



schlott gruppe

AKTIENGESELLSCHAFT

INTERIM REPORT III 2006/7

REPORT ON THE THIRD QUARTER AND THE NINE MONTHS ENDED 30 JUNE 2007

Q III

INTERIM REPORT III 2006/7

OF SCHLOTT GRUPPE

REPORT ON THE THIRD QUARTER AND THE NINE MONTHS ENDED 30 JUNE 2007

- *Business development in third quarter disappointing*
- *Successful disposal of direct marketing comes into effect after completion of third quarter*

KEY FINANCIALS OF THE GROUP AS AT 30 JUNE 2007

IN K€	QIII		QIII		9M		9M	
	2006/7	% total	2005/6	% total	2006/7	% total	2005/6	% total
Net sales	105,208	186.6	88,589	161.8	350,064	187.8	301,098	169.8
Total revenue	111,877	198.4	95,069	173.7	365,266	196.0	311,032	175.4
Value-added sales	56,379	100.0	54,741	100.0	186,395	100.0	177,341	100.0
EBITDA	6,424	11.4	9,678	17.7	33,381	17.9	38,520	21.7
EBIT	(840)	(1.5)	5,309	9.7	11,541	6.2	20,599	11.6
EBT	(3,584)	(6.4)	3,363	6.1	4,303	2.3	15,367	8.7
Post-tax income of continued operations	(2,129)	(3.8)	3,112	5.7	7,939	4.3	11,380	6.4
Post-tax income of discontinued operations	306	0.5	(2,426)	(4.4)	1,053	0.6	(3,869)	(2.2)
Net earnings	(1,823)	(3.2)	686	1.3	8,992	4.8	7,511	4.2
Earnings per share								
from continued operations (€)	(0.34)	--	0.50	--	1.28	--	1.83	--
Free Cashflow (after dividend)	(1,805)	--	(11,478)	--	(38,360)	--	(18,063)	--
Employees (reporting date)	3,068	--	3,010	--	3,068	--	3,010	--

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

IN K€	30. JUNE		30. JUNE		30. SEPT.	
	2007	% total	2006	% total	2006	% total
Goodwill	87,806	15.5	87,334	16.6	89,575	16.8
Total lt. assets	420,387	74.3	445,264	84.4	443,797	83.3
Inventories	27,918	4.9	27,331	5.2	21,441	4.0
Accounts receivable	28,566	5.0	42,686	8.1	57,667	10.8
Cash and cash equivalents	2,324	0.4	1,860	0.4	2,881	0.5
Assets classified as held for sale	70,246	12.4	0	--	0	--
Total st. assets	145,376	25.7	82,354	15.6	89,175	16.7
Total Equity	156,660	27.7	149,233	28.3	153,484	28.8
Debt due to Banks	117,202	20.7	130,568	24.7	115,297	21.6
Lt. provisions	27,447	4.9	30,113	5.7	30,027	5.6
Total lt. liabilities	181,418	32.1	196,378	37.2	181,717	34.1
Debt due to Banks	122,839	21.7	79,826	15.1	78,745	14.8
Accounts payable and other liabilities	23,181	4.1	31,878	6.0	45,141	8.5
St. provisions	29,449	5.2	41,831	7.9	46,238	8.7
Liabilities directly associated with assets classified as held for sale	40,163	7.1	0	--	0	--
Total st. liabilities	227,685	40.2	182,007	34.5	197,771	37.1
Balance sheet total	565,763	100.0	527,618	100.0	532,972	100.0

LETTER TO SHAREHOLDERS

- DEAR SHAREHOLDERS,

among the more positive developments in the third quarter was the encouraging level of capacity utilisation achieved by *schlott gruppe*, as well as the sustained level of organic growth generated abroad. Here our solid reputation in the marketplace is paying dividends. Another highlight was the successful disposal of our *direct marketing* division. In May, the aforementioned unit was sold to the Österreichische Post AG. Thus, *schlott gruppe* managed to execute its plans within a very short time frame, having announced its intention to sell as recently as the end of January. The transaction will help us to unlock hidden reserves, scale back bank borrowings considerably and free up management capacities. These resources are to be utilised for the purpose of financing additional growth within the European printing market and further extending our premier position within this arena.

The transaction was officially closed on July 31, 2007, after all requisite approvals by the antitrust authorities had been granted. In keeping with the provisions set out in IFRS 5, the *direct marketing* segment has therefore been accounted for as a discontinued operation in this interim report. And management commentary within this report relates therefore solely to continuing operations, which encompass our core business within the segments of *print* and *corporate services*, unless explicit mention is made of the discontinued operation.

Our business performance in the *print* segment in the third quarter of the current financial year was disappointing. The substantial reduction in prices with which we have had to contend in recent months had a detrimental effect on earnings. What is more, it appears unlikely that market conditions will improve markedly in the months ahead. Operating against this backdrop, we are currently channelling all our efforts into aligning the cost base of *schlott gruppe* with prevailing demand structures. Indeed, initial measures have already been introduced, and there is evidence of improvements beginning to take effect within the respective Group companies themselves.

The book gain on disposal of the *direct marketing* unit will serve to counterbalance sluggish earnings within the *print* segment. In view of this, we can hereby reaffirm our forecast made with regard to our pre-tax result of around €23 million for the current year. The prospects for the coming financial year will be influenced to a large extent by future price trends as well as the outcome of our efforts to streamline structural costs, which are currently being developed. Within this context, the approach to further strengthening *schlott gruppe's* competitive position is considered to be in the best interests of all stakeholders in the company.

8 August 2007

THE MANAGEMENT BOARD

FINANCIAL AND BUSINESS REVIEW

- BUSINESS ENVIRONMENT

- *Overall economy remains buoyant; printing industry lags behind*

The German and European economic upturn continued unabated during the first six months of the 2007 calendar year. However, the Deutsche Bundesbank suggests that Germany's economic growth in the second quarter is unlikely to match that of the first three months (+0.5 per cent). At the same time, growth in domestic consumption is still lacking in dynamism, despite having shown signs of improvement in the course of the calendar year.

The German printing industry has yet to benefit from this upswing. In the first four months of the calendar year the sector recorded a decline in sales of 0.6 per cent. And although Germany's Bundesverband Druck und Medien (*bvdm*), the domestic printing and media industry association, forecasts growth of 1.0 to 1.5 per cent for 2007, this does not suggest a fundamental turnaround for the industry. The latest industry review published has highlighted a progressive decline in production figures, a reduction in order backlog and a continuing price deterioration.

- STAFF

- *Number of staff declining*

The number of staff employed by *schlott gruppe* declined further in the third quarter. At the end of the third quarter, the headcount stood at 3,068, as opposed to 3,123 at the beginning of the quarter. Of this total, 2,968 were employed within the *print* segment as opposed to 3,021, and 100 employees were assigned to the *corporate services* unit as opposed to 102. The continued reduction in staffing levels affected all Group locations and is a reflection of our efforts to scale back costs. We are determined to see this through to fruition, the next step being to outsource our logistics at the German gravure printing sites. In parallel, we are endeavouring to implement far-reaching cost reductions by an active dialogue with our employees and their representatives. Our prime objective is to achieve an amicable solution with all parties involved. Initial proposals put forward by the Management Board were rejected by members of the union in a recent survey. *schlott gruppe* has now begun to cancel agreements centred around flexible working-hour models to ensure room for manoeuvre in future decision-making processes.

