



schlott gruppe

AKTIENGESELLSCHAFT

INTERIM FINANCIAL REPORT I 2008/9

INTERIM FINANCIAL REPORT ON THE FIRST QUARTER ENDED 31 DECEMBER 2008

Q I

INTERIM FINANCIAL REPORT I 2008/9

OF SCHLOTT GRUPPE

REPORT ON THE FIRST QUARTER ENDED 31 DECEMBER 2008

- *First-quarter business and earnings slightly above forecast levels*
- *Cost-reduction measures implemented last year begin to show expected results*
- *Macro-economic risks remain very high for the current financial year*

KEY FINANCIALS OF THE GROUP AS AT 31 DECEMBER 2008

IN K€	Q1 20089	% total	Q1 20078*	% total
Net sales	106,638	187.5	127,468	195.6
Total revenue	110,724	194.7	128,781	197.6
Value-added sales	56,875	100.0	65,169	100.0
Cost Cutting Programme	(132)	--	0	--
EBITDA	9,716	17.1	12,069	18.5
EBIT	3,239	5.7	5,018	7.7
EBT	2,750	4.8	3,181	4.9
EBT BEFORE COST CUTTING PROGRAMME	2,882	5.1	3,181	4.9
Net earnings	2,600	4.6	2,055	3.2
Earnings per share outstanding (€)	0.42	--	0.33	--
Employees (reporting date)	2,541	--	2,944	--

IN K€	31. DEC. 2008	% total	31. DEC. 2007*	% total	30. SEPT. 2008*	% total
Goodwill	75,613	17.1	81,821	16.4	75,613	16.7
Total lt. assets	381,746	86.1	411,392	82.3	376,627	83.0
Inventories	26,784	6.0	26,420	5.3	22,338	4.9
Accounts receivable	21,483	4.8	50,118	10.0	32,624	7.2
Cash and cash equivalents	870	0.2	1,676	0.3	2,040	0.4
Assets classified as held for sale	0	--	0	0.0	13,022	--
Total st. assets	61,543	13.9	88,431	17.7	77,242	17.0
Total Equity	159,471	36.0	183,463	36.7	158,216	34.9
Debt due to Banks	106,177	24.0	95,209	19.0	104,516	23.0
Lt. provisions	26,013	5.9	26,417	5.3	26,037	5.7
Total lt. liabilities	158,975	35.9	152,916	30.6	157,352	34.7
Debt due to Banks	45,333	10.2	81,842	16.4	50,717	11.2
Accounts payable and other liabilities	32,033	7.2	36,448	7.3	34,082	7.5
St. provisions	35,717	8.1	32,252	6.5	34,136	7.5
Liabilities directly associated with assets classified as held for sale	0	--	0	0.0	10,276	--
Total st. liabilities	124,843	28.2	163,444	32.7	138,301	30.5
Balance sheet total	443,289	100.0	499,823	100.0	453,869	100.0

* 20078 as reported, i.e. including *sachsendruck*

LETTER TO SHAREHOLDERS

- DEAR SHAREHOLDERS,

The difficulties already faced by the printing industry last year led us to implement a wide-ranging cost-reduction programme. With experts now predicting Europe's worst recession in the post-war period, this programme should allow us to benefit from further structural improvements on the cost side. In turn, this will help to cushion the impact on *schlott gruppe* of the expected downturn in the wider economy.

The situation over the coming year will depend very much on the extent to which the anticipated decline in German exports – a major factor in predictions of recession – affect the labour market and private consumer behaviour. Many countries around the world have launched programmes to support their national labour markets as far as is possible. In Germany, these measures include an extension to the period during which reduced-hours benefit is payable from six to eighteen months and various other measures to relieve the pressure on business. The aim is to protect jobs and avoid unemployment in the hope that consumer spending does not fall to the same extent as exports. This would have a direct impact on the volume of business advertising.

At present, it is not possible to forecast the economic prospects for Germany and Europe with any great certainty. There is no doubt that the second quarter of the current financial year will be anything but easy, assuming that the major decline in GDP forecast by economists coincides with seasonal under-utilisation of capacity in the printing industry.

However, as mentioned above, we have already done a good deal to strengthen the position of *schlott gruppe*. During the last financial year, as well as implementing a successful cost-reduction programme, we improved our financing structure by extending the duration of our loan agreements and in the quarter under review again topped up the note loan we obtained for that purpose. With difficult times ahead in the wider economy, we are also fortunate to have a high level of free cash flow and once again a relatively low level of capital expenditure requirements.

Overall, operating results for the first quarter were better than anticipated. One important effect of the current recession in Europe will be to increase the pressure for further consolidation within the printing industry. This should help to improve the situation on the supply side.

The task facing us is therefore to keep working hard, to have confidence in our strength and to take advantage of any opportunities that present themselves.

3 February 2009

THE MANAGEMENT BOARD

THE SHARE

OF SCHLOTT GRUPPE

- *Continued market uncertainty prompted by international financial crisis and recessionary fears*
- *schlott gruppe stock moves in line with market over most of the period; share price appreciation since November low now at approx. 25%*

In the last quarter of the 2008 calendar year and the beginning of 2009 the international stock markets remained firmly in the grips of the systemic crisis to have enveloped the international financial markets, a situation that has been compounded by growing concerns over the extent to which this global malaise will develop a stranglehold on the real economy. The bankruptcy of Lehman Brothers, the fourth largest investment bank in the USA, marked a period of significant market correction that was to last from the end of September to the end of October. From this low base, the markets then began to move sideways, buffeted by a wave of volatility but not falling below the troughs recorded in October and November.

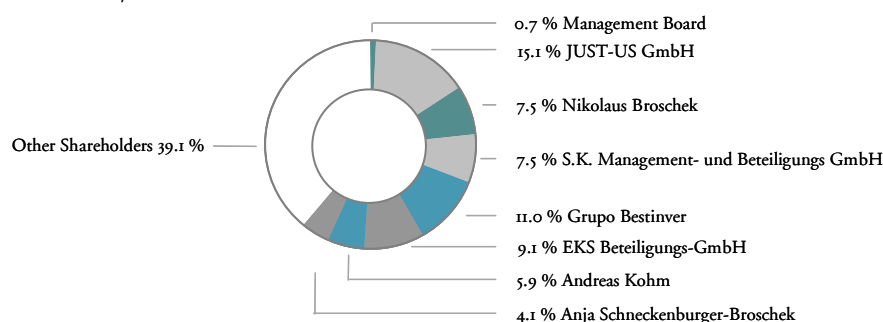
The general sell-off reached global proportions, thus also engulfing the German stock market in its entirety. In this environment, company-specific factors and key fundamentals went unnoticed, with the exception, perhaps, of those associated with financial companies and the severely afflicted automobile industry, which both bore the brunt of the crisis.

Against this backdrop, the general downturn in the market impacted on both the major DAX-listed players and the small caps within the SDAX index, with the latter, however, having to contend with a more pronounced correction. While the DAX fell by around 30 per cent since the beginning of September 2008, the SDAX plunged by a hefty 40 per cent. Shares in *schlott gruppe* took a similar route. As had been the case during the preceding months, the company's share price tracked the SDAX, contracting by around 45 per cent at the height of the market crisis and falling to a low of €7.25 at the end of November. Since then, however, the stock has rebounded, even managing to withstand the latest onslaught to have hit the market in January 2009, when the lows of November were again tested. By the end of January *schlott gruppe* shares had gained around 25 per cent in value and moved beyond the nine euro mark.

