)</b>	<b>6,353</b>	<b>14,751</b>	<b>5,984</b>	<b>24,397</b>
(Outflow of) / Receipts of income taxes	(1,037)	(10,503)	(1,519)	(11,540)	(3,808)
<b>NET CASHFLOW FROM ORDINARY BUSINESS ACTIVITIES OF CONTINUED OPERATIONS</b>	<b>(1,406)</b>	<b>(4,150)</b>	<b>13,232</b>	<b>(5,556)</b>	<b>20,589</b>
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>					
Investments in property, plant and equipment	(5,063)	(1,299)	(6,948)	(6,362)	(21,238)
Receipts from disposals of property, plant and equipment	281	13	111	294	150
Investments in intangible assets	(60)	(18)	(7)	(78)	(32)
Receipts from disposals of intangible assets	0	0	0	0	0
Investments in financial assets	(23)	0	0	(23)	0
Receipts from disposal of financial assets	0	0	0	0	0
Investments in subsidiaries	(18,477)	(149)	0	(18,626)	0
Receipts from disposal of subsidiaries	0	0	0	0	150
<b>NET CASHFLOW FROM INVESTMENT ACTIVITIES OF CONTINUED OPERATIONS</b>	<b>(23,342)</b>	<b>(1,453)</b>	<b>(6,844)</b>	<b>(24,795)</b>	<b>(20,970)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>					
Receipts from capital contributions	0	0	0	0	0
Distributions to shareholders and minority interests	0	(6,204)	(6,204)	(6,204)	(6,204)
Receipts from taking out loans	16,000	556	0	16,556	0
Payments made for the discharge of bonds and loans	(12,030)	(12,334)	(8,917)	(24,364)	(11,615)
Increase / (decrease) in short-term liabilities to banks	28,680	14,526	6,587	43,206	21,038
Receipts from other long-term liabilities	3	27	53	30	56
Payments made for the discharge of other long-term liabilities	(225)	(101)	(87)	(326)	(230)
Group financing discontinued operations	(4,356)	11,791	3,791	7435	504
Interest paid	(3,134)	(2,269)	(1,681)	(5,403)	(3,583)
<b>NET CASHFLOW FROM FINANCING ACTIVITIES OF CONTINUED OPERATIONS</b>	<b>24,938</b>	<b>5,992</b>	<b>(6,458)</b>	<b>30,930</b>	<b>(34)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>190</b>	<b>389</b>	<b>(70)</b>	<b>579</b>	<b>(415)</b>
<b>EXCHANGE-RATE AND VALUATION-RELATED CHANGES TO CASH AND CASH EQUIVALENTS</b>					
	0	0	(2)	0	(2)
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>1,958</b>	<b>2,148</b>	<b>145</b>	<b>1,958</b>	<b>490</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>2,148</b>	<b>2,537</b>	<b>73</b>	<b>2,537</b>	<b>73</b>

Previous year figures are adjusted for the segment direct marketing being presented as discontinued operations.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in the period from 1 October 2006 to 31 March 2007