This year's wage settlement being concluded in the third quarter, lies within our planning parameters. The agreement will be valid for a period of 24 months, which is considered favourable. Thus, we will be able to plan staff costs on a more consistent and long-term basis. In addition, the agreement includes three so-called "zero months", i.e. the wage and salary increases of 3.0 and 2.1 per cent will not come into effect until July 1, 2007 and July 1, 2008 respectively.

- EARNINGS PERFORMANCE

- *Cost reductions could not counteract the prevailing price pressure*
- *Extensive structural downsizing of cost base is currently set up*

As was the case in the second quarter, profit and losses reflect the performance of continuing operations, which encompass the *print* and *corporate services* segments. The former *direct marketing* segment is accounted for as a discontinued operation and is thus presented as a separate item; the prior-year amounts have been adjusted accordingly.

Some of the individual items presented within the income statement show considerable year-on-year increases. This is attributable mainly to the initial consolidation of *biegelaar* effective from November 1, 2006. By contrast, the first-time consolidation of *reus* effective from April 1, 2006, no longer has an impact on year-on-year comparisons of quarterly results and is considered insignificant with regard to comparative analyses of the first nine months.

Overall, cost reductions already achieved within the respective areas and contributing favourably to third-quarter performance were counteracted by consolidation-induced increases in expense items. Irrespective of this, we are structural cost reductions are necessary in order to bolster earnings performance throughout *schlott gruppe*. We are committed to implement these cost reductions.

The first-time consolidation of *biegelaar* has resulted in a significant increase in cost of materials due to this enterprise's lower paper provision ratio in comparison with *schlott gruppe's*. Overall, we are thus procuring a larger volume of paper, which has a direct impact on cost of materials and, conversely, the amounts billed to customers. Additionally, we recorded a substantial increase in the volume of services purchased. Alongside the aforementioned effects of initial consolidation, this was driven in particular by a market-induced rise in energy costs both at *schlott gruppe* and at *biegelaar*.

Value-added sales (VAS) for *schlott gruppe* rose by 3.1 per cent year on year in the third quarter to €56.4 million, compared with a total of €54.7 million in the third quarter of the previous year; in the first nine months VAS climbed by 5.1 per cent to €186.4 million compared with a total of €177.3 million. At +7.7 per cent, the increase in staff costs remained below the rise in other expense items in both the third quarter and the first nine months. This is due to the fact that our system of centralised production planning is designed to avoid the more expensive shifts

wherever possible. In parallel, the provisions set out in the collective wage agreements adopted in the Netherlands are such that *biegelaar* can employ a higher percentage of temporary personnel. The associated costs are accounted for in other operating expense, leading to a more pronounced increase within this area.

Higher rental and leasing expense also contributed to the increase of this item, as *biegelaar* works in rented premises only, which *schlott gruppe* does not, as well as higher expenses for planned maintenance measures in the third quarter. The increase in depreciation and amortisation expense was mainly attributable to our investments in property, plant and equipment in the preceding financial year, a capital expenditure programme which has now been completed. Financing the two acquisitions and recent investments had a tangible impact on interest expense, which also increased over the course of both the third quarter and the first nine months.

Overall, the short-term cost reductions implemented within the Group proved insufficient when it came to offsetting the continued pressure on prices within the industry. As a result, the pre-tax profit (EBT) for the third quarter of the current financial year receded to minus €3.6 million, after plus €3.4 million for the same period a year ago, and to plus €4.3 million for the first nine months, compared with plus €15.4 million a year earlier. Accounting for a tax credit of €1.5 million in the third quarter, after tax expense of €0.3 million in the same period a year ago, the post-tax loss from continuing operations amounted to minus €2.1 million in the third quarter, in contrast to a profit of plus €3.1 million a year earlier.

In the first nine months of 20067, the tax credit totalled €3.6 million, which included the positive effects associated with the statutory capitalisation of corporation tax credits of €5.0 million in the first quarter of the current financial year. In the same period a year ago, tax expense had amounted to €4.0 million. Consequently, net profit from continuing operations stood at plus €7.9 million in the first nine months, compared with plus €11.4 million in the first nine months of the previous financial year.

As expected, the former *direct marketing* segment continued to perform well during the period under review. Correspondingly, the result from discontinued operation increased to plus €0.3 million, after minus €2.4 million a year ago, and to plus €1.1 million in the first nine months, compared with €3.9 million in the previous year.

In total, i.e. adding up the net results of continued and discontinued operations, in the first nine months 20067 the net result of *schlott gruppe* amounted to €9.0 million after €7.5 million in the previous year.

- SEGMENT REPORTING

- *Sluggish earnings attributable to gravure printing*
- *Offset printing and finishing develop in line with targets*
- *Organic growth abroad continues*

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 generated VAS of €55.3 million in the third quarter of 20067, compared with €53.7 million in the same period a year ago. For the first nine months, VAS stood at €183.2 million, compared with €174.1 million. In both periods, growth was driven by the inclusion of *biegelaar* in the consolidated group. Without acquisition-induced growth the gains achieved abroad, as outlined on page 8, would have been insufficient to compensate for the prevailing weakness of the German market.

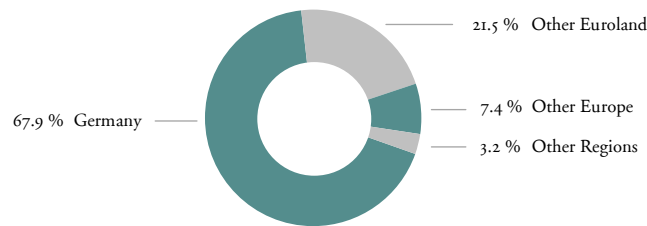
Tonnage rose by 16.9 per cent to 141.6 thousand metric tons in the third quarter and by 15.9 per cent to 452.1 thousand metric tons in the first nine months. This was mainly attributable to the first-time consolidation of *biegelaar*. Moreover, the trend towards higher weights of paper, as discussed in previous quarterly reports continues. This has a direct effect on printed tonnage, without actually increasing the surface area of paper printed. Nevertheless, price-related pressures, resulting mainly from overcapacity in European gravure printing, remained significantly higher than the longer-term mean in the third quarter and the first nine months of the 20067 financial year.

This translated into a significant decline in EBIT in the third quarter of 20067, which plunged to minus €0.7 million, after plus €5.5 million a year ago, and to plus €11.9 million in the first nine months, compared with plus €21.0 million a year earlier. We have already initiated a number of targeted cost reductions. Although they proved effective, they could not offset the effects of declining market prices. As a result, expense items rose more dynamically than VAS, which confirms the necessity of structural cost cuttings as explained before.

The relative to VAS above-average growth also applied to depreciation/amortisation expense, prompted by substantial investments in property, plant and equipment during the previous year. The financing of prior-year capital expenditure had an additional impact on EBT within this area, as a result of which the pre-tax loss for this segment amounted to minus €2.7 million in the third quarter, after a profit of plus €4.4 million in the same period a year ago. Segment EBT for the first nine months totalled plus €7.1 million, compared with plus €18.2 million for the same period a year ago.

REGIONAL BREAKDOWN OF VALUE-ADDED SALES IN THE FIRST NINE MONTHS 2006/7

100 per cent = 186,395 k€



Closer analysis of the individual activities within the *print* segment reveals that *schlott gruppe's* current weakness in earnings performance is attributable principally to gravure printing, which continues to be adversely affected by overcapacity and declining market prices. Within the area of print media the catalogue section remains particularly susceptible to price fluctuations. By contrast, offset printing continued to develop well over the course of the third quarter of 2006/7. The same applies to finishing, i.e. postpress, an area in which we have been benefiting from our position as one of Europe's key players.

