

# FINANCIAL REPORT

Financial year from October 1, 2005, through September 30, 2006

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## CONSOLIDATED INCOME STATEMENT

in TCHF		2005/2006		2004/2005	
<b>Gross sales</b>		<b>294 921</b>		<b>274 704</b>	
Sales deductions		-21 537		-19 806	
<b>Net sales</b>		<b>273 384</b>	100,0%	<b>254 898</b>	100,0%
Cost of goods sold		-134 501		-123 287	
<b>Gross profit</b>		<b>138 883</b>	50,8%	<b>131 611</b>	51,6%
Sales and marketing expenses		-94 055		-88 909 <sup>2)</sup>	
Administration expenses		-19 594		-18 008 <sup>1)</sup>	
Research and development expenses		-8 696		-8 852	
Other operating income		1 435		1 744 <sup>2)</sup>	
<b>EBIT</b>		<b>17 973</b>	6,6%	<b>17 586</b>	6,9%
Financial income	5	7 516		6 763	
Financial expenses	5	-7 755		-6 442 <sup>1)</sup>	
<b>Profit before income taxes</b>		<b>17 734</b>	6,5%	<b>17 907</b>	7,0%
Income taxes	6	-2 059		-3 017 <sup>1)</sup>	
<b>Profit for the year</b>		<b>15 675</b>	5,7%	<b>14 890</b>	5,8%
		<b>CHF</b>		<b>CHF</b>	
<b>Earnings per share</b>	20				
non diluted		101,62		96,08 <sup>1)</sup>	
diluted		98,36		92,68 <sup>1)</sup>	

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>2)</sup> Restated following the ammended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

## CONSOLIDATED BALANCE SHEET

in TCHF		30.09.2006		30.09.2005	
<b>Assets</b>					
Cash and cash equivalents	7	10 397		16 187	
Financial assets	13	21 915		19 859	
Trade receivables	8	39 842		41 014	
Other receivables	9	2 424		4 528	
Inventories	10	25 680		27 106	
Prepaid tax expenses		442		685	
Prepaid expenses		2 499		3 875	
<b>Current assets</b>		<b>103 199</b>	38,9%	<b>113 254</b>	43,1%
Property, plant and equipment	11	56 678		58 524	
Investment properties	11	52 972		45 280	
Intangible assets	12	19 662		17 945 <sup>2)</sup>	
Financial assets	13	28 790		26 555 <sup>2)</sup>	
Deferred tax assets	6	3 917		1 484	
<b>Non-current assets</b>		<b>162 019</b>	61,1%	<b>149 788</b>	56,9%
<b>Assets</b>		<b>265 218</b>	100,0%	<b>263 042</b>	100,0%
<b>Liabilities and shareholders' equity</b>					
Trade payables		17 025		16 407	
Financial liabilities	14	80 939		92 534	
Current tax liabilities		6 640		7 416	
Other liabilities	15	3 344		4 934	
Accrued liabilities	15	27 659		22 919 <sup>1)</sup>	
<b>Current liabilities</b>		<b>135 607</b>	51,1%	<b>144 210</b>	54,8%
Financial liabilities	14	784		2 132	
Other liabilities	15	6 404		5 375	
Provisions	16	625		553	
Deferred tax liabilities	6	14 417		13 997 <sup>1)</sup>	
<b>Non-current liabilities</b>		<b>22 230</b>	8,4%	<b>22 057</b>	8,4%
<b>Liabilities</b>		<b>157 837</b>	59,5%	<b>166 267</b>	63,2%
Share capital		168		164	
Own shares		-13		-13	
Capital reserves		10 626		8 084 <sup>1)</sup>	
Retained earnings		96 600		88 540 <sup>1)</sup>	
<b>Shareholders' equity</b>		<b>107 381</b>	40,5%	<b>96 775</b>	36,8%
<b>Liabilities and shareholders' equity</b>		<b>265 218</b>	100,0%	<b>263 042</b>	100,0%

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>2)</sup> Restated following the amended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

## CONSOLIDATED CASH FLOW STATEMENT

in TCHF		2005/2006	2004/2005
<b>Profit before income taxes</b>		<b>17 734</b>	<b>17 907</b> <sup>1)</sup>
Depreciation of property, plant and equipment and investment properties	11	8 153	8 354
Amortization of intangible assets	12	2 967	4 142
Non-cash sales deductions		4 543	3 414
Gain on disposal of non-current assets	11	-1 335	-22
Changes in provisions	16	84	-236
Interest expense net	5	2 838	3 560
Income from securities	5	-1 994	-3 249
Interest paid		-2 980	-2 839
Income taxes paid		-225	-1 735
Other non-cash positions		-604	-1 172
<b>Cash flow before working capital changes</b>		<b>29 181</b>	<b>28 124</b>
Changes in trade receivables	8	1 922	4 863
Changes in other receivables and prepaid expenses		1 157	1 754
Changes in inventories	10	2 100	-2 811
Changes in trade payables		618	697
Changes in other liabilities and accrued liabilities		-1 456	1 042
<b>Cash flow from operating activities</b>		<b>33 522</b>	<b>33 669</b>
Investments in property, plant and equipment	11	-6 471	-6 174
Investments in investment properties	11	-7 126	-5 785
Investments in intangible assets	12	-1 862	-1 920
Investments in financial assets	13	-4 839	-5 625
Acquisitions	26	-6 061	-393
Divestments of property, plant and equipment	11	19	196
Divestments of investment properties	11	1 459	0
Divestments of financial assets	13	2 473	8 385
Interest and dividends received		984	650
<b>Cash flow from investing activities</b>		<b>-21 424</b>	<b>-10 666</b>
Proceeds from financial liabilities	14	28 808	49 628
Repayment of debenture bonds	14	-40 000	-60 000
Purchase of own shares		-2 464	-2 932
Sale of own shares		2 498	5 355
Share repurchase program		0	-20 244
Exercise of management share options		1 916	460
Dividends paid		-8 533	-2 265
<b>Cash flow from financing activities</b>		<b>-17 775</b>	<b>-29 998</b>
<b>Changes in cash and cash equivalents</b>		<b>-5 677</b>	<b>-6 995</b>
Cash and cash equivalents at beginning of the year		16 187	23 090
Effect of foreign currency translation on cash and cash equivalents		-113	92
<b>Cash and cash equivalents at end of the year</b>	<b>7</b>	<b>10 397</b>	<b>16 187</b>