IN K€	Issued capital	Capital reserves	Other retained earnings	Translation provisions	Valuation reserves	Consolidated profits	Direct recognitions*	Shareholders' Equity	Minority interests	Total
<b>Balance on 1 October 2006</b>	<b>18,613</b>	<b>58,668</b>	<b>42,815</b>	<b>(46)</b>	<b>324</b>	<b>33,112</b>	<b>0</b>	<b>153,486</b>	<b>(2)</b>	<b>153,484</b>
Valuation of marketable securities and cashflow hedges	0	0	0	0	(56)	0	0	(56)	0	(56)
Differentials from translation of foreign currencies	0	0	0	34	0	8	0	42	(1)	41
<b>Gains and losses not recognized in profit and loss statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>(56)</b>	<b>8</b>	<b>0</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>
Net income	0	0	0	0	0	10,420	0	10,420	0	10,420
<b>Total income of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>(56)</b>	<b>10,428</b>	<b>0</b>	<b>10,406</b>	<b>(1)</b>	<b>10,405</b>
Dividends	0	0	0	0	0	0	0	0	0	0
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0
Issuance of shares	0	0	0	0	0	0	0	0	0	0
Issuance of employee shares	0	0	0	0	0	0	0	0	0	0
Additions to earnings reserves	0	0	0	0	0	0	0	0	0	0
<b>Balance on 31 December 2006</b>	<b>18,613</b>	<b>58,668</b>	<b>42,815</b>	<b>(12)</b>	<b>268</b>	<b>43,540</b>	<b>0</b>	<b>163,892</b>	<b>(3)</b>	<b>163,889</b>
<b>Balance on 31 December 2006</b>	<b>18,613</b>	<b>58,668</b>	<b>42,815</b>	<b>(12)</b>	<b>268</b>	<b>43,540</b>	<b>0</b>	<b>163,892</b>	<b>(3)</b>	<b>163,889</b>
Valuation of marketable securities and cashflow hedges	0	0	0	0	295	0	0	295	0	295
foreign currencies	0	0	0	349	0	8	(474)	(117)	1	(116)
<b>Gains and losses not recognized in profit and loss statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349</b>	<b>295</b>	<b>8</b>	<b>(474)</b>	<b>178</b>	<b>1</b>	<b>179</b>
Net income	0	0	0	0	0	826	0	826	(1)	825
<b>Total income of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349</b>	<b>295</b>	<b>834</b>	<b>(474)</b>	<b>1,004</b>	<b>0</b>	<b>1,004</b>
Dividends	0	0	0	0	0	(6,204)	0	(6,204)	0	(6,204)
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0
Issuance of shares	0	0	0	0	0	0	0	0	0	0
Additions to earnings reserves	0	0	7,500	0	0	(7,500)	0	0	0	0
<b>Balance on 31 March 2007</b>	<b>18,613</b>	<b>58,668</b>	<b>50,315</b>	<b>337</b>	<b>563</b>	<b>30,670</b>	<b>(474)</b>	<b>158,692</b>	<b>(3)</b>	<b>158,689</b>

\*Cumulative income or expense recognised directly in equity relating to a disposal group

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (FOR COMPARISON)

in the period from 1 October 2005 to 31 March 2006

IN K€	Issued capital	Capital reserves	Other retained earnings	Translation provisions	Valuation reserves	Consolidated profits	Direct recognitions*	Shareholders' Equity	Minority interests	Total
<b>Balance on 1 October 2005</b>	<b>18,570</b>	<b>58,711</b>	<b>35,615</b>	<b>(193)</b>	<b>(2,522)</b>	<b>34,688</b>	<b>0</b>	<b>144,869</b>	<b>(2)</b>	<b>144,867</b>
Valuation of marketable securities and cashflow hedges	0	0	0	0	1,137	0	0	1,137	0	1,137
Differentials from translation of foreign currencies	0	0	0	50	0	0	0	50	(1)	49
<b>Gains and losses not recognized in profit and loss statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>1,137</b>	<b>0</b>	<b>0</b>	<b>1,187</b>	<b>(1)</b>	<b>1,186</b>
Net income	0	0	0	0	0	5,725	0	5,725	0	5,725
<b>Total income of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>1,137</b>	<b>5,725</b>	<b>0</b>	<b>6,912</b>	<b>(1)</b>	<b>6,911</b>
Dividends	0	0	0	0	0	0	0	0	0	0
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0
Issuance of shares	0	0	0	0	0	0	0	0	0	0
Issuance of employee shares	43	(43)	0	0	0	0	0	0	0	0
Additions to earnings reserves	0	0	0	0	0	0	0	0	0	0
<b>Balance on 31 December 2005</b>	<b>18,613</b>	<b>58,668</b>	<b>35,615</b>	<b>(143)</b>	<b>(1,385)</b>	<b>40,413</b>	<b>0</b>	<b>151,781</b>	<b>(3)</b>	<b>151,778</b>
<b>Balance on 31 December 2005</b>	<b>18,613</b>	<b>58,668</b>	<b>35,615</b>	<b>(143)</b>	<b>(1,385)</b>	<b>40,413</b>	<b>0</b>	<b>151,781</b>	<b>(3)</b>	<b>151,778</b>
Valuation of marketable securities and cashflow hedges	0	0	0	0	1,316	0	0	1,316	0	1,316
foreign currencies	0	0	0	32	0	3	0	35	0	35
<b>Gains and losses not recognized in profit and loss statement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>1,316</b>	<b>3</b>	<b>0</b>	<b>1,351</b>	<b>0</b>	<b>1,351</b>
Net income	0	0	0	0	0	1,099	0	1,099	0	1,099
<b>Total income of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>1,316</b>	<b>1,102</b>	<b>0</b>	<b>2,450</b>	<b>0</b>	<b>2,450</b>
Dividends	0	0	0	0	0	(6,204)	0	(6,204)	0	(6,204)
Acquisition of minority interest	0	0	0	0	0	0	0	0	0	0
Issuance of shares	0	0	0	0	0	0	0	0	0	0
Additions to earnings reserves	0	0	7,200	0	0	(7,200)	0	0	0	0
<b>Balance on 31 March 2006</b>	<b>18,613</b>	<b>58,668</b>	<b>42,815</b>	<b>(111)</b>	<b>(69)</b>	<b>28,111</b>	<b>0</b>	<b>148,027</b>	<b>(3)</b>	<b>148,024</b>