The stock buyback programme initiated in the 2007/8 financial year, as part of which the company was authorised to acquire up to 620,420 shares, corresponding to ten per cent of the 6,204,200 shares outstanding, as from the date of commencement, was extended by the resolution passed by the Annual General Meeting of 26 February 2008, for the repurchase of own shares. Up until and including 9 January 2009, the company reacquired 143,771 shares, which corresponds to 2.3% of share capital.

SHAREHOLDER STRUCTURE AS OF 3 FEBRUARY 2009

based on 6.204.200 shares



Free Float according to Deutsche Börse AG: 54.9 %

The book value of €26.01 per share as at December 31, 2008, is significantly higher than the XETRA-based price at the end of January 2009. The Management Board is of the opinion that the current share price reflects only a small part of the stock's intrinsic value, and in view of this, the programme introduced to reacquire shares will be continued. With this in mind, the Management Board and Supervisory Board plan to again seek authorisation for the reacquisition of company shares at the Annual General Meeting of 3 March 2009. In accordance with statutory provisions, *schlott gruppe* will regularly disclose details on its website about any transactions executed as well as other requisite information.

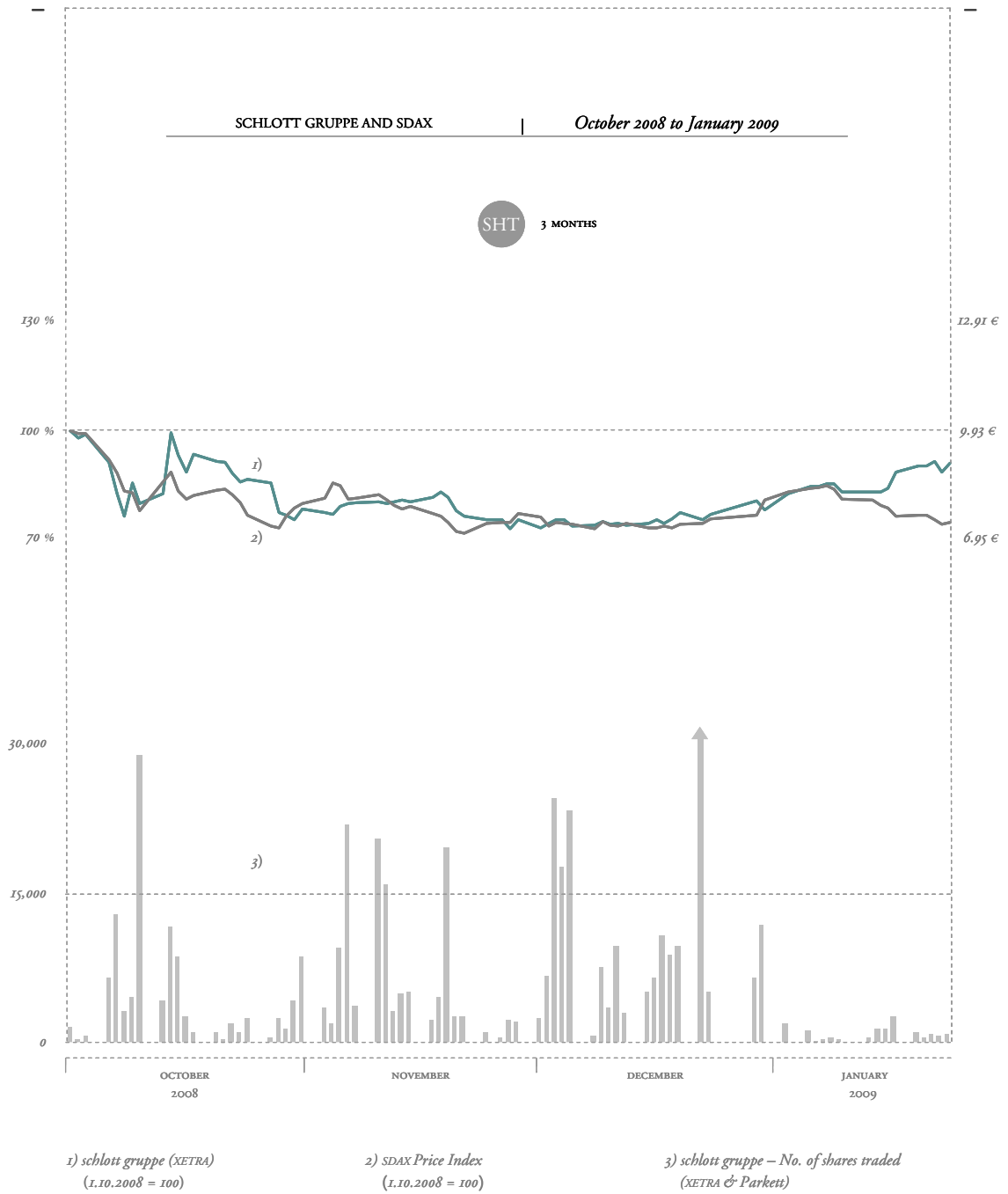
The purchase of further shares by board members in the quarter under review is to be viewed as a positive move, as it underscores their confidence in our business and reaffirms their long-term commitment towards the company as a whole.

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.

Name	Function	Date of transaction	Action	No. of shares	Price (€)
SK Management- und Beteiligungs GmbH	Relation to a member of Supervisory Board	16/10/2008	Purchase	21,954	177,893.26
JUST-US GmbH	Relation to a member of Supervisory Board	06/11/2008	Purchase	3,465	27,720.00
SK Management- und Beteiligungs GmbH	Relation to a member of Supervisory Board	11/11/2008	Purchase	50,000	399,670.00
SK Management- und Beteiligungs GmbH	Relation to a member of Supervisory Board	19/11/2008	Purchase	25,000	201,987.50
SK Management- und Beteiligungs GmbH	Relation to a member of Supervisory Board	05/12/2008	Purchase	50,000	374,500.00
JUST-US GmbH	Relation to a member of Supervisory Board	09/12/2008	Purchase	5,000	37,490.00
SK Management- und Beteiligungs GmbH	Relation to a member of Supervisory Board	22/01/2009	Purchase	3,297	27,813.49

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

Name	Date of notification	Reason of notification	Size of stake
Bestinver Gestion, S.A. SGIIC	21/11/2008	Rise above 3%, 5%, and 10% threshold	11.02%
JUST-US GmbH	11/12/2008	Rise above 15% threshold	15.07%
Joachim Kohm	11/12/2008	Attributable according to Article 22, Section 1, Sentence 1, No. 1 WpHG	15.07%



INTERIM MANAGEMENT REPORT

- BUSINESS ENVIRONMENT

- *World economy hit by worst recession since the end of WWII*
- *Market conditions in printing industry will be heavily dependent on ad spending in 2009*
- *Reliable forecasts about the impact of the economic crisis on the European printing industry currently not possible*

The assessment given by economists, international organisations and governments around the world is the same: the world economy is undergoing its worst recession since the Second World War. In its interim report published on 19 January 2009, the European Commission points to a broad downturn in the economy, with the prospect of a slump in real economic growth to just 0.5 per cent in 2009, down from growth of 3.3 per cent in 2008. Provided that the financial markets recover and government rescue packages begin to take effect, the economy as a whole may pick up in the second half of the year. For the European Union, the Commission has forecast a decline in GDP of 1.8 per cent, while Germany's economy is expected to plunge by 2.3 per cent.