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 solely 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*.

Calculated on this basis, costs remained stable in Q3 2006/7 at €3.2 million, while declining to €11.7 million in the first nine months, down from €12.5 million a year earlier. This remains within our annual targets and is a tribute to our efforts within the area of cost streamlining. It should be noted that segment EBT in the third quarter and the first nine months was impacted by an increase in finance costs associated with recent acquisitions.

Closer analysis of the secondary segments clearly reveals the continuing malaise of the German region, in contrast to the more encouraging performance of foreign markets. In Germany, we had to contend with a decline in VAS by 9.1 per cent to €126.5 million in the first nine months. The third quarter even saw a fall of 17.4 per cent in VAS. This is attributable to an unfavourable basis effect, given the fact that last year's figures benefited from a larger proportion of VAS generated with products offering higher margins.

By contrast, we were able to achieve gains in all non-domestic regions in the period under review, some of which were sizeable. The situation within the rest of the Eurozone remained encouraging, too. Here, we recorded a year-on-year increase in VAS in the first nine months from €20.3 million to €40.1 million, thus exceeding significantly the VAS contribution of €14.6 million of *biegelaar*. We have continued to capture additional market share abroad within the portfolio spanning printed media, achieving tangible growth through business with existing customers.

- BALANCE SHEET, CASH FLOW UND CAPITAL EXPENDITURE

- *Temporary expansion of net debt at end of quarter*
- *Significant reduction in net debt after closing of meiller sale in July*
- *Cash flow benefits from investment downsizing*

The balance sheet total (i.e. total assets equivalent to total equity and liabilities) of *schlott gruppe* changed only marginally over the course of the third quarter and stood at €565.8 million at the end of June 2007. In parallel, the equity ratio remained largely unchanged quarter-on-quarter at 27.7 per cent. On a year-on-year basis the most significant change relates to the initial consolidation of *reus* and *biegelaar*, as outlined in detail in the notes, as well as the presentation of our former *direct marketing* segment as a discontinued operation.

Over the course of the quarter, *schlott gruppe's* net debt temporarily rose from €229.8 million at the end of the second quarter of 2006/7 to €237.7 million at the end of the third quarter, prompted by more extensive Group financing in connection with the former *direct marketing* segment. After the closing of the transaction in July net debt was reduced markedly and will be significantly below €200 million by the end of the current financial year.

Turning to cash flow, which reflects operating performance and is not impacted by the effects of first-time consolidations, operating profit before working capital changes was adversely affected by sluggish earnings in the reporting quarter. It totalled €7.1 million, i.e. €4.4 million lower than in the same period a year ago. Supported by efficient management of working capital, we managed to restrict the reduction in operating cash flow (before tax payables) to €1.0 million, as a result of which it totalled €2.5 million. Accounting for higher tax payables than in the previous year, net cash from operating activities (after tax payables) was close to break-even, compared with a net inflow of €3.0 million in the previous year.

Despite this, free cash flow was higher year on year due to the completion of significant investment measures. In the third quarter of 2006/7 investments totalled €1.8 million, while capital expenditure on property, plant and equipment had amounted to €8.0 million in the previous year. On balance, an additional €6.5 million had been

spent in connection with *schlott gruppe's* acquisition measures in the previous year. Net cash from financing activities amounted to €1.6 million, compared with €13.1 million a year ago. This includes proceeds from short-term bank borrowings – net of outflow for repayment of financial loans – of €7.8 million, which was in part due to end-of-period factors relating to financing of the discontinued *direct marketing* unit within the parameters of cash pooling.

In the first nine months net cash from operating activities (before tax payables) declined from €27.9 million for the first nine months of 2005/6 to €8.5 million in the current financial year. Including taxes payable, the net outflow of cash from operating activities amounted to €5.5 million, compared with a net inflow of €23.6 million a year ago. Investments before acquisitions totalled €8.1 million in the first nine months; the cash outflow for the acquisition of *reus* and *biegelaar* amounted to €18.5 million.

In the same period a year ago, investments before acquisitions had amounted to €29.3 million, while acquisitions net of associated disposals of non-current assets had totalled €6.1 million. In the first nine months of the current financial year financing requirements were also covered to a large extent by short-term liabilities, an approach which includes hedging against interest rate rises. By contrast, the substantial investments made last year within the area of property, plant and equipment had been financed by means of financial loans.

- EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, *schlott gruppe* received the official antitrust approvals still outstanding at the end of the period under review, thus authorising the sale of the *direct marketing* unit. The transaction was closed on July 31, 2007.

- OUTLOOK

- *Earnings forecast for the current financial year confirmed*
- *Action plan for extensive cost reductions currently being devised*

The original EBT forecast of approx. €23 million for the current financial year – adjusted for earnings contributions from the discontinued *direct marketing* unit – remains valid. The bottom-line result for the 2006/7 financial year will comprise the operating results attributable to the *print* segment, which tends to perform at a much higher level in the fourth quarter of the financial year than in the second and third. In addition, the book gain on the disposal of our *direct marketing* activities will contribute to earnings in the fourth quarter. The changed tax environment in Germany leads to two positive effects on the net result: On top of the corporation tax credits capitalised in the first quarter 2006/7 deferred taxes need to be adjusted. This will have a positive effect on earnings in the fourth quarter of the current year.

Future earnings performance within *schlott gruppe* will be dependent to a large extent on our ability to align operating costs with current market prices in a manner that is sustainable in the long term. The Management Board is currently developing the measures required for this. Management will implement a package designed to secure a strong competitive position for *schlott gruppe* so that the Group can draw on its strategic advantages to the greatest extent possible. Furthermore, *schlott gruppe* remains fully committed to playing an active role in the consolidation of Europe's gravure printing market.