\*Cumulative income or expense recognised directly in equity relating to a disposal group

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## SELECTED NOTES

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#### - STATEMENT OF COMPLIANCE AND GENERAL INFORMATION

The consolidated interim report for *schlott gruppe* for the reporting period from 1 October 2006 to 31 March 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as required in the EU in compliance with IAS 34 Interim Financial Reporting. In addition, the provisions set out in DRS 6 Interim Financial Reporting have been observed accordingly.

The Interim Report for the Group takes into account all standards and interpretations applicable at 31 March 2007. The accounting policies applied to the interim report are essentially consistent with those used in the consolidated financial statements for the 2005/6 financial year. Departures from these accounting policies due to new or amended standards have been outlined in the section entitled *Accounting policies*. In this case, the financial statements of previous reporting periods have been adjusted in order to ensure comparability.

This interim report constitutes an update of the consolidated financial statements for the 2005/6 financial year. All information presented therein continues to be valid; the interim report focuses solely on significant new activities, events and circumstances. Accruals and deferrals associated with seasonally induced income or expenses that do not arise on a regular basis are only recognised at the interim reporting date if such period-end adjustments were also deemed appropriate at the end of the financial year. The consolidated interim reports of *schlott gruppe* are subject neither to audits by an auditor of consolidated financial statements nor to any form of examination by an auditing professional.

#### - CHANGES TO THE BASIS OF CONSOLIDATION

In addition to *schlott gruppe AG*, all significant domestic and foreign subsidiaries have been included in the consolidated group in the first half of 2006/7. In the first quarter 2006/7 *biegelaar b.v.*, a gravure printing company based in Maarssen, Netherlands, and acquired on October 9, 2006, has been included in the consolidated group for the first time. At the date of closing on November 9, 2006, *schlott gruppe AG* acquired a 100% interest in the aforementioned entity. The cost of the combination amounted to €7,905 thousand, of which a total of €303 thousand represents costs directly attributable to the combination. Initial consolidation took place as at November 1, 2006, on the basis of provisional values of the identifiable assets, liabilities and contingent liabilities as shown in the following table. For the time being, on the basis of a preliminary allocation of the purchase price, a goodwill in the amount of €3,599 thousand has been assumed.

IN K€	Net book value prior to PPA	Net book value after PPA	Adjustments
Goodwill	0	3,599	3,599
Other intangible assets	0	0	0
Fixed assets	26,164	31,421	5,257
Other long-term assets	0	0	0
Deferred tax assets	0	0	0
Inventories	3,960	3,960	0
Receivables and other short-term assets	6,783	6,783	0
Cash and cash equivalents	423	423	0
Long-term bank debt	13,776	13,776	0
Other long-term liabilities	0	0	0
Long-term provisions	450	450	0
Deferred tax liabilities	499	1,802	1,303
shortterm bank debt	8,479	8,479	0
Other short-term liabilities	1,376	1,376	0
Short-term provisions	12,255	12,405	150
<b>Total</b>	<b>74,165</b>	<b>84,474</b>	<b>10,309</b>

The effects of the first time consolidation of *biegelaar* on the profit and loss statement of *schlott gruppe* are outlined in the following table.

IN K€	HI 20067
Net sales	31,793
Total revenue	32,946
Value-added sales	9,258
EBITDA	1,937
EBITDA	740
EBT	236
Earnings after tax	(27)

## - DISCONTINUED OPERATIONS

On 23 January 2007 *schlott gruppe* announced that the Group intended to seek a buyer for its *direct marketing* division. The *direct marketing* segment is classified as held for sale and presented as discontinued operations. The prior-period figures disclosed in the income statement and the cash flow statement have been adjusted. The following information has been compiled on the same basis as that determined as part of segment reporting and shall not be regarded as a separate presentation of the *direct marketing* segment.