Germany's government is now facing the most significant challenge since the post-reunification period. In its latest annual economic report it lists Germany as one of the industrialised countries most severely affected by the global recession and the international financial crisis, citing the country's extensive involvement in global business as a reason for the malaise. In line with the European Commission, the German government has projected a decline in GDP by 2.25 per cent for 2009.

By contrast, domestic consumption remains relatively robust: after encouragingly solid business in the run-up to Christmas, German consumers – according to figures published by market researcher GfK – were surprisingly buoyant at the beginning of 2009, spending more than anticipated. Within this context, the fall in energy prices was cited as a driving force behind the propensity to spend and the consumer climate thus remained largely unchanged compared to December. As the year progresses, consumption is likely to receive fresh impetus from low inflation figures.

Robust consumer demand would have a stimulating effect on the printing industry, as it would invigorate ad spending and, ultimately, contribute to higher output within the printing sector. Without factoring in this potential scenario, Germany's Bundesverband Druck und Medien (bvdM), an association representing the domestic printing and media sector, forecast a decline in revenue of two per cent for 2009 as a result of lower ad spending.

These latest figures, published in January 2009, reveal a more pessimistic outlook by the bvdM compared with its October forecast, which had projected stagnation. According to the bvdM, the advertising industry had never displayed countercyclical trends during previous recessionary periods. The overall share of printed products dependent on advertising activities – in relation to the total production value of the printing industry – is approx. two-thirds. At the end of 2008, business sentiment within the printing industry remained at the lowest point

month on month since the survey was first conducted in 1991. Only four per cent of the companies surveyed projected an improvement in business in December, while 53 per cent expected a deterioration.

- REPORT ON THE RESULTS OF OPERATIONS

- *Satisfactory first-quarter performance*
- *EBIT down on last year but slightly above expectations*

In FY 2007/8, *schlott gruppe* implemented a wide-ranging cost-reduction programme. As planned, the introduction of the programme involved considerable expense, although this did not affect the first quarter of the previous financial year and therefore does not have an impact on quarter-to-quarter comparisons in this report. Overall, we do not anticipate any further impact on earnings during the current financial year in connection with the programme implemented in 2007/8 at our sites in Freudenstadt, Landau and Nuremberg. Suitable provisions were made in the financial statements for 2007/8 to cover the expenditure needed to implement further cost-reduction measures in Hamburg, where a job protection agreement was in place up to the end of 2008. Accordingly, in the quarter under review, spending on restructuring measures was negligible at €0.1 million.

The comparison of results with Q1 2007/8 is affected, however, by the sale of our former subsidiary *sachsendruck*, which as of 1 November 2008, no longer formed part of *schlott gruppe*. Last year, *sachsendruck* contributed €7.6 million to consolidated revenue and €3.7 million to value-added sales (VAS). The subsidiary's EBT was not significant. Partly as a result of the sale, all the cost items in the Income Statement for the first quarter were down on the previous year.

Consolidated revenue for *schlott gruppe* in the first quarter of the current financial year stood at €106.6 million compared to €119.9 million in the previous year (adjusted for the sale of *sachsendruck*). The paper provision ratio rose to 76.4 per cent from 71.1 per cent in the previous year. This indicates that a much greater percentage of customers than in the previous year bought in their own paper and provided that paper for the printing process. As a result, there was a fall in the volume of paper sourced by us and charged on to customers, thus contributing to a lower figure for revenue.

VAS, which reflects operating performance, fell 7.5 per cent from €61.5 million (adjusted) in the previous year to €56.9 million in the quarter under review. At the same time, tonnage fell by a similar margin of 5.8 per cent from 162.7 thousand metric tons to 153.2 thousand metric tons in the reporting quarter. This comparison also serves to demonstrate that the current pressure on prices within the industry has eased considerably.

Having said that, we were unable to compensate entirely for the first-quarter contraction in VAS triggered by developments in the wider economy, with the result that EBIT for the reporting quarter fell to €3.2 million from €3.0 million. However, this trend was within our expectations, and the result was actually slightly better than we anticipated.

The net finance result was boosted in the first quarter of 2008/9 by foreign exchange differences resulting from the hedging of our operating business in foreign currency – predominantly in pound sterling. A substantial fall in the value of the pound relative to the euro created sizeable positive currency differences, although depending on future developments on the currency markets these may prove not to be lasting. As a consequence, the net finance result for the quarter under review rose to €-0.5 million (prev. year: €-1.8 million), while EBT stood at €2.8 million (prev. year: €3.2 million).

schlott gruppe was able to report a net profit for the period after tax of €2.6 million (prev. year: €2.1 million). Earnings per share were €0.42 (prev. year: €0.33).

- REPORT ON THE DEVELOPMENT OF THE SEGMENTS

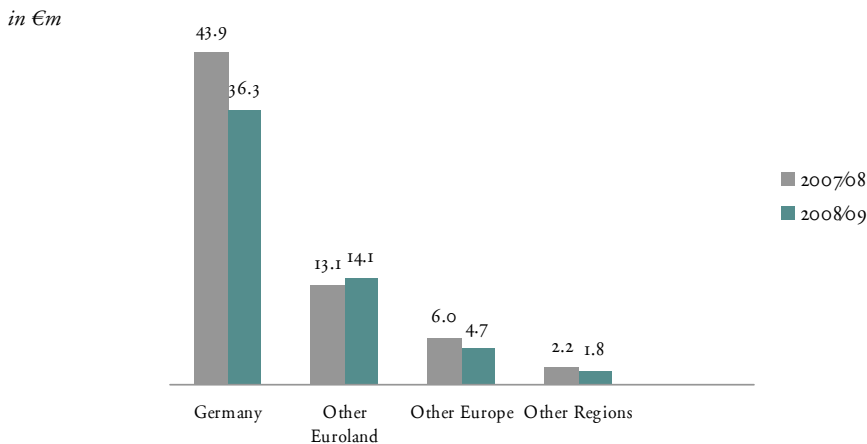
- *sachsendruck disposal: schlott gruppe to focus on media services, web-fed printing and post-press operations*
- *Renewed increase in VAS within eurozone*

Segment reporting continues to encompass the *print* and *corporate services* business units. The *print* division is responsible for the operating activities of *schlott gruppe*, whilst all Group services, including those attributable to *schlott gruppe AG*, have been assigned to the *corporate services* unit.

In the first quarter of 2008/9, the print division generated value-added sales of €55.8 million (prev. year: €60.5 million), while EBT stood at €4.0 million (prev. year: €4.1 million). The analysis of the income statement found in this report also applies largely to the print division. This is also the case with regard to changes in individual items following the disposal of *sachsendruck*, as this former subsidiary formed part of the *print* division. In order to avoid repetition, you are asked to refer to this section.

The significant decline in this division's operating result (i.e. before taking into account currency gains) is once more due to our gravure printing activities, although our offset business has not remained completely unscathed. As in previous years, however, all our operations made a positive contribution to consolidated earnings.

REGIONAL BREAKDOWN OF VALUE-ADDED SALES IN THE FIRST QUARTER



As mentioned above and announced on 18 November 2008, the sale of our sheet-offset subsidiary *sachsendruck* (Plauen) to the printing firm Offizin Andersen Nexö (OAN) in Leipzig took effect economically on 1 October 2008, whereas the date of deconsolidation was 1 November 2008 (also please refer to pages 25 to 26). *sachsendruck's particular strengths lie in the field of books and board books*. Following this disposal, *schlott gruppe* will now focus exclusively on the production of catalogues, magazines and inserts for publishers and the advertising industry using only web-fed printing methods, i.e. using gravure and offset printing, while offering associated media services and comprehensive post-press services. Accordingly, the future growth of *schlott gruppe* (both organic and through acquisitions) should take place within the value chains of these business segments.