THE SHARE

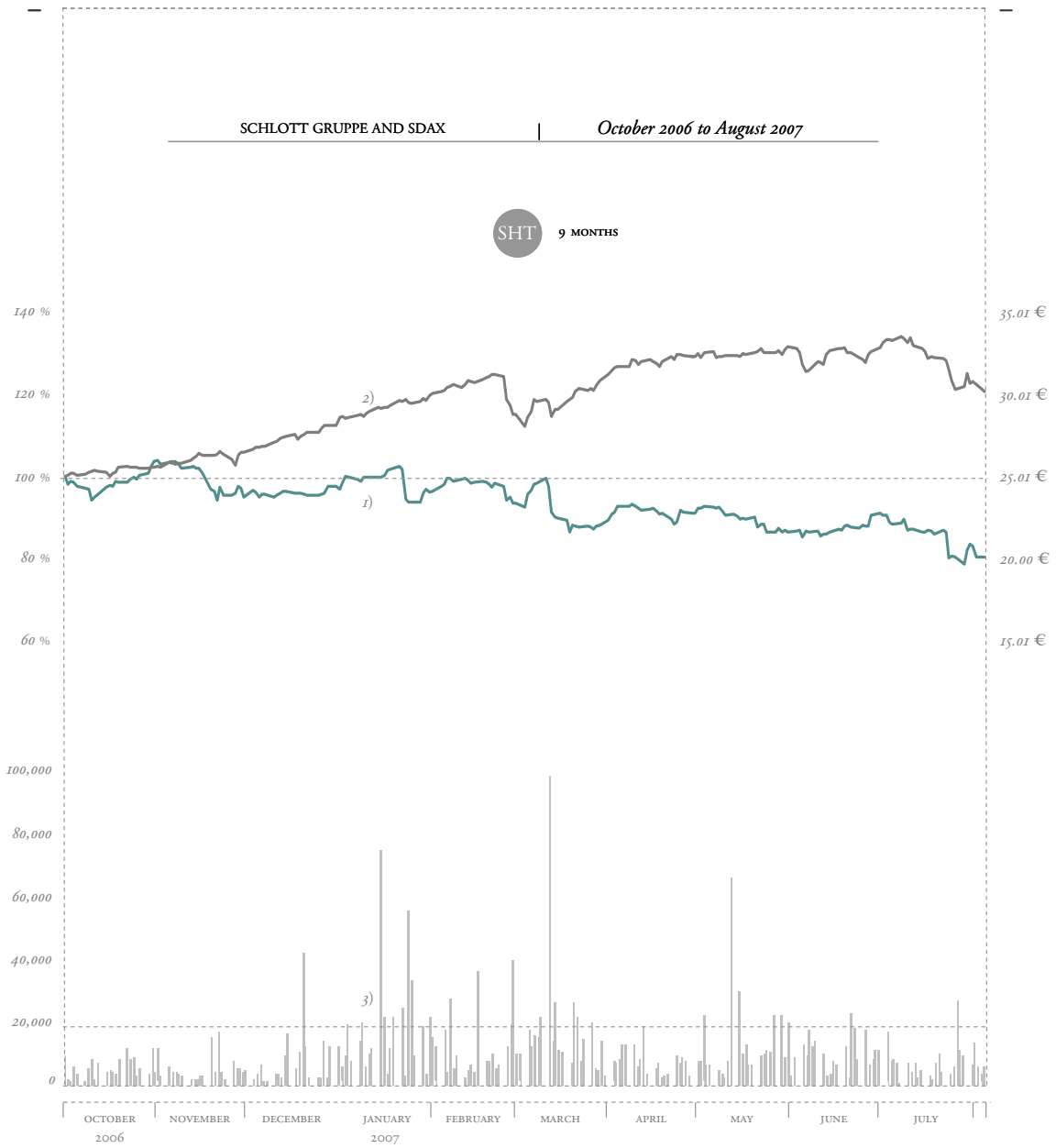
OF SCHLOTT GRUPPE

- *Share performance adversely affected by challenging industry conditions*
- *Communication with capital markets currently centred around measures to strengthen competitive position and cost structure of the company*

Overall, *schlott gruppe* shares trended sideways in the quarter under review, thus stabilising slightly after the fluctuations seen in the first six months of the 2006/7 financial year. In the financial year to date share performance lagged behind that of the SDAX, the stock's key benchmark.

However, this is to be seen against the backdrop of below-par performance of the printing industry as a whole, particularly as the entire sector has progressively deteriorated over the course of the year. In parallel, the German and European economies have been gaining considerable momentum. Considering the price development of the share it has to be taken into account that the chart shows the dividend of €1.00 received by shareholders as a discount in the share price.

On the whole, *schlott gruppe's* performance has been superior to that of its industry peer group despite the current weak earnings situation. Thus, we are extending our position within the competitive arena. We aim at supporting this by implementing far-reaching cost reductions to strengthen the company as a whole. We are confident that in applying this incisive game plan and actively participating in the continued consolidation of Europe's gravure printing industry we can leverage additional potential for our company. These activities currently form the centre-piece of our Investor Relations efforts.



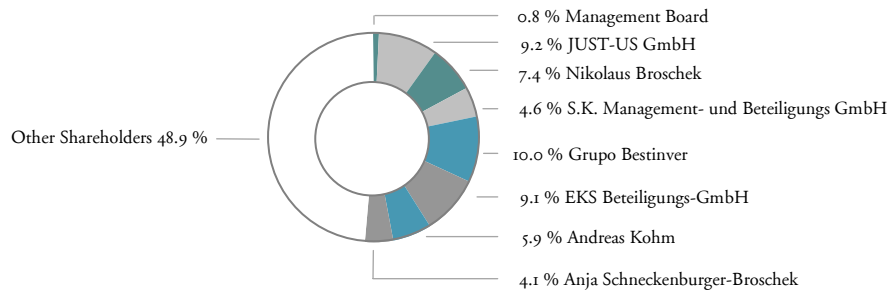
1) schlott gruppe (XETRA)
(2.10.2006 = 100)

2) SDAX Price Index
(2.10.2006 = 100)

3) schlott gruppe – No. of shares traded
(XETRA & Parkett)

SHAREHOLDER STRUCTURE AS OF 7 AUGUST 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 no notifications according to §15a WpHG.

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.

FINANCIALS

GROUP PROFIT AND LOSS STATEMENT (QUARTER)

in the period from 1 April to 30 June 2007 (previous year for comparison)

IN K€	QII 20067	QIII 20067	QIII 20056	% change vs. previous year
Net sales	122,477	105,208	88,589	18.8
Increase (decrease) in inventory				
of finished goods and work in progress	(2,831)	4,739	4,441	6.7
Own expenses capitalized	0	0	0	--
Other operating income	2,189	1,930	2,039	(5.3)
Total revenue	121,835	111,877	95,069	17.7
Cost of raw materials, supplies and purchased goods	(45,066)	(41,586)	(27,207)	52.9
Cost of purchased services	(13,857)	(11,982)	(11,082)	8.1
Personnel expenses	(36,343)	(36,590)	(33,981)	7.7
Other operating expenses	(17,287)	(15,295)	(13,121)	16.6
EBITDA	9,282	6,424	9,678	(33.6)
Expenses for scheduled depreciation	(7,480)	(7,264)	(4,369)	66.3
EBIT	1,802	(840)	5,309	(115.8)
Income from participations	0	0	0	--
Income from foreign exchange transactions	55	(412)	(71)	n.m.
Interest and similar income	434	614	178	244.9
Interest and similar expenses	(2,897)	(2,946)	(2,053)	43.5
Net financial results	(2,408)	(2,744)	(1,946)	41.0
EBT	(606)	(3,584)	3,363	n.m.
Taxes on income	720	1,455	(251)	n.m.
Post-tax income of continued operations	114	(2,129)	3,112	n.m.
Post-tax income of discontinued operations	711	306	(2,426)	n.m.
Earnings after tax	825	(1,823)	686	n.m.
<i>Thereof applicable to</i>				
Shareholders of schlott gruppe AG	826	(1,822)	687	n.m.
Minorities	(1)	(1)	(1)	--

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

GROUP PROFIT AND LOSS STATEMENT (FIRST NINE MONTHS)

in the period from 1 October 2006 to 30 June 2007 (previous year for comparison)