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>2)</sup> Restated following the amended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TCHF	Share capital	Own shares <sup>2)</sup>	Capital reserves	Retained earnings	Accumulated translation differences	Hedge Accounting (IAS 39)	Total retained earnings	Total shareholders' equity
<b>Balance as of 1.10.2004</b>	177	-14	7 545	97 048	-939	-1 173	94 936	102 644
Changes in accounting of the management share option plan <sup>6)</sup>			122	-556			-556	-434
<b>Balance as of 1.10.2004 – (restated)</b>	177	-14	7 667	96 492	-939	-1 173	94 380	102 210
Adjustment of financial instruments to fair value <sup>5)</sup>						-1 925	-1 925	-1 925
Translation differences					828		828	828
<b>Total gains and losses directly recognized in equity</b>					828	-1 925	-1 097	-1 097
Profit for the year				14 890			14 890	14 890
<b>Total recognized gains and losses</b>				14 890	828	-1 925	13 793	13 793
Dividends <sup>3)</sup>				-2 265			-2 265	-2 265
Share repurchase program <sup>4)</sup>	-14		-440	-19 790			-19 790	-20 244
Purchase of own shares		-2		-2 930			-2 930	-2 932
Sale of own shares		3		5 352			5 352	5 355
Management share option plan <sup>6)</sup>			398				0	398
Exercise of management share options	1		459				0	460
<b>Balance as of 30.09.2005</b>	164 <sup>1)</sup>	-13	8 084	91 749	-111	-3 098	88 540	96 775
<b>Balance as of 1.10.2005</b>	164	-13	7 564	92 725	-111	-3 098	89 516	97 231
Changes in accounting of the management share option plan <sup>6)</sup>			520	-976			-976	-456
<b>Balance as of 1.10.2005 – (restated)</b>	164	-13	8 084	91 749	-111	-3 098	88 540	96 775
Adjustment of financial instruments to fair value <sup>5)</sup>						1 751	1 751	1 751
Translation differences					-867		-867	-867
<b>Total gains and losses directly recognized in equity</b>					-867	1 751	884	884
Profit for the year				15 675			15 675	15 675
<b>Total recognized gains and losses</b>				15 675	-867	1 751	16 559	16 559
Dividends <sup>3)</sup>				-8 533			-8 533	-8 533
Purchase of own shares		-2		-2 462			-2 462	-2 464
Sale of own shares		2		2 496			2 496	2 498
Management share option plan <sup>6)</sup>			630				0	630
Exercise of management share options	4		1 912				0	1 916
<b>Balance as of 30.09.2006</b>	168 <sup>1)</sup>	-13	10 626	98 925	-978	-1 347	96 600	107 381

<sup>1)</sup> The share capital as of September 30, 2006, consists of 167 704 (previous year: 164 424) registered shares with a nominal value of CHF 1 each.

<sup>2)</sup> Nominal value own share holdings at cost reduced the consolidated equity by TCHF 15 120 (previous year: TCHF 14 541).

<sup>3)</sup> A dividend of CHF 55 (previous year: CHF 15) per share was distributed in the reporting period.

<sup>4)</sup> Eichhof Holding AG repurchased 13 667 own shares in January 2005. They were annulled on April 8, 2005, according to the approval of the shareholders at the Annual General Meeting on January 27, 2005.

<sup>5)</sup> The adjustment of financial instruments to the fair value concerns the valuation of an interest rate swap. For details refer to note 19.

<sup>6)</sup> Restated following first time application of IFRS 2 Share-based Payment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Accounting principles

#### General

Eichhof Holding AG is a Swiss limited company, domiciled in Lucerne (Obergrundstrasse 110). It is the parent company of the Eichhof Beverage Group, the number one independent brewery and one of the biggest beverage distributors in Switzerland, and of the Datacolor Group, a leading provider of color measurement systems. In addition to its Swiss operations, the Eichhof Group also does business through its Datacolor Group in Europe, North America, and Asia. The Eichhof Group employs 752 (previous year: 708) persons.

#### Basis of preparation

The consolidated financial statements of Eichhof Group comply with International Financial Reporting Standards (IFRS) and comply with Swiss law.

The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments and financial assets held for trading, which are measured at fair value. Non-current assets or groups of non-current assets available for sale are measured at the lower of amortized cost or fair value minus the expected cost of sale. Expenses and revenues are recognized on an accrual basis.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate for the year in which the circumstances change.

Assumptions made by management, which may have a material effect on the financial statements or estimates next year, are described in note 29.

#### New International Financial Reporting Standards (IFRS)

Effective January 1, 2005, the International Accounting Standards Board (IASB) has published a number of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS). IFRS 3 Business combinations, IAS 38 Intangible assets and IAS 36 Impairment of assets as well as other, but which had no significant impact on the financial statements, have been applied in the previous year for the first time. In the year under review the following new or revised standards are implemented in these consolidated financial statements, which lead to a restatement:

#### IFRS 2 Share-based payment

The group applied IFRS 2 to its stock option plan as of October 1, 2005. The comparative figures have been adjusted according to the transition requirements of IFRS 2. IFRS 2 requires that the fair value of all equity compensation plans awarded to employees be estimated at the grant date and recorded as an expense over the vesting period. The year of service (financial year) reflects the vesting period. Under the Eichhof Group's previous policy, the expenses were recorded for share-based compensation plans on an annual basis at the time of issuance (grant date and not vesting period). The impact on the balance sheet and income statement is shown in the following table.

**IAS 39 Financial instruments**

The revised IAS 39 standard states, that all financial instruments are measure at fair value at the time of their first recognition. As a consequence, the on-trade loans to secure long-term distribution channels of Eichhof Beverage are recognized at discounted net present value and the variance to the nominal value is recognized as delivery right (intangible asset). The impact on the balance sheet and income statement is shown in the table below.