VAS in Germany (adjusted for the sale of *sachsendruck*) fell 9.7 per cent compared to an average of 7.6 per cent for the group as a whole. This is again a very unsatisfactory state of affairs, although the scale of the downturn in Germany is less pronounced than in the past. In the rest of the eurozone we were able to buck the prevailing market trend and put on 7.5 per cent, whereas a series of extraordinary factors led to a sharp year-on-year fall in the relatively low level (in absolute terms) of first-quarter VAS outside the eurozone.

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 this division, it is advisable to focus solely on cost-related trends, the emphasis being on costs before finance cost since the corporate services division is responsible for refinancing the other entities making up the Group.

In this context, first-quarter expenditures for 2008/9 fell to €4.2 million compared to the previous year's level of €4.6 million. Taking into account an increase in long-term interest expenses in connection with the note loan issued in favour of the *print* division as part of a Group refinancing plan, first-quarter EBT for the *corporate services* division stood at €-1.1 million (prev. year: €-0.3 million).

- REPORT ON THE FINANCIAL SITUATION AND NET ASSETS

- *Equity ratio at 36.0 per cent*
- *Net cash from operating activities reaches €11.0 million; debt repayment programme continues, with interest-bearing borrowings scaled back by €7.3 million*

The principal changes to the balance sheet structure when comparing figures at the end of the first quarter as at 31 December 2008, with those at the year-end balance sheet for the last financial year are centred around the reduction in trade receivables. The latter fell by 34.0 per cent, or €11.1 million, while total assets receded by €10.6 million, or

2.3 per cent, to €443.3 million, down from €453.9 million. This is the result of the execution of a factoring programme which, in order to further optimise the capital costs, was already planned during the business year 2006/7. The overall structure of assets remained largely unchanged; due to the more pronounced decline in receivables, current assets accounted for 13.9 per cent, down from 17.0 per cent.

At the same time, the structure of equity and liabilities appears consistent with that of previous periods. However, the share of current liabilities contracted from 30.5 to 28.2 per cent. Relative to the reduction in current bank borrowings by a net amount of €5.4 million, i.e. almost ten per cent, as a result of debt restructuring and the introduction of a long-term capital note, non-current liabilities remained largely unchanged, as principal payments within this area were comparable in size. The equity ratio increased slightly, rising from 34.9 per cent to 36.0 per cent at the end of the quarter. In absolute terms, equity rose by €1.3 million to €159.5 million as a result of higher distributable profit.

With profit from operations down 8.0 per cent and an anticipated reduction in depreciation/amortisation and allocations to provisions, operating profit before working capital changes stood at €12.4 million, compared to €14.4 million during the comparable quarter last year. After changes in working capital, which included a reduction in trade receivables in contrast to a slightly more pronounced increase in inventories and other assets, net cash from operating activities amounted to €11.0 million, compared to €-3.0 million in last year's quarter.

Net cash used in investing activities, the emphasis being on investments in property, plant and equipment, totalled €3.1 million. In the quarter under review, a net amount of €4.3 million was used for the purpose of principal repayments associated with interest-bearing loans and bonds. Including interest payments of €2.1 million, net cash used in financing activities in total stood at €9.1 million. At the end of the period, cash and cash equivalents amounted to €0.9 million, compared to €2.0 million at the beginning of the period.

- STAFF

- *Adjustments according to last year's cost-reduction programme widely implemented*
- *Negotiations commence in Hamburg*

At the end of the quarter under review, *schlott gruppe* employed a total workforce of 2,541 (prev. year: 2,944). This figure comprises 2,468 staff (2,855) in the *print* division and 73 (89) in *corporate services*.

This sizeable reduction in employee numbers compared to the same quarter in the previous year partly reflects the wide-ranging measures implemented during the last financial year to adjust staffing levels. These were reported and explained in detail at the time. Another factor was the disposal of *sachsendruck* during the quarter under review, which on its own reduced staff numbers in the *print* division by 197.

In addition, 50 employees from the *print* division and five from *corporate services* left the Group in the first quarter of this year following the expiry of their period of notice. Most of these departures arose in connection with last year's cost-reduction programme.

A number of other notice periods are due to expire in Nuremberg in the second quarter. This will complete the planned staff reduction measures in Nuremberg alongside those in Freudenstadt and Landau. In Hamburg, a job protection agreement was in place up to the end of the calendar year 2008. Discussions with employee representatives on cost-reduction measures have now commenced. Costs at our other sites have been adjusted through a continuous programme of process optimisation. We intend to press ahead with these cost optimisation measures at all sites throughout the current financial year.

- EVENTS AFTER THE BALANCE SHEET DATE

No events of material significance occurred after the reporting date that might affect the net assets, financial position and results of operations of *schlott gruppe* and that might therefore require disclosure.

- CHANGE IN THE COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

There were no changes in the composition of the governing bodies during the reporting period. As already announced, Mr. Sigmund Kiener will, at his own request and as planned, step down as a member and chairman of the Supervisory Board of *schlott gruppe* AG after the General Meeting of Shareholders in March 2009. He will remain a major shareholder of *schlott gruppe*.

In his capacity as a member of the Supervisory Board, Sigmund Kiener has been with *schlott gruppe* for over ten years. He took over as Chairman of the Supervisory Board on 13 February 2007, and maintains strong links with the company as a shareholder. He played a major role in the development of *schlott gruppe* into one of Europe's leading providers of printing services and was closely involved in the wide-ranging decisions that saw the group expand in Germany and other European countries. Both Mr. Kiener's colleagues on the Supervisory Board and the Management Board have expressed their regret at his decision to leave. They would like to take this opportunity to thank him for the outstanding work he has performed over the years and the high level of personal commitment he has shown to *schlott gruppe*, and they wish him every success and happiness for the future.

The Supervisory Board of *schlott gruppe* will submit a proposal to the 2009 Annual General Meeting for the appointment of Mr. Fritz-Jürgen Heckmann as a new member. As a lawyer, he is a partner in the firm Kees Hehl Heckmann, Stuttgart, which specialises in business law. The Supervisory Board therefore stands to benefit from his considerable expertise. Mr. Heckmann has also gained experience over many years from his work on a number of supervisory and advisory boards in the print industry and other sectors.

The Management Board of *schlott gruppe* published official notification of the future composition of the Supervisory Board in the Electronic Federal Gazette on 28 November 2008. Up to now, all groups have been equally represented on the Supervisory Board. However, following the disposal of *sachsendruck*, the company and its German subsidiaries now employ fewer than 2,000 staff, and this situation is likely to continue. The One-Third Employee Representation Act, which prescribes the level of employee representation on supervisory boards, is not applicable to *schlott gruppe*. It is the view of the Management Board that in future the Supervisory Board can therefore be made up entirely of shareholder representatives. Employee representatives have presented a status action within the prescribed period, so the issue will now be clarified through the judicial process. In order to avoid the costs involved in convening an extraordinary General Meeting, a number of corresponding anticipatory resolutions will be proposed and voted on at the General Meeting of Shareholders in March 2009. An invitation to attend the AGM was published together with an agenda on 23 January 2009, in the Electronic Federal Gazette.