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Net sales	21,028	21,342	44,336	47,189
Total revenue	20,837	21,254	44,668	47,924
Value-added sales	14,614	13,769	29,222	29,540
EBITDA	2,276	831	4,483	2,694
EBITDA	968	(666)	1,811	(341)
EBT	672	(986)	1,205	(952)
Post-tax profit or loss	711	(1,174)	1,177	(1,443)
Net Cashflow attributable to ordinary business activities	4,825	4,428	7,993	2,887
Net Cashflow attributable to investment activities	(1,039)	(740)	(1,740)	(1,328)
Net Cashflow attributable to financing activities	(3,421)	(3,508)	(5,611)	(1,116)

## - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared on the basis of accounting policies that are consistent with those applied to the preceding consolidated financial statements at 30 September 2006. For a detailed description of these accounting policies, please refer to the Notes to the consolidated financial statements for 20056.

These interim financial statements have been prepared for the first time on the basis of the following new or revised and amended Standards and Interpretations applicable as from January 1, 2006:

Amendments to IAS 19 *Employee Benefits*

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*

Amendments to IAS 39 on the *Fair Value Option*

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

IFRIC 4 *Determining whether an Arrangement contains a Lease*

IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

IFRIC 6 *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*

IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*

IFRIC 8 *Scope of IFRS 2*

IFRIC 9 *Reassessment of Embedded Derivatives*

The initial application had no material effect on the financial performance, financial position and cash flows of *schlott gruppe's* consolidated group.

In the period covered by this report the following Standards and Interpretations were issued that have yet to come into force.

Change to IAS 23 *Borrowing costs*, applicable to annual financial statements for periods beginning on or after January 1, 2009

IFRS 8 *Operating Segments*, applicable to annual financial statements for periods beginning on or after January 1, 2009

IFRIC 10 *Interim Financial Reporting and Impairment*, applicable to annual periods beginning on or after November 1, 2006

IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*, applicable to annual periods beginning on or after March 1, 2007

IFRIC 12 *Service Concession Arrangements*, applicable to annual periods beginning on or after January 1, 2008

Initial application is not expected to have a material effect on the financial performance, financial position and cash flows of the consolidate group of *schlott gruppe*.

#### - NOTES TO INCOME STATEMENT

The following disclosures relate solely to continued operations. The *direct marketing* segment is presented as discontinued operations. The prior-year amounts have been adjusted accordingly.

### VALUE-ADDED SALES AND REVENUE

Alongside *revenue/sales*, *schlott gruppe* uses so-called *value-added sales* (VAS) as a financial indicator – both in its external communications and as part of its internal controlling mechanisms. Revenue is subject to fluctuations that are attributable to the volume of paper supplied by customers as raw material for certain projects. Such fluctuations do not affect earnings: In contrast to paper purchased directly by the company, paper supplied by customers is not included in the accounts of *schlott gruppe*. In the value-added sales figure such fluctuations in the volume of paper supplied by customers are eliminated. Thus, VAS is depicting the actual business trend.

The following table presents an overview of value-added sales generated by *schlott gruppe*.

IN K€	QII	QII	HI	HI
	20067	20056	20067	20056
Net sales	122,477	97,353	244,856	212,509
Change in inventories	(2,831)	(2,849)	2,459	(1,642)
Own expenses capitalized	0	63	0	63
Cost of raw materials, supplies and goods purchased	(45,066)	(29,185)	(88,607)	(65,385)
Cost of services purchased	(13,857)	(10,097)	(28,691)	(22,945)
<b>Value-added sales</b>	<b>60,723</b>	<b>55,285</b>	<b>130,017</b>	<b>122,600</b>

Revenue is attributable to the following areas of operation:

IN K€	QII	QII	HI	HI
	20067	20056	20067	20056
Preprint	888	795	2,276	1,949
Gravure printing	91,838	74,509	184,531	167,057
Offset printing	20,407	17,539	40,226	34,438
Bindery	8,915	4,061	16,950	7,959
<b>Business segment print</b>	<b>122,048</b>	<b>96,904</b>	<b>243,983</b>	<b>211,403</b>
<b>Business segment corporate services</b>	<b>429</b>	<b>449</b>	<b>873</b>	<b>1,106</b>
<b>Total</b>	<b>122,477</b>	<b>97,353</b>	<b>244,856</b>	<b>212,509</b>