	Income statement before restatement 2004/2005	IFRS 2	IAS 39	Income statement restated 2004/2005
<b>in TCHF</b>				
Sales and marketing expenses	-87 409		-1 500	-88 909
Administration expenses	-17 538	-470		-18 008
Other operating income	244		1 500	1 744
<b>EBIT</b>	<b>18 056</b>	<b>-470</b>	<b>0</b>	<b>17 586</b>
Financial result	339	-18		321
<b>Profit before income tax</b>	<b>18 395</b>	<b>-488</b>	<b>0</b>	<b>17 907</b>
Income taxes	-3 085	68		-3 017
<b>Profit for the year</b>	<b>15 310</b>	<b>-420</b>	<b>0</b>	<b>14 890</b>

	Balance Sheet before restatement 30.09.2005	IFRS 2	IAS 39	Balance Sheet restated 30.09.2005
<b>in TCHF</b>				
<b>Assets</b>				
Intangible assets	14 233		3 712	17 945
Financial assets	30 267		-3 712	26 555
<b>Liabilities</b>				
Accrued liabilities	16 290	524		16 814
<b>Current liabilities</b>	<b>143 686</b>	<b>524</b>		<b>144 210</b>
Deferred tax liabilities	14 065	-68		13 997
<b>Non-current liabilities</b>	<b>22 125</b>	<b>-68</b>		<b>22 057</b>
<b>Liabilities</b>	<b>165 811</b>	<b>456</b>		<b>166 267</b>
Capital reserves	7 564	520		8 084
Retained earnings	89 516	-976		88 540
<b>Shareholders' equity</b>	<b>97 231</b>	<b>-456</b>		<b>96 775</b>

## IFRS standards and interpretations that have been approved but not yet applied

Standard/Interpretation	Effective date	Financial year planned for adoption
Changes to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures	1. Januar 2006	2006/2007 <sup>2)</sup>
Changes to IAS 39 Financial Instruments: Recognition and Measurement:		
– Cash flow hedge accounting of forecast intragroup transactions	1. Januar 2006	2006/2007 <sup>1)</sup>
– Fair value option	1. Januar 2006	2006/2007 <sup>1)</sup>
– Financial guarantees (also applied to IFRS 4)	1. Januar 2006	2006/2007 <sup>1)</sup>
Changes to IAS 21 The Effects of Changes in Foreign Exchange Rates	1. Januar 2006	2006/2007 <sup>3)</sup>
IFRS 6 Exploration for and Evaluation of Mineral Resources	1. Januar 2006	n/a)
IFRIC 4 Determining Whether an Arrangement Contains a Lease	1. Januar 2006	2006/2007 <sup>3)</sup>
IFRC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1. Januar 2006	2006/2007 <sup>1)</sup>
IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1. Dezember 2005	2006/2007 <sup>1)</sup>
IFRIC 7 Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies	1. März 2006	2006/2007 <sup>1)</sup>
IFRIC 8 Scope of IFRS 2	1. Mai 2006	2006/2007 <sup>1)</sup>
IFRIC 9 Reassessment of Embedded Derivatives	1. Juni 2006	2006/2007 <sup>1)</sup>
IFRIC 10 Interim Financial Reporting and Impairment	1. November 2006	2006/2007 <sup>1)</sup>
IFRS 7 Financial Instruments: Disclosures	1. Januar 2007	2007/2008 <sup>2)</sup>
Changes to IAS 1 Presentation of Financial Statements: Disclosures about Capital	1. Januar 2007	2007/2008 <sup>2)</sup>

<sup>1)</sup> No material effects on the consolidated financial statements are expected.

<sup>2)</sup> It is expected that the consolidated financial statements will be affected mainly by additional disclosures.

<sup>3)</sup> The effects on the consolidated financial statements cannot yet be determined with sufficient certainty.

n/a) Not applicable considering current circumstances.

### Scope of consolidation

#### General:

The consolidated financial statements include the financial statements of Eichhof Holding AG and its subsidiaries that are controlled by Eichhof Holding AG. Control is presumed to exist when Eichhof Holding AG owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise or otherwise exercises management control.

The closing date for the financial statements of Eichhof Holding AG and all its subsidiaries is September 30, with the exception of Datacolor Technology (Suzhou) Co., Ltd. China, which closes as per December 31.

#### Changes in the scope of consolidation:

There were no material changes in the scope of consolidation in the reporting period. A listing of the Eichhof Group subsidiaries is included in note 31.

### Principles of consolidation

The assets and liabilities included in the consolidated financial statements are measured according to uniform principles.

Intragroup balances, intragroup transactions and resulting unrealized profits are eliminated upon consolidation.

### Foreign currency translation

The financial statements of foreign subsidiaries are prepared in their respective local currency and translated into Swiss francs (reporting currency) for consolidation purposes.

Assets and liabilities of foreign subsidiaries are translated at the exchange rate in effect at the balance sheet date. The income statements of foreign subsidiaries are translated at weighted average exchange rates for the year. The resulting exchange differences are posted directly to equity.

In the financial statements of the local subsidiaries transactions in foreign currencies are recorded at the exchange rate in effect at the date of transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All resulting differences are recognized as exchange gains or losses in the income statement of the local subsidiary.

### Segment reporting

Segment information is based on two segment formats: the primary format reflects the business segments whereas the secondary format presents the geographical segments. Segment reporting based on business segments represents the Group's management structure with independent managements.

## 2 Valuation principles

### Gross sales and realization of proceeds

Gross sales include all invoiced sales and services to third parties. Sales are recognized in the income statement when the economic benefits associated with the transaction will flow to the company and the amount of sales can be measured reliably.

Sales deductions include listing fees and volume discounts; the latter category also includes amortization of loans to secure distribution channels.

### Management share option plan

Options for purchase of Eichhof registered shares are granted as part of a performance-based variable compensation for certain management personnel and members of the Board of Directors. Quantity and prize are determined by the Human Resources and Compensation Committee, whereby the option premium is fixed by CHF 250. The granted options carry the right to purchase one share of Eichhof Holding AG per option. The options expire in ten years, have a blocking period of three years and can be sold back to the Eichhof Holding AG after a blocking period of six years for the price of CHF 250. The exercise price is determined in advance, respectively at the grant date, in accordance with the Black-Scholes-formula. The vesting period equals the year of service (financial year). The quantity of the granted options depends on the individual performance of the entitled persons and on the performance of their business unit. The fair value of the expected quantity to be granted is recorded on an accrual basis as personnel expense in line with the vesting period.

### Taxes

Income taxes are recognized on the basis of economic criteria on an accrual basis. Deferred income taxes are provided, using the "comprehensive balance sheet liability-method", on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. They are measured at the current tax rates. No deferred income taxes are recorded in respect of temporary differences associated with investments in subsidiaries as it is assumed that such differences will have no tax consequences in the foreseeable future.

Tax loss carryforwards are only recognized as deferred tax assets when it can be reasonably assumed that future taxable income will be sufficient to offset past losses before they expire.

If no dividend payments are planned, withholding taxes and other taxes on potential later dividends are not recognized, since retained earnings are generally reinvested.

### **Research and development**

Development expenses incurred are only capitalized on an individual project basis if such outlay is likely to be covered by corresponding future income. Research costs are expensed as incurred.