- REPORT ON FORECASTS AND OTHER STATEMENTS ON ANTICIPATED FUTURE DEVELOPMENTS

- *Business opportunities and risks largely unchanged from Annual Report 2007/8*
- *Pre-tax earnings on par with last year expected*

OPPORTUNITIES AND RISKS

Looking ahead at the rest of the financial year 2008/9, there has been no significant change in the opportunities and risks laid out in the Annual Report for 2007/8. The latest macro-economic forecasts published by the European Commission and the German Federal Government confirm previous expectations of a severe recession in 2009 for Germany and Europe. Their consensus view is that German GDP will fall by as much as 2.3 or 2.25 per cent.

The European Commission has forecast a decline of 1.8 per cent in GDP for Europe as a whole. This prediction of an above-average downturn in German output is based on the fact that the country's industries are to a large extent export-driven. A modest recovery is anticipated from the second half of the year onwards.

Yet, any easing of the supply and demand situation in the printing industry is still to be expected from capacity cuts and the withdrawal of marginal competitors. In this context, the present recession will increase the pressure on all market players. Given the current market situation, the predominant risk is that the performance of the wider economy and the print industry will not match the forecasts of market researchers and our own predictions. This could lead to lower volumes than anticipated and to renewed pressure on pricing, although results in the quarter under review do not point to such a development.

There are further risks on the cost side. Despite the prospect of a slight easing in relation to energy costs in 2009, they are still likely to remain well above the level of 2008. A number of European paper manufacturers are planning to reduce their capacity well beyond the fall in demand and to increase their prices. It remains to be seen whether such announcements can really be implemented during a global recession.

Overall, procurement costs in the printing industry for 2009 will be well above the level of the previous year. Negotiations on a new collective pay agreement will take place in summer 2009, although it is not yet clear what position the unions will adopt in relation to wage demands. What is clear, however, is that neither *schlott gruppe* nor other companies in the printing industry can afford to put up wages and that any such increase would have a direct negative impact on the company's earnings position. Such an increase would prompt immediate action to reduce staffing costs further.

ANTICIPATED DEVELOPMENT OF THE BUSINESS

For the current financial year, we anticipate value-added sales of over €215 million (prev. year: €225 million). The comparative figure for the first quarter of last year has been adjusted to exclude the VAS from our former *sachsen-druck* subsidiary, which achieved VAS of €14.0 million in FY 2007/8. Despite this forecast drop in the level of comparable value-added sales, we expect pre-tax earnings to remain in positive territory on a par with last year.

This will be made possible by the successful implementation of the cost-reduction programme agreed on last year. The full impact of this programme will be felt during the second quarter of 2008/9 with a substantial easing of staffing costs. Over the entire year, we expect to make total savings of over seven million euros. At present, it is not possible to predict the impact on this year's earnings of the negotiations on cost-reduction measures recently begun in Hamburg.

With regard to the expected seasonal fluctuations in FY 2008/9, we assume these are likely to follow the usual pattern of a strong first and fourth quarter with weaker second and third quarters. However, it should be noted that market researchers are forecasting the biggest downturn in the wider economy at the beginning of the calendar year 2009, thus coinciding with our second quarter from January to March, which is in any case the weakest for seasonal reasons.

INTERIM FINANCIAL STATEMENTS

GROUP PROFIT AND LOSS STATEMENT

in the period from 1 October to 31 December 2008 (previous year for comparison)

IN K€	Q1 2008/9	Q1 2007/8	% change vs. previous year
Net sales	106,638	127,468	(16.3)
Increase (decrease) in inventory			
of finished goods and work in progress	1,833	219	> 100
Own expenses capitalised	0	0	--
Other operating income	2,253	1,094	> 100
Total revenue	110,724	128,781	(14.0)
Cost of raw materials, supplies and purchased goods	(37,432)	(47,775)	(21.6)
Cost of purchased services	(14,164)	(14,743)	(3.9)
Personnel expenses	(32,416)	(36,222)	(10.5)
Cost Cutting Programme	(132)	0	--
Other operating expenses	(16,864)	(17,972)	(6.2)
EBITDA	9,716	12,069	(19.5)
Expenses for scheduled depreciation	(6,477)	(7,051)	(8.1)
EBIT	3,239	5,018	(35.5)
Income from foreign exchange transactions	1,851	516	> 100
Interest and similar income	177	68	> 100
Interest and similar expenses	(2,517)	(2,421)	4.0
Net financial results	(489)	(1,837)	(73.4)
EBT	2,750	3,181	(13.5)
Taxes on income	(150)	(1,126)	(86.7)
Earnings after tax	2,600	2,055	26.5
<i>Thereof applicable to</i>			
Shareholders of schlott gruppe AG	2,601	2,056	26.5
Minorities	(1)	(1)	--

DEVELOPMENT OF BUSINESS SEGMENTS

in the period from 1 October to 31 December 2008 (previous year for comparison)

IN K€	print		corporate services		All sectors		Reconciliation		Group	
	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8
Net sales to customers	106,466	127,336	172	132	106,638	127,468	0	0	106,638	127,468
Inter-company sales	22	26	2,114	2,264	2,136	2,290	(2,136)	(2,290)	0	0
Changes in inventory	1,833	219	0	0	1,833	219	0	0	1,833	219
Cost of materials	(38,400)	(48,597)	0	0	(38,400)	(48,597)	968	822	(37,432)	(47,775)
Cost of services purchased	(14,164)	(14,743)	0	0	(14,164)	(14,743)	0	0	(14,164)	(14,743)
Value-added sales	55,757	64,241	2,286	2,396	58,043	66,637	(1,168)	(1,468)	56,875	65,169
Other operating income	2,092	1,056	2,550	2,921	4,642	3,977	(2,389)	(2,883)	2,253	1,094
Personnel expenses	(30,668)	(34,269)	(1,748)	(1,959)	(32,416)	(36,228)	0	6	(32,416)	(36,222)
Depreciation expenses	(6,290)	(6,622)	(141)	(159)	(6,431)	(6,781)	(46)	(270)	(6,477)	(7,051)
Cost Cutting Programme	(131)	0	(1)	0	(132)	0	0	0	(132)	0
Other operating expenses	(18,074)	(19,310)	(2,343)	(2,503)	(20,417)	(21,813)	3,553	3,841	(16,864)	(17,972)
EBIT	2,686	5,096	603	696	3,289	5,792	(50)	(774)	3,239	5,018
Short-term interest result	(572)	(593)	215	3	(357)	(590)	1	0	(356)	(590)
Segment earnings	2,114	4,503	818	699	2,932	5,202	(49)	(774)	2,883	4,428
Long-term interest result	(673)	(980)	(1,311)	(785)	(1,984)	(1,765)	0	2	(1,984)	(1,763)
Foreign exchange result	2,588	555	(153)	(238)	2,435	317	(584)	199	1,851	516
EBT	4,029	4,078	(646)	(324)	3,383	3,754	(633)	(573)	2,750	3,181
Employees (reporting date)	2,468	2,855	73	89	2,541	2,944	----	----	2,541	2,944

BALANCE SHEET: ASSETS

as at 31 December 2008 (previous year and end of fiscal year 2007/8 for comparison)