IN K€	9M 2006/7	9M 2005/6	% change
Net sales	350,064	301,098	16.3
Increase (decrease) in inventory of finished goods and work in progress	7,198	2,799	157.2
Own expenses capitalized	0	63	--
Other operating income	8,004	7,072	13.2
Total revenue	365,266	311,032	17.4
Cost of raw materials, supplies and purchased goods	(130,194)	(92,592)	40.6
Cost of purchased services	(40,673)	(34,027)	19.5
Personnel expenses	(111,006)	(103,076)	7.7
Other operating expenses	(50,012)	(42,817)	16.8
EBITDA	33,381	38,520	(13.3)
Expenses for scheduled depreciation	(21,840)	(17,921)	21.9
EBIT	11,541	20,599	(44.0)
Income from participations	0	0	--
Income from foreign exchange transactions	(383)	(90)	n.m.
Interest and similar income	1,887	626	201.4
Interest and similar expenses	(8,742)	(5,768)	51.6
Net financial results	(7,238)	(5,232)	38.3
EBT	4,303	15,367	(72.0)
Taxes on income	3,636	(3,987)	n.m.
Post-tax profit or loss of continued operations	7,939	11,380	(30.2)
Post-tax profit or loss of discontinued operations	1,053	(3,869)	n.m.
Earnings after tax	8,992	7,511	19.7
<i>Thereof applicable to</i>			
<i>Shareholders of schlott gruppe AG</i>	8,993	7,512	19.7
<i>Minorities</i>	(1)	(1)	--

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 April to 30 June 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	104,773	88,151	435	438	105,208	88,589	0	0	105,208	88,589
Inter-company sales	39	37	2,221	2,115	2,260	2,152	(2,260)	(2,152)	0	0
Changes in inventory	4,739	4,441	0	0	4,739	4,441	0	0	4,739	4,441
Cost of materials	(42,226)	(27,851)	0	0	(42,226)	(27,851)	640	644	(41,586)	(27,207)
Cost of services purchased	(11,982)	(11,082)	0	0	(11,982)	(11,082)	0	0	(11,982)	(11,082)
Value-added sales	55,343	53,696	2,656	2,553	57,999	56,249	(1,620)	(1,508)	56,379	54,741
Other operating income	1,885	1,974	688	711	2,573	2,685	(643)	(646)	1,930	2,039
Personnel expenses	(34,420)	(31,933)	(2,170)	(2,048)	(36,590)	(33,981)	0	0	(36,590)	(33,981)
Depreciation expenses	(6,809)	(3,860)	(177)	(326)	(6,986)	(4,186)	(278)	(183)	(7,264)	(4,369)
Other operating expenses	(16,694)	(14,391)	(862)	(884)	(17,556)	(15,275)	2,261	2,154	(15,295)	(13,121)
EBIT	(695)	5,486	135	6	(560)	5,492	(280)	(183)	(840)	5,309
Short-term interest result	(591)	(403)	115	(284)	(476)	(687)	0	0	(476)	(687)
Segment earnings	(1,286)	5,083	250	(278)	(1,036)	4,805	(280)	(183)	(1,316)	4,622
Long-term interest result	(1,024)	(631)	(834)	(557)	(1,858)	(1,188)	2	0	(1,856)	(1,188)
Foreign exchange result	(409)	(67)	389	0	(20)	(67)	(392)	(4)	(412)	(71)
EBT	(2,719)	4,385	(195)	(835)	(2,914)	3,550	(670)	(187)	(3,584)	3,363
Employees (reporting date)	2,968	2,906	100	104	3,068	3,010	----	----	3,068	3,010

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

DEVELOPMENT OF BUSINESS SEGMENTS (FIRST NINE MONTHS)

in the period from 1 October 2006 to 30 June 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	348,756	299,553	1,308	1,545	350,064	301,098	0	0	350,064	301,098
Inter-company sales	140	160	6,689	6,655	6,829	6,815	(6,829)	(6,815)	0	0
Changes in inventory	7,198	2,799	0	0	7,198	2,799	0	0	7,198	2,799
Cost of materials	(132,210)	(94,429)	(17)	0	(132,227)	(94,429)	2,033	1,837	(130,194)	(92,592)
Cost of services purchased	(40,701)	(34,027)	0	0	(40,701)	(34,027)	28	0	(40,673)	(34,027)
Value-added sales	183,183	174,119	7,980	8,200	191,163	182,319	(4,768)	(4,978)	186,395	177,341
Other operating income	7,332	6,447	4,218	4,264	11,550	10,711	(3,546)	(3,639)	8,004	7,072
Personnel expenses	(104,506)	(96,811)	(6,522)	(6,265)	(111,028)	(103,076)	22	0	(111,006)	(103,076)
Depreciation expenses	(20,343)	(16,464)	(692)	(909)	(21,035)	(17,373)	(805)	(548)	(21,840)	(17,921)
Other operating expenses	(53,760)	(46,301)	(4,543)	(5,298)	(58,303)	(51,599)	8,291	8,782	(50,012)	(42,817)
EBIT	11,906	20,990	441	(8)	12,347	20,982	(806)	(383)	11,541	20,599
Short-term interest result	(1,255)	(855)	49	(736)	(1,206)	(1,591)	0	0	(1,206)	(1,591)
Segment earnings	10,651	20,135	490	(744)	11,141	19,391	(806)	(383)	10,335	19,008
Long-term interest result	(3,223)	(1,865)	(2,437)	(1,686)	(5,660)	(3,551)	11	0	(5,649)	(3,551)
Foreign exchange result	(377)	(85)	180	0	(197)	(85)	(186)	(5)	(383)	(90)
EBT	7,051	18,185	(1,767)	(2,430)	5,284	15,755	(981)	(388)	4,303	15,367
<i>Employees (reporting date)</i>	2,968	2,906	100	104	3,068	3,010	----	----	3,068	3,010

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

BALANCE SHEET: ASSETS

as at 30 June 2007 (previous year and end of fiscal year 2006 for comparison)

IN K€	30. JUNE 2007		30. JUNE 2006		30. SEPT. 2006	
		% total		% total		% total
Goodwill	87,806	15.5	87,334	16.6	89,575	16.8
Other intangible assets	1,877	0.3	2,896	0.5	2,650	0.5
Downpayments	0	--	57	0.0	33	0.0
Intangible assets	89,683	15.9	90,287	17.1	92,258	17.3
Land, land rights and buildings, incl. buildings on land owned by others	131,673	23.3	161,288	30.6	145,972	27.4
Industrial plant and machinery	161,030	28.5	141,136	26.7	139,351	26.1
Other plant, machinery, and business equipment	20,941	3.7	21,919	4.2	21,734	4.1
Downpayments and plant under construction	2,997	0.5	20,378	3.9	35,308	6.6
Fixed Assets	316,641	56.0	344,721	65.1	342,365	64.2
Shares in affiliated companies	209	0.0	209	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
Financial Assets	425	0.1	403	0.1	403	0.1
Investment properties	6,147	1.1	7,743	1.5	7,627	1.4
Lt. Receivables/Other Lt. Assets	7,491	1.3	108	0.0	67	0.0
Deferred taxes		--	2,002	0.4	1,077	0.2
Total Lt. assets	420,387	74.3	445,264	84.4	443,797	83.3
Raw materials and supplies	13,815	2.4	13,744	2.6	13,464	2.5
Work in process; goods and services	12,439	2.2	13,032	2.5	7,138	1.3
Finished goods	1,664	0.3	555	0.1	839	0.2
Inventories	27,918	4.9	27,331	5.2	21,441	4.0
Accounts receivable	28,566	5.0	42,686	8.1	57,667	10.8
Receivables from affiliated companies	0	--	0	--	0	--
Receivables from participations	0	--	0	--	0	--
Tax refunds	6,834	1.2	383	0.1	254	0.0
Other securities	0	--	0	0.0	0	0.0
Other st. assets	6,252	1.1	6,758	1.3	5,239	1.0
St. receivables/other st. assets	41,652	7.4	49,827	9.4	63,160	11.9
Cash and cash equivalents	2,324	0.4	1,860	0.4	2,881	0.5
Assets classified as held for sale	70,246	12.4	0	--	0	--
Deferred Income	3,236	0.6	3,336	0.6	1,693	0.3
Total st. assets	145,376	25.7	82,354	15.6	89,175	16.7
Balance sheet total	565,763	100.0	527,618	100.0	532,972	100.0