Capitalized development expenditures include material and personnel expenses, depreciation of equipment and machinery and the overhead costs directly attributable.

### **Borrowing costs**

Borrowing costs incurred during the construction of property, plant and equipment are recognized as an expense.

### **Impairment of assets**

The carrying amounts of non-current assets are reviewed for impairment at each balance sheet date or if there are indications that an asset may be impaired. If an indication exists the recoverable amount is estimated. If the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. Impairment losses are recognized in the income statement. The recoverable amount is the higher of the asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between independent parties less the cost of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Annual impairment tests are performed for goodwill and intangible assets with an indefinite useful life annually or more often if there are indications that an asset may be impaired.

### **Employee benefit liabilities**

Eichhof Group companies have different employee benefit plans in accordance with local regulations and customs in the relevant countries. These plans are based on defined contribution or defined benefit plans and cover a majority of employees. They provide benefits in case of death, disability, retirement, or termination of employment and are financed through a combination of employee and employer contributions or through employer contributions alone.

Assets covering existing and future benefit obligations for insured parties in the Eichhof Beverage are held in the Eichhof Pension Fund, an autonomous, independent foundation organized under the Occupational Pension Act (BVG). The Eichhof Group also has one employer foundation in Switzerland which is likewise governed by the provisions of the BVG.

#### **Defined contribution plans:**

Datacolor's benefit plans are mainly organized through arrangements with external savings banks. The Eichhof Group is not subject to any further obligations beyond ongoing contributions owed and recognized.

#### **Defined benefit plans:**

Actuarial calculations using the projected unit credit method are carried out to define the present value of the expected obligation for Swiss employee pension plans classified as defined benefit plans. All significant pension fund obligations and the assets covering them are assessed periodically. The latest actuarial calculations were carried out as of September 30, 2006, by external experts.

Benefit expenses resulting from employee services in the current period (current service costs) are recognized in the income statement. Benefit expenses associated with employee services in prior periods, resulting in the current period from the introduction of, or improvements of post-employment benefits (past service costs) are recognized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized as income or expense when the

cumulative unrecognized actuarial gains or losses for each individual plan exceed 10% of the higher of defined benefit obligation and the fair value of plan assets. These gains or losses are recognized over the expected average remaining working periods of the employees participating in the plans. Unrecognized actuarial gains and losses are reflected in the balance sheet.

Prepaid employee benefits (employer's contribution reserves) are reported as non-current financial assets. Other employee benefit surpluses are only capitalized if available to the Group as future contribution repayments or reductions.

### Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts, demand deposits, money market instruments as well as short-term deposits with terms not exceeding three months.

### Current financial assets and liabilities

Current financial assets are investments which are classified as held for trading and comprise marketable, easily realized securities. They are measured at fair value. Not realized gains or losses on investments held for trading are recognized in financial result. Current financial liabilities include bank payables and loans, which are recorded at nominal value, since this corresponds usually with the fair value.

### Trade receivables

Accounts receivable are recognized and carried at nominal values less necessary allowances for individual accounts and an overall allowance calculated by levels of aging based on experience.

### Inventories

Inventories are measured at the lower of acquisition or production cost or net realizable value, using the weighted average cost formula.

### Property, plant and equipment and investment properties

Property, plant and equipment including investment properties are reported at acquisition cost less accumulated depreciation and any impairment losses. Land is depreciated only if periodic appraisals reveal a sustained impairment loss. Expenditures which increase the useful life of an asset are capitalized. Property, plant and equipment are depreciated on a straight-line basis according to economic criteria corresponding to the estimated useful lives of the assets as set forth in the principles of valuation. Essentially, these are:

Buildings	30 – 40 years
Machinery and equipment	3 – 20 years
Vehicles	5 – 12 years

### Intangible assets

#### Goodwill:

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is allocated to cash-generating units and is not amortized, instead an impairment test is carried out on an annual basis or if there are indications that an asset may be impaired (compare impairment of assets).

#### Capitalized development expenditures:

Capitalized development expenditures are reported at acquisition or production cost and amortized on a straight-line basis over their useful life of three to seven years. Impairments are recognized if necessary.

**Trademarks, licenses, and patents:**

Trademarks, licenses, and patents are reported at acquisition cost. Expenditures for internally generated trademarks are recognized as an expense in the current period. Acquired trademarks, licenses, and patents are amortized on a straight-line basis over their useful life of five to ten years. Trademarks, licenses, and patents are reported with indefinite useful life, when the cash generating periods are not foreseeable limited. These trademarks, licenses, and patents are not amortized, instead they are tested for impairment annually.

**Delivery rights:**

Delivery rights are measured at cost less accumulated amortization and impairment losses. Amortization is carried out systematically over the expected useful lives, which is in the range from three to six years.

**Non-current financial assets**

Non-current financial assets consist of prepaid employee benefits and non-current loans.

Third-party on-trade loans to secure long-term distribution channels for Eichhof Beverage are amortized (repayment) in line with sales and are recognized as deductions from gross sales. These loans are recognized in the balance sheet at discounted net present values. The variance to the nominal value at the time of the first recognition represents a delivery right and is accordingly capitalized as an intangible asset.

**Non-current financial liabilities**

Debenture bonds and other interest-bearing loans are measured at amortized cost using the effective interest rate method. Amortized cost was calculated by taking into account any issue costs. Gains and losses through the amortization process are recognized in the financial result.

**Derivative financial instruments**

Derivative financial instruments are recognized as current or non-current financial assets or liabilities, depending on the duration. If Hedge Accounting according to IAS 39 is applied, the gains and losses on the hedging instruments are recognized directly in the equity until the realization of the hedged risk in the balance sheet. All other derivative financial instruments are recognized at fair value and not realized gains or losses are included in the financial result.

**Provisions**

Provisions are made for potential present obligations with uncertain timing or amounts as a result of a past event and for which a future outflow of resources is probable. The amount is based on the best possible estimate of the expected outflow of resources.

**Own shares**

Own shares are reported at par value and shown as a deduction from equity. Cost incurred or considerations received in excess of par value are recognized in retained earnings.

## Notes

The figures below are stated in thousands of Swiss Francs (TCHF) unless otherwise indicated.