IN K€	31. DEC. 2008	% total	31. DEC. 2007	% total	30. SEPT. 2008	% total
Goodwill	75,613	17.1	81,821	16.4	75,613	16.7
Other intangible assets	12,833	2.9	13,324	2.7	12,961	2.9
Downpayments	12	--	0	--	12	--
Intangible assets	88,458	20.0	95,145	19.0	88,586	19.5
Land, land rights and buildings, incl. buildings on land owned by others	123,954	28.0	131,565	26.3	125,239	27.6
Industrial plant and machinery	134,455	30.3	150,324	30.1	136,840	30.1
Other plant, machinery, and business equipment	17,139	3.9	19,436	3.9	17,763	3.9
Downpayments and plant under construction	2,145	0.5	795	0.2	1,242	0.3
Fixed Assets	277,693	62.6	302,120	60.4	281,084	61.9
Shares in affiliated companies	220	0.0	209	0.0	209	0.0
Shares in other companies	194	0.0	194	0.0	194	0.0
Other loans	62	0.0	43	0.0	43	0.0
Financial Assets	476	0.1	446	0.1	446	0.1
Investment properties	3,668	0.8	6,014	1.2	3,715	0.8
Tax benefits	7	0.0	4,456	0.9	7	0.9
Other lt. assets	10,850	2.4	2,315	0.5	2,227	0.5
Lt. Receivables and Other Lt. Assets	10,857	2.4	6,771	1.4	2,234	0.5
Deferred taxes	594	0.1	896	0.2	562	0.1
Total lt. assets	381,746	86.1	411,392	82.3	376,627	83.0
Raw materials and supplies	18,267	4.1	14,877	3.0	14,939	3.3
Work in process; goods and services	6,971	1.6	9,870	2.0	6,996	1.5
Finished goods	1,546	0.3	1,673	0.3	403	0.1
Inventories	26,784	6.0	26,420	5.3	22,338	4.9
Accounts receivable	21,483	4.8	50,118	10.0	32,624	7.2
Tax refunds	39	0.0	2,458	0.5	39	0.0
Other st. assets	10,742	2.4	6,465	1.3	5,626	1.2
St. receivables and other st. assets	32,264	7.3	59,041	11.8	38,289	8.4
Cash and cash equivalents	870	0.2	1,676	0.3	2,040	0.4
Assets classified as held for sale	0	--	0	0.0	13,022	--
Deferred Income	1,625	0.4	1,294	0.3	1,553	0.3
Total st. assets	61,543	13.9	88,431	17.7	77,242	17.0
Balance sheet total	443,289	100.0	499,823	100.0	453,869	100.0

BALANCE SHEET: LIABILITIES

as at 31 December 2008 (previous year and end of fiscal year 2007 for comparison)

IN K€	31. DEC. 2008	% total	31. DEC. 2007	% total	30. SEPT. 2008	% total
Subscribed capital	18,613	4.2	18,613	3.7	18,613	4.1
Capital reserves	56,550	12.8	57,763	11.6	56,803	12.5
Earnings reserves	34,901	7.9	51,468	10.3	36,097	8.0
Valuation reserves	57	0.0	246	0.0	(68)	0.0
Retained earnings	49,354	11.1	55,377	11.1	46,775	10.3
Cumulative income or expense recognised directly in equity relating to a assets classified as held for sale	0	--	0	0.0	0	--
Shareholders' equity	159,475	36.0	183,467	36.7	158,220	34.9
Minorities	(4)	0.0	(4)	0.0	(4)	0.0
Total Equity	159,471	36.0	183,463	36.7	158,216	34.9
Debt due to Banks	106,177	24.0	95,209	19.0	104,516	23.0
Other lt. liabilities	929	0.2	807	0.2	947	0.2
Provision for pensions and similar liabilities	19,951	4.5	19,911	4.0	19,934	4.4
Other lt. provisions	6,062	1.4	6,506	1.3	6,103	1.3
Lt. provisions	26,013	5.9	26,417	5.3	26,037	5.7
Lt. deferrals	1,346	0.3	1,695	0.3	1,384	0.3
Deferred taxes	24,510	5.5	28,788	5.8	24,468	5.4
Total lt. liabilities	158,975	35.9	152,916	30.6	157,352	34.7
Debt due to Banks	45,333	10.2	81,842	16.4	50,717	11.2
St. liabilities	45,333	10.2	81,842	16.4	50,717	11.2
Advance payments received on orders	1,262	0.3	1,294	0.3	276	0.1
Accounts payable	32,033	7.2	36,448	7.3	34,082	7.5
Liabilities to affiliated parties	35	0.0	33	0.0	35	0.0
Other liabilities	10,297	2.3	11,330	2.3	8,613	1.9
Accounts payable and other liabilities	43,627	9.8	49,105	9.8	43,006	9.5
Tax provisions	353	0.1	2,289	0.5	262	0.1
Other provisions	35,364	8.0	29,963	6.0	33,874	7.5
St. provisions	35,717	8.1	32,252	6.5	34,136	7.5
Liabilities directly associated with assets classified as held for sale	0	--	0	0.0	10,276	--
Deferred charges	166	0.0	245	0.0	166	0.0
Total st. liabilities	124,843	28.2	163,444	32.7	138,301	30.5
Balance sheet total	443,289	100.0	499,823	100.0	453,869	100.0

CASH FLOW STATEMENT

in the period from 1 October 2008 to 31 December 2008 (previous year for comparison)

IN K€	Q1 2008 ⁹	Q1 2007 ⁸
CASHFLOW FROM ORDINARY BUSINESS ACTIVITIES		
RESULTS FROM ORDINARY BUSINESS ACTIVITIES INCLUDING		
FOREIGN EXCHANGE GAINS/(LOSSES)	5,090	5,534
Depreciation of fixed assets	6,477	7,051
Decrease / (Increase) in value of fixed assets	0	0
Increase / (decrease) in provisions	1,466	1,881
Gains / (losses) from disposals of fixed assets	(629)	(19)
RESULTS PRIOR TO CHANGES IN NET CURRENT ASSETS	12,404	14,447
(Increase) / decrease in inventory	(4,446)	(1,836)
(Increase) / decrease in trade receivables	11,141	(2,328)
(Increase) / decrease in trade payables	(2,049)	(17,729)
(Increase) / decrease in other net current assets	(5,991)	5,242
NET CASHFLOW FROM CURRENT BUSINESS ACTIVITIES	11,059	(2,204)
(Outflow of) / Receipts of income taxes	(75)	(804)
NET CASHFLOW OF CONTINUED OPERATIONS	10,984	(3,008)
CASHFLOW FROM INVESTMENT ACTIVITIES		
Investments in property, plant and equipment	(3,921)	(1,115)
Receipts from disposals of property, plant and equipment	881	101
Investments in intangible assets	(29)	0
Receipts from disposals of intangible assets	0	0
Investments in financial assets	(30)	(21)
Receipts from disposal of financial assets	0	0
Investments in subsidiaries	0	0
Receipts from disposal of subsidiaries	20	0
Receipts from disposal of subsidiaries	0	0
Dividends received	0	0
NET CASHFLOW FROM INVESTMENT ACTIVITIES	(3,079)	(1,035)
CASHFLOW FROM FINANCING ACTIVITIES		
Receipts from capital contributions	(253)	(906)
Distributions to shareholders and minority interests	0	0
Receipts from taking out loans	3,000	0
Payments made for the discharge of bonds and loans	(7,331)	(4,477)
Increase / (decrease) in short-term liabilities to banks	(2,354)	10,556
Receipts from other long-term liabilities	0	3
Payments made for the discharge of other long-term liabilities	(1)	(113)
Group financing discontinued operations	0	0
Interest paid	(2,136)	(1,981)
NET CASHFLOW FROM FINANCING ACTIVITIES	(9,075)	3,082
NET INCREASE / (DECREASE) IN CASH	(1,170)	(961)
EXCHANGE-RATE AND VALUATION-RELATED CHANGES TO CASH AND CASH EQUIVALENTS		
	0	0
CASH AT THE BEGINNING OF THE PERIOD	2,040	2,637
CASH AT THE END OF THE PERIOD	870	1,676