BALANCE SHEET: LIABILITIES

as at 30 June 2007 (previous year and end of fiscal year 2006 for comparison)

IN K€	%		%		%	
	30. JUNE 2007	total	30. JUNE 2006	total	30. SEPT. 2006	total
Subscribed capital	18,613	3.3	18,613	3.5	18,613	3.5
Capital reserves	58,668	10.4	58,668	11.1	58,668	11.0
Earnings reserves	51,083	9.0	42,629	8.1	42,769	8.0
Valuation reserves	985	0.2	515	0.1	324	0.1
Retained earnings	28,426	5.0	28,811	5.5	33,112	6.2
Cumulative income or expense recognised directly in equity relating to a assets classified as held for sale	(1,112)	(0.2)	0	--	0	--
Shareholders' equity	156,663	27.7	149,236	28.3	153,486	28.8
Minorities	(3)	--	(3)	0.0	(2)	0.0
Total Equity	156,660	27.7	149,233	28.3	153,484	28.8
Debt due to Banks	117,202	20.7	130,568	24.7	115,297	21.6
Other lt. liabilities	805	0.1	1,255	0.2	1,683	0.3
Provision for pensions and similar liabilities	20,001	3.5	22,885	4.3	22,833	4.3
Other lt. provisions	7,446	1.3	7,228	1.4	7,194	1.3
Lt. provisions	27,447	4.9	30,113	5.7	30,027	5.6
Government subsidies	2,063	0.4	2,748	0.5	2,234	0.4
Deferred taxes	33,901	6.0	31,694	6.0	32,476	6.1
Total lt. liabilities	181,418	32.1	196,378	37.2	181,717	34.1
Debt due to Banks	122,839	21.7	79,826	15.1	78,745	14.8
St. liabilities	122,839	21.7	79,826	15.1	78,745	14.8
Advance payments received on orders	291	0.1	2,222	0.4	414	0.1
Accounts payable	23,181	4.1	31,878	6.0	45,141	8.5
Liabilities to affiliated parties	31	0.0	30	0.0	32	0.0
Other liabilities	11,728	2.1	26,212	5.0	27,031	5.1
Accounts payable and other liabilities	35,231	6.2	60,342	11.4	72,618	13.6
Tax provisions	1,235	0.2	7,192	1.4	10,055	1.9
Other provisions	28,214	5.0	34,639	6.6	36,183	6.8
St. provisions	29,449	5.2	41,831	7.9	46,238	8.7
Liabilities directly associated with assets classified as held for sale	40,163	7.1	0	--	0	--
Deferred charges	3	0.0	8	0.0	170	0.0
Total st. liabilities	227,685	40.2	182,007	34.5	197,771	37.1
Balance sheet total	565,763	100.0	527,618	100.0	532,972	100.0

CASH FLOW STATEMENT

in the period from 1 October 2006 to 30 June 2007 (previous year for comparison)

IN K€	QII 20067	QIII 20067	QIII 20056	9M 20067	9M 20056
CASHFLOW FROM ORDINARY BUSINESS ACTIVITIES					
RESULTS FROM ORDINARY BUSINESS ACTIVITIES INCLUDING					
FOREIGN EXCHANGE GAINS/(LOSSES)	1,858	(1,253)	5,239	11,158	20,509
Depreciation of fixed assets	7,480	7,264	4,369	21,840	17,921
Decrease / (Increase) in value of fixed assets	0	0	0	0	0
Increase / (decrease) in provisions	(2,444)	1,110	1,924	(3,268)	(5,445)
Gains / (losses) from disposals of fixed assets	(104)	(8)	(76)	(221)	(138)
RESULTS PRIOR TO CHANGES IN NET CURRENT ASSETS	6,790	7,113	11,456	29,509	32,847
(Increase) / decrease in inventory	4,247	(3,890)	(4,221)	(5,825)	(3,755)
(Increase) / decrease in trade receivables	880	8,701	2,144	17,782	6,268
(Increase) / decrease in trade payables	(2,478)	(8,392)	(4,138)	(23,492)	(7,566)
(Increase) / decrease in other net current assets	(3,086)	(1,051)	(1,713)	(9,509)	131
NET CASHFLOW FROM CURRENT BUSINESS ACTIVITIES	6,353	2,481	3,528	8,465	27,925
(Outflow of) / Receipts of income taxes	(10,503)	(2,468)	(547)	(14,008)	(4,355)
NET CASHFLOW FROM ORDINARY BUSINESS ACTIVITIES OF CONTINUED OPERATIONS	(4,150)	13	2,981	(5,543)	23,570
CASHFLOW FROM INVESTMENT ACTIVITIES					
Investments in property, plant and equipment	(1,299)	(1,784)	(8,028)	(8,146)	(29,266)
Receipts from disposals of property, plant and equipment	13	30	1,778	324	1,928
Investments in intangible assets	(18)	(64)	(1,644)	(142)	(1,676)
Receipts from disposals of intangible assets	0	0	3,885	0	3,885
Investments in financial assets	0	0	0	(23)	0
Receipts from disposal of financial assets	0	0	0	0	0
Investments in subsidiaries	(149)	0	(10,450)	(18,626)	(10,450)
Receipts from disposal of subsidiaries	0	0	0	0	150
NET CASHFLOW FROM INVESTMENT ACTIVITIES OF CONTINUED OPERATIONS	(1,453)	(1,818)	(14,459)	(26,613)	(35,429)
CASHFLOW FROM FINANCING ACTIVITIES					
Receipts from capital contributions	0	0	60	0	60
Distributions to shareholders and minority interests	(6,204)	0	0	(6,204)	(6,204)
Receipts from taking out loans	556	0	30,000	16,556	30,000
Payments made for the discharge of bonds and loans	(12,334)	(4,885)	(2,395)	(29,249)	(14,010)
Increase / (decrease) in short-term liabilities to banks	14,526	12,656	(10,798)	55,862	10,240
Receipts from other long-term liabilities	27	(3)	(5)	27	51
Payments made for the discharge of other long-term liabilities	(101)	(123)	(97)	(449)	(327)
Group financing discontinued operations	11,791	(3,223)	(1,732)	4,212	(1,228)
Interest paid	(2,269)	(2,830)	(1,941)	(8,233)	(5,524)
NET CASHFLOW FROM FINANCING ACTIVITIES OF CONTINUED OPERATIONS	5,992	1,592	13,092	32,522	13,058
NET INCREASE / (DECREASE) IN CASH	389	(213)	1,614	366	1,199
EXCHANGE-RATE AND VALUATION-RELATED CHANGES TO CASH AND CASH EQUIVALENTS					
	0	0	(932)	0	(934)
CASH AT THE BEGINNING OF THE PERIOD	0	0	0	1,958	490
CASH AT THE END OF THE PERIOD	389	(213)	682	2,324	755