## 3 Segment reporting

Business segments	Eichhof Beverage		Datacolor	
	2005/2006	2004/2005	2005/2006	2004/2005
<b>Net sales to third parties</b>	<b>185 186</b>	<b>174 805</b>	<b>84 848</b>	<b>77 751</b>
Net sales to other business segments	0	0	0	0
<b>Net sales of business segments</b>	<b>185 186</b> 100,0%	<b>174 805</b> 100,0%	<b>84 848</b> 100,0%	<b>77 751</b> 100,0%
Costs of goods sold	-101 217	-95 256	-32 280	-27 493
<b>Gross profit</b>	<b>83 969</b> 45,3%	<b>79 549</b> 45,5%	<b>52 568</b> 62,0%	<b>50 258</b> 64,6%
Sales and marketing expenses	-66 068	-63 673 <sup>2)</sup>	-27 557	-25 446
Administration expenses	-5 019	-4 786	-10 430	-9 177
Research and development expenses	0	0	-8 696	-8 852
Other operating result, net	1 476	1 500 <sup>2)</sup>	-41	244
<b>EBIT</b>	<b>14 358</b> 7,8%	<b>12 590</b> 7,2%	<b>5 844</b> 6,9%	<b>7 027</b> 9,0%
EBIT includes:				
Depreciation of property, plant and equipment	-6 589	-6 800	-809	-964
Amortization of intangible assets	-1 478	-1 500 <sup>2)</sup>	-1 489	-2 642
Amortization of loans	-4 543	-3 414	0	0
Impairment	0	0	0	0
<b>Cash flow from operating activities</b>	<b>25 686</b>	<b>27 445</b>	<b>11 671</b>	<b>6 032</b>
<b>Cash flow from investing activities</b>	<b>-18 814</b>	<b>-9 449</b>	<b>-1 115</b>	<b>-1 054</b>
<b>Cash flow from financing activities</b>	<b>-8 410</b>	<b>-16 720</b>	<b>-8 088</b>	<b>-7 742</b>
<b>Average number of employees</b>	<b>417</b>	<b>402</b>	<b>286</b>	<b>278</b>
	<b>30.09.2006</b>	<b>30.09.2005</b>	<b>30.09.2006</b>	<b>30.09.2005</b>
Cash and cash equivalents and financial assets	3 096	4 634	6 691	4 706
Trade receivables	28 067	28 090	11 775	12 924
Inventories	17 189	16 588	8 491	10 518
Other current assets	3 634	6 868	1 924	2 209
Property, plant and equipment	50 098	50 736	6 428	6 294
Intangible assets	7 847	5 211 <sup>2)</sup>	11 228	12 734
Other non-current assets	29 507	23 799 <sup>2)</sup>	3 820	1 272
<b>Total assets</b>	<b>139 438</b> 100,0%	<b>135 926</b> 100,0%	<b>50 357</b> 100,0%	<b>50 657</b> 100,0%
Financial liabilities	-4 000	-21 500	-11 888	-20 472
Other liabilities	-51 808	-51 765	-17 765	-15 347
<b>Net assets</b>	<b>83 630</b> 60,0%	<b>62 661</b> 46,1%	<b>20 704</b> 41,1%	<b>14 838</b> 29,3%
Gross investments in non-current assets:				
Fixed and intangible assets	11 255	7 161 <sup>2)</sup>	1 149	1 188
Financial assets	6 757	5 625 <sup>2)</sup>	0	0

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>2)</sup> Restated following the amended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

<sup>3)</sup> Includes a gain on disposal of an investment property of TCHF 1 316.

Eichhof Real Estate		Other		Eichhof Group	
2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
<b>3 350</b> <sup>3)</sup>	<b>2 342</b>	<b>0</b>	<b>0</b>	<b>273 384</b>	<b>254 898</b>
330	177	-330	-177	0	0
<b>3 680</b> 100,0%	<b>2 519</b> 100,0%	<b>-330</b>	<b>-177</b>	<b>273 384</b> 100,0%	<b>254 898</b> 100,0%
-1 004	-538	0	0	-134 501	-123 287
<b>2 676</b> 72,7%	<b>1 981</b> 78,6%	<b>-330</b>	<b>-177</b>	<b>138 883</b> 50,8%	<b>131 611</b> 51,6%
0	0	-430	210	-94 055	-88 909 <sup>2)</sup>
-1 230	-1 152	-2 915	-2 893 <sup>1)</sup>	-19 594	-18 008 <sup>1)</sup>
0	0	0	0	-8 696	-8 852
0	0	0	0	1 435	1 744 <sup>2)</sup>
<b>1 446</b> 39,3%	<b>829</b> 32,9%	<b>-3 675</b>	<b>-2 860</b>	<b>17 973</b> 6,6%	<b>17 586</b> 6,9%
-714	-543	-41	-47	-8 153	-8 354
0	0	0	0	-2 967	-4 142
0	0	0	0	-4 543	-3 414
0	0	0	0	0	0
<b>235</b>	<b>1 214</b>	<b>-4 070</b>	<b>-1 022</b>	<b>33 522</b>	<b>33 669</b>
<b>-5 667</b>	<b>-5 785</b>	<b>4 172</b>	<b>5 622</b>	<b>-21 424</b>	<b>-10 666</b>
<b>5 238</b>	<b>4 694</b>	<b>-6 515</b>	<b>-10 230</b>	<b>-17 775</b>	<b>-29 998</b>
<b>2</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>711</b>	<b>688</b>
<b>30.09.2006</b>	<b>30.09.2005</b>	<b>30.09.2006</b>	<b>30.09.2005</b>	<b>30.09.2006</b>	<b>30.09.2005</b>
271	466	22 254	26 240	32 312	36 046
0	0	0	0	39 842	41 014
0	0	0	0	25 680	27 106
1 538	33	-1 731	-22	5 365	9 088
52 972	46 704	152	70	109 650	103 804
0	0	587	0	19 662	17 945 <sup>2)</sup>
0	0	-620	2 968	32 707	28 039 <sup>2)</sup>
<b>54 781</b> 100,0%	<b>47 203</b> 100,0%	<b>20 642</b>	<b>29 256</b>	<b>265 218</b> 100,0%	<b>263 042</b> 100,0%
-23 480	-37 179	-42 355	-15 515	-81 723	-94 666
-4 993	-24	-1 548	-4 465 <sup>1)</sup>	-76 114	-71 601 <sup>1)</sup>
<b>26 308</b> 48,0%	<b>10 000</b> 21,2%	<b>-23 261</b>	<b>9 276</b>	<b>107 381</b> 40,5%	<b>96 775</b> 36,8%
7 126	5 785	0	26	19 530	14 160
0	0	0	0	6 757	5 625

The products and the business activities of the three business units are described in the report of the business year. The Eichhof Group accounts for intra-segment sales and transfers using the "arm's length"-method. There are no material inter-segment sales.