The breakdown of value-added sales by business segment is as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Business segment print	59,686	54,441	127,841	120,423
Business segment corporate services	2,650	2,728	5,324	5,647
Reconciliation	(1,613)	(1,884)	(3,148)	(3,470)
<b>Total</b>	<b>60,723</b>	<b>55,285</b>	<b>130,017</b>	<b>122,600</b>

The regional breakdown of revenue by selling market of the printing products is as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Germany	74,165	72,850	155,798	159,899
Other Euro-Zone	29,066	8,729	59,245	24,676
Other Europe	13,129	11,636	18,034	18,174
RoW	6,117	4,138	11,779	9,760
<b>Total</b>	<b>122,477</b>	<b>97,353</b>	<b>244,856</b>	<b>212,509</b>

The regional breakdown of value-added sales by selling market of the printing products is as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Germany	37,698	41,853	90,360	95,437
Other Euro-Zone	15,201	5,412	26,884	14,196
Other Europe	6,294	6,561	9,128	9,536
RoW	1,530	1,459	3,645	3,431
<b>Total</b>	<b>60,723</b>	<b>55,285</b>	<b>130,017</b>	<b>122,600</b>

For further information about revenue and value-added sales categorised according to segments, please refer to the Segment Reporting section on page 18 et seq.

#### OTHER OPERATING INCOME

Other operating income primarily includes the write-back of provisions, income from the sale of fixed assets and rental income as well as government subsidies.

### COST OF MATERIALS

The cost of materials is categorised as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Paper	32,631	19,205	61,660	42,915
Ink	9,894	8,734	22,027	19,790
Further processing	3,419	2,312	6,674	4,934
Bonuses and discounts	(878)	(1,067)	(1,754)	(2,255)
Purchased goods for resales	13,857	10,098	28,691	22,946
<b>Total</b>	<b>58,923</b>	<b>39,282</b>	<b>117,298</b>	<b>88,330</b>

The volume of paper processed within the *print* business unit is outlined in the following table.

IN TONNES	QII 20067	QII 20056	HI 20067	HI 20056
Paper supplied by customers	101,577	96,071	225,077	210,357
Paper purchased	43,318	26,898	85,545	58,775
<b>Total tonnage</b>	<b>144,895</b>	<b>122,969</b>	<b>310,622</b>	<b>269,132</b>

### STAFF COST

The share of salaries and wages in relation to overall staff costs in the reporting quarter was €29,989 thousand (FY 20056: €21,421 thousand). In the first half, the overall share was €61,408 thousand (FY 20056: €57,242 thousand).

### OTHER OPERATING EXPENSE

Other operating expense is categorised as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Maintenance expenses	4,735	4,825	8,922	8,652
Rental and leasing expenses	1,372	457	2,563	891
Fringe benefits and expenses for temporary employment	1,711	1,226	4,031	2,590
Sales and marketing expenses	5,598	4,614	10,782	9,906
Miscellaneous expenses	3,871	3,618	8,419	7,657
<b>Total</b>	<b>17,287</b>	<b>14,740</b>	<b>34,717</b>	<b>29,696</b>

## SYSTEMATIC DEPRECIATION / AMORTISATION EXPENSE

Depreciation/amortisation expense in the period under review was as follows:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Intangible assets	127	267	457	565
Property, plant, and equipment	7,279	6,338	13,979	12,835
Investment properties	74	76	140	152
<b>Total</b>	<b>7,480</b>	<b>6,681</b>	<b>14,576</b>	<b>13,552</b>

## TAXES ON INCOME

Taxes on income are categorised as follows, with tax income being depicted as a negative value:

IN K€	QII 20067	QII 20056	HI 20067	HI 20056
Current income tax expense	1,395	(381)	(1,775)	(4,596)
Taxes for prior years	(3)	0	5,264	0
Deferred taxes	(672)	359	(1,309)	860
<b>Total</b>	<b>720</b>	<b>(22)</b>	<b>2,180</b>	<b>(3,736)</b>

## EARNINGS PER SHARE

Earnings per share from continued operations have been calculated on the following basis:

	QII 20067	QII 20056	HI 20067	HI 20056
Net income from continued operations (in €)	114,326	2,273,174	10,067,615	8,267,464
Number of shares eligible for dividends	6,204,200	6,204,200	6,204,200	6,204,200
<b>Net income per share (in €)</b>	<b>0.02</b>	<b>0.37</b>	<b>1.62</b>	<b>1.33</b>
Undiluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
<b>Undiluted net income per share from continued operations (in €)</b>	<b>0.02</b>	<b>0.37</b>	<b>1.62</b>	<b>1.33</b>
Diluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
<b>Diluted net income per share from continued operations (in €)</b>	<b>0.02</b>	<b>0.37</b>	<b>1.62</b>	<b>1.33</b>

Earnings per share from discontinued operations have been calculated on the following basis:

	QII 20067	QII 20056	HI 20067	HI 20056
Net income from discontinued operations (in €)	711,029	(1,174,672)	1,176,779	(1,443,943)
Number of shares eligible for dividends	6,204,200	6,204,200	6,204,200	6,204,200
<b>Net income per share (in €)</b>	<b>0.11</b>	<b>-0.19</b>	<b>0.19</b>	<b>-0.23</b>
Undiluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
<b>Undiluted net income per share from discontinued operations (in €)</b>	<b>0.11</b>	<b>-0.19</b>	<b>0.19</b>	<b>-0.23</b>
Diluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
<b>Diluted net income per share from discontinued operations (in €)</b>	<b>0.11</b>	<b>-0.19</b>	<b>0.19</b>	<b>-0.23</b>

#### - NOTES TO THE BALANCE SHEET

Effective from the second quarter of 20067, the *direct marketing* segment is presented as *Assets Held for Sale and Discontinued Operations / Liabilities Related Directly to Assets Held for Sale*. In compliance with IFRS 5, no adjustments to prior-period disclosures were required.

#### PROPERTY, PLANT AND EQUIPMENT

Changes to property, plant and equipment are outlined below:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Total at the beginning of the period	342,365	320,216	320,216
Translation differences	285	276	413
Additions	7,917	22,444	50,226
of consolidation	31,421	0	21,485
Disposals	(455)	(127)	(15,229)
Disposals due to changes in the scope of consolidation	0	(7,448)	(7,448)
Disposals of assets classified as held for sale	(42,538)	0	0
Transfers	(215)	(7)	(7)
Value increases	0	0	680
Value decreases	(16,548)	(15,773)	(27,971)
<b>Total</b>	<b>322,232</b>	<b>319,581</b>	<b>342,365</b>

For details regarding investments in this area, please refer to page 10.

### INVESTMENT PROPERTY

There were no additions to or disposals of investment property in the first half, as was the case in the same period a year ago. An amount of €1,253 thousand relating to investment property was reclassified as *Assets Held for Sale and Disposal Groups*.

### NON-CURRENT RECEIVABLES AND OTHER ASSETS

Non-current receivables include the following items:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Sales	0	135	4
Claim out of tax credits	5,021	0	0
Others	2,398	14	63
<b>Total</b>	<b>7,419</b>	<b>149</b>	<b>67</b>

### INVENTORIES

At the end of the quarter, inventories included raw materials and consumables totalling €11,142 thousand (previous year: €13,273 thousand).

### TAX ASSETS

Tax assets are as follows:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Corporate income tax	2,150	204	(26)
Business tax	0	243	280
Other income taxes	0	0	0
Other taxes	0	0	0
<b>Total</b>	<b>2,150</b>	<b>447</b>	<b>254</b>

## OTHER ASSETS

Other assets are categorised as follows:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Creditors with debit balances	0	0	383
Postage paid for customers	0	60	186
Turnover bonuses from suppliers	1,433	362	1,447
Market value of derivative instruments	1,134	572	686
Claim out of compensation payment	0	472	0
Others	2,258	3,279	2,537
<b>Total</b>	<b>4,825</b>	<b>4,745</b>	<b>5,239</b>

## ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This position includes the assets of the *direct marketing* segment as well as smaller desinvestments.

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Goodwill	5,367	0	0
Fixed Assets	42,538	0	0
Deferred taxes	1,627	0	0
Other longterm assets	1,789	0	0
Inventories	2,426	0	0
Accounts receivable	11,052	0	0
Other shortterm assets	2,871	0	0
<b>Total</b>	<b>67,670</b>	<b>0</b>	<b>0</b>

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#### EQUITY

The share capital of *schlott gruppe AG* totals €18,612,600, divided into 6,204,200 no-par value shares. The Annual General Meeting on 13 March 2007 confirmed the proposal of Management and Supervisory Board to distribute, from the unappropriated surplus (*Bilanzgewinn*, also referred to as net retained profits) of the 2006 financial year, €6,204 thousand to shareholders, which corresponds to an unchanged dividend of €1.00 for each share equipped with a dividend entitlement.