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in the period from 1 October to 31 December 2008 (previous year for comparison)

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 2008	18,613	56,803	33,659	2,438	(68)	46,775	0	158,220	(4)	158,216
Valuation of marketable securities and cashflow hedges	0	0	0	0	125	0	0	125	0	125
Differentials from translation of foreign currencies	0	0	0	(1,196)	0	(21)	0	(1,217)	0	(1,217)
Gains and losses not recognized in profit and loss statement	0	0	0	(1,196)	125	(21)	0	(1,092)	0	(1,092)
Net income	0	0	0	0	0	2,600	0	2,600	0	2,600
Total income of the period	0	0	0	(1,196)	125	2,579	0	1,508	0	1,508
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
Purchase of own shares	0	(253)	0	0	0	0	0	(253)	0	(253)
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 2008	18,613	56,550	33,659	1,242	57	49,354	0	159,475	(4)	159,471
Balance on 1 October 2007	18,613	58,669	50,314	473	148	53,311	0	181,528	(3)	181,525
Valuation of marketable securities and cashflow hedges	0	0	0	0	98	0	0	98	0	98
Differentials from translation of foreign currencies	0	0	0	681	0	11	0	692	0	692
Gains and losses not recognized in profit and loss statement	0	0	0	681	98	11	0	790	0	790
Net income	0	0	0	0	0	2,055	0	2,055	(1)	2,054
Total income of the period	0	0	0	681	98	2,066	0	2,845	(1)	2,844
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
Purchase of own shares	0	(906)	0	0	0	0	0	(906)	0	(906)
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 2007	18,613	57,763	50,314	1,154	246	55,377	0	183,467	(4)	183,463

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

SELECTED NOTES

- GENERAL INFORMATION

The consolidated interim report for *schlott gruppe* for the reporting period from 1 October to 31 December 2008 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 16 Interim Financial Reporting have been observed accordingly.

The Interim Report for the Group takes into account all standards and interpretations applicable at 31 December 2008. The accounting policies applied to the interim report are essentially consistent with those used in the consolidated financial statements for the 2007/8 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 2007/8 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. Compared with 30 September 2008 the consolidated group has changed as follows.

mediaprint B.V., located in Maarsen, The Netherlands, was founded on 8 October 2008 by *biegelaar* B.V. Registration into the Commercial Register was carried out on the same day.

On 18 November 2008 all shares in *sachsendruck* GMBH were sold effective from 1 October 2008. For the purpose of simplicity the company was de-consolidated on 1 November 2008. The simplification had no influence on the the report of the financial performance, financial position and cash flows of the consolidated group of *schlott gruppe*. By the end of the previous business year €4,912 had to be booked as restructuring expense due to the devaluation of the group for sale. The de-consolidation did not lead to further profits or losses.

In addition, schlott försäljning AB in Stockholm, Sweden, was founded on 17 November 2008. Registration into the Commercial Register has not yet taken place. The company is a 100 per cent subsidiary of schlott Vertrieb GMBH, which, as a pure sales company, will have no significant effects on the report of the financial performance, financial position and cash flows of the consolidated group of *schlott gruppe*. Therefore, schlott försäljning AB will not be included in the consolidated financial statements.

- 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 2008. For a detailed description of these accounting policies, please refer to the Notes to the consolidated financial statements for 2007/8. The following new or revised and amended Standards and Interpretations, applicable as from the financial year 2008/9, have been considered for the first time:

Change to IAS 39 *Financial Instruments: Recognition and Measurement*

Change to IFRS 7 *Financial Instruments: Disclosures*

IFRIC 12 *Service Concession Arrangements*

IFRIC 13 *Customer Loyalty Programs*

IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

Initial application did not have a material effect on the report of the financial performance, financial position and cash flows of the consolidated group of *schlott gruppe*.

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

Revised version of IFRS 1 *First-time Adoption of ifrs* Application for annual periods beginning on or after 1 July 2009

IFRIC 17 *Distributions of Non-cash Assets to Owners* Application for annual periods beginning on or after 1 July 2009

schlott gruppe does not anticipate that first-time application of the aforementioned standards in their amended or revised version will have a material effect on the presentation of financial performance, financial position or cash flows.

- NOTES TO INCOME STATEMENT

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€	Q1 20089	Q1 20078
Net sales	106,638	127,468
Change in inventories	1,833	219
Own expenses capitalized	0	0
Cost of raw materials, supplies and goods purchased	(37,432)	(47,775)
Cost of services purchased	(14,164)	(14,743)
Value-added sales	56,875	65,169

Revenue is attributable to the following areas of operation:

IN K€	Q1 20089	Q1 20078
Preprint	1,199	1,027
Gravure printing	86,322	100,177
Offset printing	12,353	20,612
Bindery	6,592	5,521
Business segment print	106,466	127,337
Business segment corporate services	172	131
Total	106,638	127,468

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

IN K€	Q1 20089	Q1 20078
Business segment print	55,757	64,241
Business segment corporate services	2,286	2,396
Reconciliation	(1,168)	(1,468)
Total	56,875	65,169

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

IN K€	Q1 20089	Q1 20078
Germany	62,684	75,448
Other Euro-Zone	28,220	32,287
Other Europe	10,499	12,137
RoW	5,235	7,596
Total	106,638	127,468

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

IN K€	Q1 20089	Q1 20078
Germany	36,336	43,850
Other Euro-Zone	14,067	13,084
Other Europe	4,718	6,004
RoW	1,754	2,231
Total	56,875	65,169

For further information about revenue and value-added sales categorised according to segments, please refer to the Segment Reporting section on page 17.

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. The increase in other operating income by €1.2 million compared to the previous year is largely the result from the disposal of non-current assets which was higher by €0.7 million compared to the previous year.

COST OF MATERIALS

The cost of materials is categorised as follows:

IN K€	Q1 20089	Q1 20078
Paper	24,889	33,661
Ink	9,783	11,554
Other materials	3,869	4,001
Bonuses and discounts	(1,109)	(1,441)
Purchased goods for resales	14,164	14,743
Total	51,596	62,518

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

IN TONNES	Q1 20089	Q1 20078
Paper supplied by customers	117,067	115,704
Paper purchased	36,118	46,991
Total tonnage	153,185	162,695

PERSONNEL EXPENSES

Personnel expenses were again lower compared to last year. This development is a result of the restructuring programme, employee layoffs, and the disposal of *sachsendruck GMBH*.

RESTRUCTURING COSTS

schlott gruppe is currently executing a restructuring programme for the gravure printing facilities located in Germany. The programme consists of, among others, a reduction of the labour force and the utilisation of various options within the collective wage agreement. For the current financial year costs amounting to κ€132 have been booked, which were not yet covered by a corresponding provision.