## Geographical segments

	2005/2006		2004/2005	
		as % of total		as % of total
<b>Net sales to third parties</b>	<b>273 384</b>	100,0%	<b>254 898</b>	100,0%
Switzerland	189 999	69,5%	178 209	69,9%
Europe (excl. Switzerland)	30 789	11,2%	28 736	11,3%
America	28 648	10,5%	26 170	10,3%
Asia/Pacific	23 948	8,8%	21 783	8,5%
<b>Assets</b>	<b>265 218</b>	100,0%	<b>263 042</b>	100,0%
Switzerland	233 117	87,9%	228 677	86,9%
Europe (excl. Switzerland)	4 918	1,9%	7 955	3,0%
America	19 609	7,4%	20 764	7,9%
Asia/Pacific	7 574	2,8%	5 646	2,2%
<b>Gross investments in non-current assets</b>	<b>25 549</b>	100,0%	<b>19 785</b>	100,0%
Switzerland	24 560	96,1%	18 631	94,2%
Europe (excl. Switzerland)	114	0,4%	407	2,0%
America	630	2,5%	598	3,0%
Asia/Pacific	245	1,0%	149	0,8%
<b>Average number of employees</b>	<b>711</b>	100,0%	<b>688</b>	100,0%
Switzerland	450	63,3%	434	63,1%
Europe (excl. Switzerland)	49	6,9%	47	6,8%
America	141	19,8%	144	20,9%
Asia/Pacific	71	10,0%	63	9,2%

## 4 Personnel expenses

	2005/2006	2004/2005
Wages and salaries	56 889	52 862 <sup>1)</sup>
Social security costs	4 551	4 396
Pension costs		
– for defined benefit plans	17	2 821
– for defined contribution plans	17	2 172
Share based payments	18	1 090 <sup>1)</sup>
Other personnel expenses	3 238	2 207
<b>Personnel expenses</b>	<b>71 390</b>	<b>64 642</b>

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

**5 Financial result**

	2005/2006	2004/2005
Interest income	923	588
Dividend income	466	274
Gains on securities	4 506	3 655
Foreign exchange gains	1 621	2 246
<b>Financial income</b>	<b>7 516</b>	<b>6 763</b>
Interest expense	-3 761	-4 148 <sup>1)</sup>
Expenses on securities	-2 978	-406
Foreign exchange losses	-1 016	-1 738
Amortization of issue costs	0	-150
<b>Financial expense</b>	<b>-7 755</b>	<b>-6 442</b>
<b>Financial result, net</b>	<b>-239</b>	<b>321</b>

**6 Income taxes**

	2005/2006	2004/2005
Current income taxes	-4 249	-3 632
Deferred income taxes	2 190	615 <sup>1)</sup>
<b>Effective tax expense</b>	<b>-2 059</b>	<b>-3 017</b>

Since the Eichhof Group operates across the world, it is subject to income taxes in many different tax jurisdictions. The average expected tax rate is a weighted average of the tax rates in the tax jurisdictions where the Eichhof Group operates. The increase of the average expected tax rate in the year under review was due to higher profits in countries with a higher tax rate.

The Eichhof Group's effective expense can be reconciled to the Group's average expected tax rate as follows:

	2005/2006	2004/2005
<b>Profit before income taxes</b>	<b>17 734</b>	<b>17 907 <sup>1)</sup></b>
Expected taxes (25,4% previous year 20,8%)	-4 512	-3 726 <sup>1)</sup>
Effect on deferred tax liabilities due to changes in income tax rates	-8	461
Capitalization of losses and tax loss carryforwards	2 906	1 109
Other effects	-445	-861 <sup>1)</sup>
<b>Total income taxes</b>	<b>-2 059</b>	<b>-3 017</b>

Changes in deferred taxes were calculated as follows:

	2006	2005
<b>Deferred tax assets</b>		
Opening balance as of October 1	1 484	1 071
Capitalization of tax loss carryforwards	2 343	131
Other effects	90	282
<b>Deferred tax assets as of September 30</b>	<b>3 917</b>	<b>1 484</b>

Due to the merger of CV US Inc. and Applied Color Systems Inc. as per October 1, 2006 it became highly probable, that tax loss carryforwards can be consumed by future profits. Accordingly, the tax effects of the tax loss carryforwards have been capitalized.

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

	2006	2005
<b>Deferred tax liabilities</b>		
Opening balance as of October 1	13 997	14 491
Charge/discharge to income statement	420	-494 <sup>1)</sup>
<b>Deferred tax liabilities as of September 30</b>	<b>14 417</b>	<b>13 997</b>

	2006	2005
<b>Deferred taxes recognized in equity</b>		
Opening balance as of October 1	38	28
Interest rate swap	-21	10
<b>Deferred taxes recognized in equity as of September 30</b>	<b>17</b>	<b>38</b>

The deferred tax assets and liabilities are attributable to the following balance sheet items:

	2006	2005
Capitalized tax loss carryforwards	3 517	1 174
Intercompany profits in inventories	305	214
Other assets	95	96
<b>Deferred tax assets as of September 30</b>	<b>3 917</b>	<b>1 484</b>

	2006	2005
Inventories	1 209	1 325
Property, plant and equipment	8 435	8 216
Other assets	3 932	3 734
Liabilities	841	722 <sup>1)</sup>
<b>Deferred tax liabilities as of September 30</b>	<b>14 417</b>	<b>13 997</b>

The Eichhof Group has total tax losses carried forward whose potential tax effect is about CHF 7,5 million (previous year: CHF 7,3 million), of which TCHF 3 517 (previous year: TCHF 1 174) were capitalized as deferred tax assets. These tax losses carried forward can potentially be used in Switzerland for seven years and abroad partly unrestrictedly.

	30.09.2006	30.09.2005
Tax losses may be offset as follows:		
2008	984	28
2009	2 851	778
2010	21	170
2011	0	0
more than five years	22 996	24 494
<b>Total tax losses carried forward available for offsetting</b>	<b>26 852</b>	<b>25 470</b>

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

**7 Cash and cash equivalents**

	30.09.2006	30.09.2005
Cash on hand, postal accounts	458	894
Cash at bank	9 939	15 293
<b>Cash and cash equivalents</b>	<b>10 397</b>	<b>16 187</b>

Bank accounts, postal accounts and short-term deposits have interests at market rates.