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 30 June 2007

IN K€	Issued capital	Capital reserves	Other retained earnings	Translation provisions	Valuation reserves	Consolidated profits	Direct recognitions*	Shareholders' Equity	Minority interests	Total
Balance on 1 October 2006	18,613	58,668	42,815	(46)	324	33,112	0	153,486	(2)	153,484
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
Gains and losses not recognized in profit and loss statement	0	0	0	34	(56)	8	0	(14)	(1)	(15)
Net income	0	0	0	0	0	10,420	0	10,420	0	10,420
Total income of the period	0	0	0	34	(56)	10,428	0	10,406	(1)	10,405
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
Balance on 31 December 2006	18,613	58,668	42,815	(12)	268	43,540	0	163,892	(3)	163,889
Balance on 31 December 2006	18,613	58,668	42,815	(12)	268	43,540	0	163,892	(3)	163,889
Valuation of marketable securities and cashflow hedges	0	0	0	0	295	0	0	295	0	295
Differentials from translation of foreign currencies	0	0	0	349	0	8	(474)	(117)	1	(116)
Gains and losses not recognized in profit and loss statement	0	0	0	349	295	8	(474)	178	1	179
Net income	0	0	0	0	0	826	0	826	(1)	825
Total income of the period	0	0	0	349	295	834	(474)	1,004	0	1,004
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
Balance on 31 March 2007	18,613	58,668	50,315	337	563	30,670	(474)	158,692	(3)	158,689
Balance on 31 March 2007	18,613	58,668	50,315	337	563	30,670	(474)	158,692	(3)	158,689
Valuation of marketable securities and cashflow hedges	0	0	0	0	422	0	0	422	0	422
Differentials from translation of foreign currencies	0	0	0	431	0	1	(638)	(206)	0	(206)
Gains and losses not recognized in profit and loss statement	0	0	0	431	422	1	(638)	216	0	216
Net income	0	0	0	0	0	(2,245)	0	(2,245)	0	(2,245)
Total income of the period	0	0	0	431	422	(2,244)	(638)	(2,029)	0	(2,029)
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
Additions to earnings reserves	0	0	0	0	0	0	0	0	0	0
Balance on 31 March 2007	18,613	58,668	50,315	768	985	28,426	(1,112)	156,663	(3)	156,660

*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 30 June 2006

IN K€	Issued capital	Capital reserves	Other retained earnings	Translation provisions	Valuation reserves	Consolidated profits	Direct recognitions*	Shareholders' Equity	Minority interests	Total
Balance on 1 October 2005	18,570	58,711	35,615	(193)	(2,522)	34,688	0	144,869	(2)	144,867
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
Gains and losses not recognized in profit and loss statement	0	0	0	50	1,137	0	0	1,187	(1)	1,186
Net income	0	0	0	0	0	5,725	0	5,725	0	5,725
Total income of the period	0	0	0	50	1,137	5,725	0	6,912	(1)	6,911
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
Balance on 31 December 2005	18,613	58,668	35,615	(143)	(1,385)	40,413	0	151,781	(3)	151,778
Balance on 31 December 2005	18,613	58,668	35,615	(143)	(1,385)	40,413	0	151,781	(3)	151,778
Valuation of marketable securities and cashflow hedges	0	0	0	0	1,316	0	0	1,316	0	1,316
Differentials from translation of foreign currencies	0	0	0	32	0	3	0	35	0	35
Gains and losses not recognized in profit and loss statement	0	0	0	32	1,316	3	0	1,351	0	1,351
Net income	0	0	0	0	0	1,099	0	1,099	0	1,099
Total income of the period	0	0	0	32	1,316	1,102	0	2,450	0	2,450
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
Balance on 31 March 2006	18,613	58,668	42,815	(111)	(69)	28,111	0	148,027	(3)	148,024
Balance on 31 March 2006	18,613	58,668	42,815	(111)	(69)	28,111	0	148,027	(3)	148,024
Valuation of marketable securities and cashflow hedges	0	0	0	0	584	0	0	584	0	584
Differentials from translation of foreign currencies	0	0	0	(75)	0	14	0	(61)	0	(61)
Gains and losses not recognized in profit and loss statement	0	0	0	(75)	584	14	0	523	0	523
Net income	0	0	0	0	0	686	0	686	0	686
Total income of the period	0	0	0	(75)	584	700	0	1,209	0	1,209
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
Additions to earnings reserves	0	0	0	0	0	0	0	0	0	0
Balance on 30 June 2006	18,613	58,668	42,815	(186)	515	28,111	0	149,236	(3)	149,233

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

SELECTED NOTES

- STATEMENT OF COMPLIANCE AND GENERAL INFORMATION

The consolidated interim report for *schlott gruppe* for the reporting period from 1 October 2006 to 30 June 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 30 June 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 reporting period. 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
Total	74,165	84,474	10,309

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

	9M 2006/07
Net sales	50,285
Total revenue	52,943
Value-added sales	14,613
EBITDA	2,983
EBITDA	793
EBT	32
Earnings after tax	(225)

- DISCONTINUED OPERATIONS

On 10 May 2007 the Group announced that it successfully sold its *direct marketing* division to Österreichische Post AG. The closing of the transaction took place on 31 July 2007. Therefore, the segment is classified as held for sale and presented as discontinued operations in this report. The prior-period figures disclosed in the income statement and the cash flow statement have been adjusted. According to IFRS 5 scheduled depreciation on fixed assets did not occur any longer. 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	9M 20067	9M 20056
Net sales	17,718	19,563	62,054	66,752
Total revenue	18,922	18,628	63,590	66,552
Value-added sales	12,706	11,833	41,928	41,373
EBITDA	930	(821)	5,413	1,873
EBITDA	931	(1,871)	2,742	(2,212)
EBT	493	(2,169)	1,698	(3,121)
Post-tax profit or loss	306	(2,426)	1,053	(3,869)
Net Cashflow attributable to ordinary business activities	85	(1,188)	8,078	1,699
Net Cashflow attributable to investment activities	(603)	(690)	(2,343)	(2,018)
Net Cashflow attributable to financing activities	1,018	1,192	(4,593)	76

Income taxes of the *direct marketing* segment for 20067 were adjusted with retrospective effect. The after tax result in the first nine months was reduced by €430 thousand due to this effect.

- 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. The following new or revised and amended Standards and Interpretations, applicable as from January 1, 2006, have been considered for the first time:

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

IFRIC 13 *Customer Loyalty Programmes*, applicable to annual periods beginning on or after July 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€	QIII 20067	QIII 20056	9M 20067	9M 20056
Net sales	105,208	88,589	350,064	301,098
Change in inventories	4,739	4,441	7,198	2,799
Own expenses capitalized	0	0	0	63
Cost of raw materials, supplies and goods purchased	(41,586)	(27,207)	(130,194)	(92,592)
Cost of services purchased	(11,982)	(11,082)	(40,673)	(34,027)
Value-added sales	56,379	54,741	186,395	177,341

Revenue is attributable to the following areas of operation:

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Preprint	904	1,236	3,180	3,185
Gravure printing	81,489	65,549	266,020	232,606
Offset printing	18,473	16,524	58,699	50,962
Bindery	3,898	4,840	20,848	12,799
Business segment print	104,764	88,149	348,747	299,552
Business segment corporate services	444	440	1,317	1,546
Total	105,208	88,589	350,064	301,098

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

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Business segment print	55,343	53,696	183,183	174,119
Business segment corporate services	2,656	2,553	7,980	8,200
Reconciliation	(1,620)	(1,508)	(4,768)	(4,978)
Total	56,379	54,741	186,395	177,341

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

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Germany	59,910	68,149	215,708	228,048
Other Euro-Zone	28,436	10,834	87,681	35,510
Other Europe	8,060	5,285	26,094	23,459
RoW	8,802	4,321	20,581	14,081
Total	105,208	88,589	350,064	301,098