OTHER OPERATING EXPENSE

Other operating expense is categorised as follows:

IN κ€	Q1 20089	Q1 20078
Maintenance expenses	4,012	4,240
Rental and leasing expenses	1,275	1,160
Fringe benefits and expenses for temporary employment	2,484	2,372
Sales and marketing expenses	4,999	5,980
Miscellaneous expenses	4,094	4,220
Total	16,864	17,972

SYSTEMATIC DEPRECIATION / AMORTISATION EXPENSE

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

IN κ€	Q1 20089	Q1 20078
Intangible assets	156	182
Property, plant, and equipment	6,274	6,795
Investment properties	47	74
Total	6,477	7,051

TAXES ON INCOME

IN κ€	Q1 20089	Q1 20078
Current income tax expense	(150)	(618)
Taxes for prior years	10	(116)
Deferred taxes	(10)	(392)
Total	(150)	(1,126)

EARNINGS PER SHARE

Earnings per share have been calculated on the following basis:

	Q1 2008 ⁹	Q1 2007 ⁸
Net income (in €)	2,600,138	2,055,329
Number of shares eligible for dividends	6,060,429	6,152,592
Net income per share (in €)	0.43	0.33
Undiluted average number of shares	6,124,051	6,185,797
Undiluted net income per share (in €)	0.42	0.33
Diluted average number of shares	6,124,051	6,185,797
Diluted net income per share (in €)	0.42	0.33

- NOTES TO THE BALANCE SHEET

INTANGIBLE ASSETS

The development of the intangible assets is outlined in the following table

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Total at the beginning of the period	88,586	95,326	95,326
Translation differences	(1)	1	3
Additions	29	0	141
Additions due to changes in the scope of consolidation	0	0	0
Disposals	0	0	(1,396)
Disposals due to changes in the scope of consolidation	0	0	0
Disposals of assets classified as held for sale	0	0	0
Transfers	0	0	(4,814)
Value increases	0	0	0
Value decreases	(156)	(182)	(674)
Total	88,458	95,145	88,586

PROPERTY, PLANT AND EQUIPMENT

Changes to property, plant and equipment are outlined below:

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Total at the beginning of the period	281,084	307,548	307,548
Translation differences	(786)	335	1,091
Additions	3,921	1,115	6,635
Additions due to changes in the scope of consolidation	0	0	0
Disposals	(252)	(82)	(266)
Disposals due to changes in the scope of consolidation	0	0	0
Disposals of assets classified as held for sale	0	0	0
Transfers	0	0	(7,245)
Value decreases	(6,274)	(6,795)	(26,679)
Total	277,693	302,121	281,084

For details regarding investments in this area, please refer to page 10. The regrouping of the assets of *sachsendruck GMBH* into the position "Non-current Assets/Disposal Groups Held for Sale" are booked in the "Transfers" position as of 30 September 2008.

INVESTMENT PROPERTY

As in the previous year, there were no additions or reductions in investment property in the period under review.

INVENTORIES

The increase in inventories is caused by a higher stock in unfinished print products by the reporting date.

NON-CURRENT RECEIVABLES AND OTHER ASSETS

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Trade claims and other sales	7	4,456	7
Claim out of tax credits	8,826	0	0
Others	2,024	2,315	2,227
Total	10,857	6,771	2,234

Accounts receivable include the long-term components of the purchase price and a loan from the disposal of *sachsendruck* GMBH. Amortisation is carried out respectively by up to ten annual rates dependent on cash flow.

CURRENT RECEIVABLES AND OTHER ASSETS

Since October 2008 *schlott gruppe* is participating in a factoring programme with PB-Factoring GMBH. At that date accounts receivable were sold prior to the due date for the first time in the form of a silent cession. The resulting reduction in accounts receivable amounted to κ€17,729 at the end of the quarter.

Other assets are categorised as follows:

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Creditors with debit balances	0	0	321
Turnover bonuses from suppliers	2,961	2,176	2,173
Market value of derivative instruments	5,187	759	980
Others	2,594	3,530	2,152
Total	10,742	6,465	5,626

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This position includes in the previous year column the net residual value of the assets of *sachsendruck* GMBH which was sold in November 2008.

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Goodwill	0	0	17
Fixed Assets	0	0	7,130
Investment properties	0	0	193
Inventories	0	0	1,583
Accounts receivable	0	0	4,056
Other shortterm assets	0	0	43
Total	0	0	13,022

EQUITY

The share capital of *schlott gruppe AG* amounts to €18,612,600 and is divided into 6,204,200 no-par-value shares. At the reporting date, *schlott gruppe AG* held 143,771 treasury shares.

The Management Board and the Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders on 3 March 2009 for the distribution of κ€3,030 to shareholders, taken from the unappropriated surplus (distributable profit) of the 20078 financial year. This corresponds to a dividend of €0.50 (previous year: €1.00) per share entitled to participate in dividends. At the date of the temporary suspension of the share buy-back programme on 9 January 2009 the number of treasury shares was unchanged. Changes in equity of *schlott gruppe* are outlined in the Statement of Changes in Equity on page 21.

OTHER NON-CURRENT LIABILITIES

At the end of the quarter, other non-current liabilities included liabilities of κ€1 (previous year: κ€7) from financial leasing.

OTHER NON-CURRENT PROVISIONS

There were no significant changes to the structure of other non-current provisions as at 31 December 2008 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 κ€5,614 (previous year: κ€1,707). The remaining amount is attributable to current bank overdrafts.

OTHER CURRENT LIABILITIES

Other current liabilities include the following items:

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Tax liabilities	2,736	4,911	2,788
Liabilities in connection with social security	973	1,010	747
Liabilities to employees	3,553	4,337	3,160
Market value of derivative instruments	2,189	84	401
St. portion of other lt. liabilities	12	259	12
Others	834	729	1,505
Total	10,297	11,330	8,613

OTHER CURRENT PROVISIONS

Other current provisions are categorised as follows:

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Personnel	9,477	12,217	11,959
Cost Cutting Programme	8,557	0	10,003
Outstanding suppliers' invoices	6,054	5,039	1,474
Contingent losses	5,267	5,062	5,485
Rehabilitation liabilities	0	580	0
Others	6,009	7,065	4,953
Total	35,364	29,963	33,874

LIABILITIES RELATED DIRECTLY TO ASSETS HELD FOR SALE

This position includes in the previous year the liabilities and provisions of *sachsendruck* GMBH sold in the quarter under review.

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Long-term debt due to Banks	0	0	2,423
Long-term provisions	0	0	97
Deferred taxes	0	0	593
Other long-term liabilities	0	0	0
Accounts payable	0	0	5,614
Short-term debt due to Banks	0	0	539
Short-term provisions	0	0	791
Other short-term liabilities	0	0	219
Total	0	0	10,276

- OTHER NOTES

CONTINGENT LIABILITIES

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

IN K€	31. DEC. 2008	31. DEC. 2007	30. SEPT. 2008
Guarantees / warranties	1	1	1
Orders placed with suppliers	25,700	38,753	33,042

Open orders primarily consist of raw materials and supplies.

- RELATED PARTY TRANSACTIONS

No transactions with related parties others than those commented on in the Group financial statements as of 30 September 2008 took place during the reporting period. Those transactions had on a whole no significant effects on the earnings, financial and asset situation of *schlott gruppe*.

- MANAGEMENT AND SUPERVISORY BOARD

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

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

- FINANCIAL CALENDAR

Preliminary figures 1 ST Quarter 2008/9	28 January 2009
Balance Sheet Press Conference	28 January 2009
DFVA-Analyst Conference	28 January 2009
Interim Report 1 ST Quarter 2008/9	04 February 2009
AGM, Freudenstadt	03 March 2009
Preliminary figures 2 ND Quarter 2008/9	22 April 2009
Interim Report 2 ND Quarter 2008/9	06. Mai 2009
Preliminary figures 3 RD Quarter 2008/9	22 July 2009
Interim Report 3 RD Quarter 2008/9	05 August 2009

- YOUR CONTACT

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- INVESTOR RELATIONS

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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.