**8 Trade receivables**

	30.09.2006		30.09.2005	
Trade receivables, gross	42 107	100%	43 071	100%
Allowance for doubtful debts	-2 265	-5%	-2 057	-5%
<b>Trade receivables – net</b>	<b>39 842</b>	<b>95%</b>	<b>41 014</b>	<b>95%</b>

**9 Other receivables**

	30.09.2006		30.09.2005	
Other accounts receivables due from				
– third parties	517		3 701	
– government	1 817		781	
– pension funds	58		17	
Prepayments to third parties	32		29	
<b>Other receivables</b>	<b>2 424</b>		<b>4 528</b>	

**10 Inventories**

	30.09.2006		30.09.2005	
Raw materials	472	2%	684	2%
Work in progress	926	3%	534	2%
Semi-finished and finished goods	11 605	39%	13 672	44%
Trading goods	17 117	56%	16 243	52%
<b>Gross inventories</b>	<b>30 120</b>	<b>100%</b>	<b>31 133</b>	<b>100%</b>
Allowances	-4 440	-15%	-4 027	-13%
<b>Net inventories</b>	<b>25 680</b>	<b>85%</b>	<b>27 106</b>	<b>87%</b>

## 11 Property, plant and equipment and investment properties

	Machinery, equipment, vehicles	Operating properties	Total property, plant and equipment	Investment properties under construction	Total investment properties	
<b>Acquisition or production costs balance</b>						
<b>as of 01.10.2004</b>	<b>139 751</b>	<b>82 793</b>	<b>222 544</b>	<b>59 341</b>	<b>3 887</b>	<b>63 228</b>
Additions	5 446	744	6 190	426	5 359	5 785
Reclassifications	12	-12	0	0	0	0
Disposals	-27 761 <sup>1)</sup>	-867	-28 628	0	0	0
Translation differences	298	232	530	0	0	0
<b>Balance as of 30.09.2005</b>	<b>117 746</b>	<b>82 890</b>	<b>200 636</b>	<b>59 767</b>	<b>9 246</b>	<b>69 013</b>
Additions	5 891	580	6 471	63	7 063	7 126
Acquisitions	718	0	718	0	0	0
Reclassifications	1 992	-3 471	-1 479	1 479	0	1 479
Disposals	-261	-23	-284	-865	0	-865
Translation differences	-350	-311	-661	0	0	0
<b>Balance as of 30.09.2006</b>	<b>125 736</b>	<b>79 665</b>	<b>205 401</b>	<b>60 444</b>	<b>16 309</b>	<b>76 753</b>
<b>Accumulated depreciation</b>						
<b>balance as of 01.10.2004</b>	<b>117 805</b>	<b>44 498</b>	<b>162 303</b>	<b>22 254</b>	<b>942</b>	<b>23 196</b>
Additions	6 696	1 121	7 817	537	0	537
Reclassifications	11	-11	0	0	0	0
Disposals	-27 587 <sup>1)</sup>	-867	-28 454	0	0	0
Translation differences	282	164	446	0	0	0
<b>Balance as of 30.09.2005</b>	<b>97 207</b>	<b>44 905</b>	<b>142 112</b>	<b>22 791</b>	<b>942</b>	<b>23 733</b>
Additions	6 334	1 105	7 439	699	15	714
Reclassifications	0	-56	-56	56	0	56
Disposals	-261	-23	-284	-722	0	-722
Translation differences	-288	-200	-488	0	0	0
<b>Balance as of 30.09.2006</b>	<b>102 992</b>	<b>45 731</b>	<b>148 723</b>	<b>22 824</b>	<b>957</b>	<b>23 781</b>
<b>Net carrying amount</b>						
<b>Balance as of 30.09.2005</b>	<b>20 539</b>	<b>37 985</b>	<b>58 524</b>	<b>36 976</b>	<b>8 304</b>	<b>45 280</b>
<b>Balance as of 30.09.2006</b>	<b>22 744</b>	<b>33 934</b>	<b>56 678</b>	<b>37 620</b>	<b>15 352</b>	<b>52 972</b>
<b>Fire insurance values</b>						
<b>as of 30.09.2005</b>	<b>98 151</b>	<b>72 449</b>	<b>170 600</b>	<b>43 033</b>	<b>6 473</b>	<b>49 506</b>
<b>as of 30.09.2006</b>	<b>103 728</b>	<b>80 504</b>	<b>184 232</b>	<b>40 482</b>	<b>13 475</b>	<b>53 957</b>

Investment properties under construction concern investment properties which are developed by the Eichhof Group itself. Market values of investment properties and property, plant and equipment under construction were determined based on valuations performed by independent experts and amount to CHF 66,6 million (previous year: CHF 55,1 million). Income from investment property amounts to TCHF 2 307 (previous year: TCHF 2 520), expenses for investment properties amount to TCHF 1 020 (previous year: TCHF 718).

In the reporting period, the result on disposal of property, plant and equipment amounts to TCHF 19 (previous year: TCHF 22). A gain after tax on a sale of an investment property of TCHF 1 316 (previous year: TCHF 0) is included in the current year.

The net carrying amount of property, plant and equipment under finance leases is CHF 0 (previous year: CHF 0).

<sup>1)</sup> After completion of the new brewhouse, the assets of the old brewhouse were taken out of the gross amounts.