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

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Germany	36,097	43,704	126,456	139,141
Other Euro-Zone	13,263	6,055	40,147	20,251
Other Europe	4,633	3,439	13,761	12,975
RoW	2,386	1,543	6,031	4,974
Total	56,379	54,741	186,395	177,341

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€	QIII 20067	QIII 20056	9M 20067	9M 20056
Paper	28,715	15,602	90,375	58,517
Ink	10,298	9,465	32,325	29,255
Further processing	3,669	2,996	10,344	7,929
Bonuses and discounts	(1,096)	(856)	(2,850)	(3,111)
Purchased goods for resales	11,982	11,083	40,673	34,029
Total	53,568	38,290	170,867	126,619

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

IN TONNES	QIII 20067	QIII 20056	9M 20067	9M 20056
Paper supplied by customers	105,767	100,155	330,844	310,512
Paper purchased	35,828	20,935	121,298	79,710
Total tonnage	141,595	121,090	452,142	390,222

OTHER OPERATING EXPENSE

Other operating expense is categorised as follows:

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Maintenance expenses	4,174	3,551	13,096	12,203
Rental and leasing expenses	1,158	530	3,721	1,421
Fringe benefits and expenses for temporary employment	1,706	1,208	5,737	3,798
Sales and marketing expenses	4,484	4,307	15,266	14,213
Miscellaneous expenses	3,773	3,525	12,192	11,182
Total	15,295	13,121	50,012	42,817

SYSTEMATIC DEPRECIATION / AMORTISATION EXPENSE

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

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Intangible assets	132	314	589	879
Property, plant, and equipment	7,066	3,979	21,045	16,814
Investment properties	66	76	206	228
Total	7,264	4,369	21,840	17,921

TAXES ON INCOME

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

IN K€	QIII 20067	QIII 20056	9M 20067	9M 20056
Current income tax expense	2,405	85	631	(4,511)
Taxes for prior years	0	(3)	5,264	(3)
Deferred taxes	(950)	(333)	(2,259)	527
Total	1,455	(251)	3,636	(3,987)

Taxes for prior years include corporation tax credits of €4,960 thousand, capitalised and discounted as of 31 December 2006. These will be collected in ten equal yearly installements of €666 thousand each.

EARNINGS PER SHARE

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

	QIII 20067	QIII 20056	9M 20067	9M 20056
Net income from continued operations (in €)	(2,128,556)	3,112,666	7,939,059	11,380,130
Number of shares eligible for dividends	6,204,200	6,204,200	6,204,200	6,204,200
Net income per share (in €)	-0.34	0.50	1.28	1.83
Undiluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
Undiluted net income per share from continued operations (in €)	-0.34	0.50	1.28	1.83
Diluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
Diluted net income per share from continued operations (in €)	-0.34	0.50	1.28	1.83

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

	QIII 20067	QIII 20056	9M 20067	9M 20056
Net income from discontinued operations (in €)	305,606	(2,425,754)	1,052,917	(3,869,697)
Number of shares eligible for dividends	6,204,200	6,204,200	6,204,200	6,204,200
Net income per share (in €)	0.05	-0.39	0.17	-0.62
Undiluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
Undiluted net income per share from discontinued operations (in €)	0.05	-0.39	0.17	-0.62
Diluted average number of shares	6,204,200	6,204,200	6,204,200	6,204,200
Diluted net income per share from discontinued operations (in €)	0.05	-0.39	0.17	-0.62

- 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€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Total at the beginning of the period	342,365	320,216	320,216
Translation differences	(155)	384	413
Additions	10,285	31,178	50,226
Additions due to changes in the scope of consolidation	31,421	23,074	21,485
Disposals	(598)	(1,921)	(15,229)
Disposals due to changes in the scope of consolidation	0	(7,448)	(7,448)
Disposals of assets classified as held for sale	(42,793)	0	0
Transfers	(270)	(5)	(7)
Value increases	0	0	680
Value decreases	(23,614)	(20,757)	(27,971)
Total	316,641	344,721	342,365

For details regarding investments in this area, please refer to page 9.

INVESTMENT PROPERTY

There were no additions to or disposals of investment property in the reporting period, 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€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Sales	0	94	4
Claim out of tax credits	5,082	0	0
Others	2,409	14	63
Total	7,491	108	67

TAX ASSETS

Tax assets are as follows:

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Corporate income tax	1,751	383	(26)
Business tax	0	0	280
Total	1,751	383	254

OTHER ASSETS

Other assets are categorised as follows:

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Creditors with debit balances	0	0	383
Postage paid for customers	0	72	186
Turnover bonuses from suppliers	796	684	1,447
Market value of derivative instruments	2,342	1,010	686
Others	3,114	4,992	2,537
Total	6,252	6,758	5,239

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Goodwill	5,367	0	0
Fixed Assets	42,799	0	0
Deferred taxes	1,935	0	0
Other longterm assets	1,917	0	0
Inventories	3,709	0	0
Accounts receivable	10,861	0	0
Other shortterm assets	3,658	0	0
Total	70,246	0	0

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 2005/6 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 €4.2 thousand (previous year: €447.3 thousand) from financial leasing.

OTHER NON-CURRENT PROVISIONS

There were no significant changes to the structure of other non-current provisions as at 30 June 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 €26,795 thousand (previous year: €21,119 thousand). The remaining amount is attributable to current bank overdrafts.

OTHER CURRENT LIABILITIES

Other current liabilities include the following items:

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Tax liabilities	4,141	3,573	6,205
Liabilities in connection with social security	752	1,498	881
Liabilities to employees	5,233	6,814	6,012
Market value of derivative instruments	416	230	378
St. portion of other lt. liabilities	454	646	672
Others	732	13,451	12,883
Total	11,728	26,212	27,031

OTHER CURRENT PROVISIONS

Other current provisions are categorised as follows:

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Personnel	12,641	16,905	18,498
Outstanding suppliers' invoices	3,851	4,861	5,232
Contingent losses	4,332	3,843	3,666
Rehabilitation liabilities	584	584	1,652
Others	6,806	8,446	7,135
Total	28,214	34,639	36,183

- LIABILITIES RELATED DIRECTLY TO ASSETS HELD FOR SALE

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

IN K€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Long-term debt due to Banks	8,745	0	0
Long-term provisions	3,244	0	0
Deferred taxes	3,951	0	0
Other long-term liabilities	442	0	0
Accounts payable	4,983	0	0
Short-term debt due to Banks	9,875		
Short-term provisions	5,896	0	0
Other short-term liabilities	3,027	0	0
Total	40,163	0	0

- 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€	30. JUNE 2007	30. JUNE 2006	30. SEPT. 2006
Guarantees / warranties	1	13,253	60
Orders placed with suppliers	30,816	50,019	24,764

- MANAGEMENT AND SUPERVISORY BOARD

Members of the Management Board remained unchanged in the period under review.

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

Deutsches Eigenkapitalforum, Frankfurt	14 November 2007
Preliminary figures Interim Report I 2007/8	23 January 2008
Balance Sheet Press Conference, Stuttgart	23 January 2008
DVFA-Analyst Meeting, Frankfurt	23 January 2008
Interim Report I 2007/8	06 February 2008
Annual General Meeting, Freudenstadt	26 February 2008
Preliminary figures Interim Report II 2007/8	23 April 2008
Interim Report II 2007/8	07 May 2008
Preliminary figures Interim Report III 2007/8	23 July 2008
Interim Report III 2007/8	06 August 2008

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