Changes in equity of *schlott gruppe* are outlined in the Statement of Changes in Equity on page 23 et seq.

#### OTHER NON-CURRENT LIABILITIES

At the end of the quarter, other non-current liabilities included liabilities of €120 thousand (previous year: €32 thousand) from financial leasing.

#### OTHER NON-CURRENT PROVISIONS

There were no significant changes to the structure of other non-current provisions as at 31 March 2007 or the corresponding balance sheet date of the preceding financial year.

#### DEFERRED TAXES

Interim measurement of deferred taxes is based on the expected average tax rate for the reporting year.

#### CURRENT LIABILITIES

The current portion of long-term loans from banks amounts to €27,098 thousand (previous year: €25,601 thousand). The remaining amount is attributable to current bank overdrafts.

## OTHER CURRENT LIABILITIES

Other current liabilities include the following items:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Tax liabilities	3,890	3,028	6,205
Liabilities in connection with social security	627	2,996	881
Liabilities to employees	4,503	5,633	6,012
Market value of derivative instruments	80	397	378
Others	1,465	1,399	12,883
<b>Total</b>	<b>10,565</b>	<b>13,770</b>	<b>27,031</b>

## OTHER CURRENT PROVISIONS

Other current provisions are categorised as follows:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Personnel	12,081	15,038	18,498
Outstanding suppliers' invoices	3,261	4,120	5,232
Contingent losses	4,899	4,332	3,666
Rehabilitation liabilities	566	565	1,652
Others	6,311	6,815	7,135
<b>Total</b>	<b>27,118</b>	<b>30,870</b>	<b>36,183</b>

## - LIABILITIES RELATED DIRECTLY TO ASSETS HELD FOR SALE

This position includes the liabilities and provisions of the *direct marketing* segment.

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Long-term debt due to Banks	9,440	0	0
Long-term provisions	3,243	0	0
Deferred taxes	5,296	0	0
Other long-term liabilities	475	0	0
Accounts payable	4,451	0	0
	11,385		
Short-term provisions	6,385	0	0
Other short-term liabilities	2,293	0	0
<b>Total</b>	<b>42,968</b>	<b>0</b>	<b>0</b>

- NOTES TO CASH FLOW STATEMENT

The disclosures in the cash flow statement relate solely to continued operations. Prior-year disclosures have been adjusted accordingly. Information pertaining to the cash flows of the discontinued *direct marketing* segment has been presented on an aggregated basis in the section entitled *Discontinued Operations*.

- NOTES TO SEGMENT REPORTING

The entity *biegelaar b.v.*, acquired in the first quarter of 2006/7, was allocated to the *print* segment. Classified as discontinued operations, the *direct marketing* segment is no longer included in segment reporting. Figures pertaining to the preceding year were adjusted accordingly.

- OTHER NOTES

CHANGES IN CONTINGENT LIABILITIES

The changes in contingent liabilities as at the reporting date were as follows:

IN K€	31. MARCH 2007	31. MARCH 2006	30. SEPT. 2006
Guarantees / warranties	1	1,249	60
Orders placed with suppliers	32,328	53,319	24,764

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- MANAGEMENT AND SUPERVISORY BOARD

Members of the Management Board remained unchanged in the period under review. As communicated earlier Erwin. J. Kiefer left the Supervisory Board for personal reasons on 12 February 2007. Sigmund Kiener was elected chairman on the very day. The Annual General Meeting on 13 March 2007 elected Dr. Rainer Hillebrand as a new member of the Supervisory Board.

*Management Board:* Bernd Rose (Chairman), Heiko Arnold, Werner Reiser, Adam Valeri

*Supervisory Board:* Sigmund Kiener (Chairman), Ivan Bebek (Deputy Chairman), Nikolaus Broschek, Dr. Rainer Hillebrand, Edmund Hug, Joachim Kohm, Josef Peitz, Dr. Herbert Pototzky, Andrea Raab, Harald Roller, Michael Schlecht, Reinhold Schreiner

- FINANCIAL CALENDAR

Preliminary figures Interim Report III 2006/7	25 July 2007
Interim Report III 2006/7	8 August 2007

- YOUR CONTACT

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*The report is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German original shall prevail.*