## 12 Intangible assets

	Goodwill	Trade marks, licenses, patents	Delivery rights <sup>3)</sup>	Capitalized development costs <sup>4)</sup>	Total
<b>Acquisition or production costs</b>					
<b>Balance as of 01.10.2004</b>	<b>2 858</b>	<b>19 830</b>	<b>0</b>	<b>10 507</b>	<b>33 195</b>
Elimination amortization of goodwill	-999	0	0	0	-999
Recognition of delivery rights	0	0	7 363	0	7 363
<b>Balance as of 01.10.2004 (restated)</b>	<b>1 859</b>	<b>19 830</b>	<b>7 363</b>	<b>10 507</b>	<b>39 559</b>
Additions	59	265 <sup>2)</sup>	1 861	0	2 185
Disposals	0	0	-1 414	-425	-1 839
Translation differences	11	20	0	162	193
<b>Balance as of 30.09.2005</b>	<b>1 929</b>	<b>20 115</b>	<b>7 810</b>	<b>10 244</b>	<b>40 098</b>
Additions	0	0	1 862	0	1 862
Acquisition <sup>1)</sup>	1 853	1 500	0	0	3 353
Disposals	0	0	-1 956	0	-1 956
Translation differences	-8	-8	0	-216	-232
<b>Balance as of 30.09.2006</b>	<b>3 774</b>	<b>21 607</b>	<b>7 716</b>	<b>10 028</b>	<b>43 125</b>
<b>Accumulated amortization</b>					
<b>Balance as of 01.10.2004</b>	<b>999</b>	<b>7 358</b>	<b>0</b>	<b>8 277</b>	<b>16 634</b>
Elimination amortization of goodwill	-999	0	0	0	-999
Recognition of delivery rights	0	0	3 837	0	3 837
<b>Balance as of 01.10.2004 (restated)</b>	<b>0</b>	<b>7 358</b>	<b>3 837</b>	<b>8 277</b>	<b>19 472</b>
Additions	0	1 039	1 500	1 603	4 142
Disposals	0	0	-1 239	-425	-1 664
Translation differences	0	22	0	181	203
<b>Balance as of 30.09.2005</b>	<b>0</b>	<b>8 419</b>	<b>4 098</b>	<b>9 636</b>	<b>22 153</b>
Additions	0	890	1 478	599	2 967
Disposals	0	0	-1 442	0	-1 442
Translation differences	0	-8	0	-207	-215
<b>Balance as of 30.09.2006</b>	<b>0</b>	<b>9 301</b>	<b>4 134</b>	<b>10 028</b>	<b>23 463</b>
<b>Net carrying amount</b>					
<b>Balance as of 30.09.2005</b>	<b>1 929</b>	<b>11 696</b>	<b>3 712</b>	<b>608</b>	<b>17 945</b>
<b>Balance as of 30.09.2006</b>	<b>3 774</b>	<b>12 306 <sup>5)</sup></b>	<b>3 582</b>	<b>0</b>	<b>19 662</b>

<sup>1)</sup> Eichhof Beverage acquired in the current year the operating business of the brewery Ziegelhof, Liestal, CH.

<sup>2)</sup> Datacolor acquired the net assets of 3C SA, Paris, F, in the previous year. For further information of the acquisitions see note 26.

<sup>3)</sup> Restated following the amended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

<sup>4)</sup> Out of the total development expenses of TCHF 8 696 (previous year: 8 852) no expenses were capitalized as in the previous year, because not all criteria for a capitalization were met (see valuation principles).

<sup>5)</sup> The trade marks, licenses and patents which have an indefinite useful life amount to TCHF 6 409 (previous year TCHF 6 406).

#### Impairment tests for cash-generating units containing goodwill or intangible assets with an indefinite useful life

	30.09.2006	30.09.2005
The following units have significant carrying amounts:		
Trade business of Ulmer & Knecht and Fliegender Harass	1 500	1 500
Operational business of brewery Ziegelhof	1 853	0
ColorVision	6 139	6 139
Other	691	696

The recoverable amount of the trade business of Ulmer & Knecht and of Fliegender Harass is based on value-in-use calculations. The value-in-use is the present value of the cash flows of the budget year and the two subsequent planning years. Those cash flow projections mainly depend on the growth rate of the hectoliters sold. Those rates are consistent to the rates which Eichhof Beverage achieved in the region of Zurich during the past two years. A pre-tax discount rate of 8% has been used. The recoverable amount exceeds the carrying amount. Eichhof Beverage would have to sell significantly less (approximately 25–30%) hectoliters in the region of Zurich in order to have to recognize an impairment.

The recoverable amount of the operational business of the brewery Ziegelhof is also based on a value-in-use calculation, as accordingly described above. Eichhof Beverage would have to sell significantly less (approximately 20–30%) hectoliters in the region of Basel in order to have to recognize an impairment.

ColorVision was acquired in 2000. Its technology for digital color-management solutions was amortized on a straight-line basis until the year before last. Due to new and revised IFRS- and IAS-Standards in the previous year the net carrying amount of TCHF 6 139 is not amortized anymore, since that was paid for patents and trademarks whose useful lives are regarded as indefinite. The recoverable amount of ColorVision is based on value-in-use calculations. Those calculations are based on actual operating results and a five-year business plan. Main drivers of the cash flows are the sales growth rate and the cost of goods sold per product. The sales growth rate is based on detailed budgets and business plans which are consistent with the sales growth rates achieved in the different channels during the past years. The cost of goods sold depend on both, the produced and sold quantity. A pre-tax discount rate of 15% has been used. Datacolor would have to fall short of the planned sales significantly (approximately 15–25%) in order to recognize an impairment.

### 13 Financial assets

	30.09.2006	30.09.2005
Marketable securities held for trading	21 915	19 838
Derivative financial instruments	0	21
<b>Current financial assets</b>	<b>21 915</b>	<b>19 859</b>
Prepaid employee benefits <sup>2)</sup>	1 443	2 735
Non-current loans to third parties <sup>1)</sup>	27 212	23 706
Other financial assets	135	114
<b>Non-current financial assets</b>	<b>28 790</b>	<b>26 555</b>
<b>Financial assets</b>	<b>50 705</b>	<b>46 414</b>

<sup>1)</sup> Restated following the amended IAS 39 standard (on-trade loans for long-term securing of distribution channels). Non-current loans to third parties mainly comprise interest-free on-trade loans for long-term securing of distribution channels of Eichhof Beverage and have a duration in general of five years. The on-trade loans are recognized at amortized cost, respectively at the grant date of the loan the corresponding delivery right is valued. The first time application lead to a reclassification TCHF 3 712 to intangible assets.

The average rate of interest of on-trade loans is 6% (previous year: 6%).

<sup>2)</sup> Regarding the prepaid employee benefits refer note 17.

**14 Financial liabilities**

	30.09.2006	30.09.2005
Bank loans	80 000	50 000
Financial liabilities - third parties	580	1 470
Debenture bond	0	40 000
Derivative financial instruments	359	1 064
<b>Current financial liabilities</b>	<b>80 939</b>	<b>92 534</b>
Derivative financial instruments	784	2 132
<b>Non-current financial liabilities</b>	<b>784</b>	<b>2 132</b>
<b>Financial liabilities</b>	<b>81 723</b>	<b>94 666</b>

Eichhof Holding AG has repaid the CHF 40 million bond, 4%, on April 1, 2006 and the CHF 60 million bond at 4 1/4%, on April 1, 2005 respectively. These bonds were replaced by fixed advances with an average interest rate of 1,75% (previous year: 1,51%). Those interests were partly hedged by an interest rate swap of CHF 50 million (see note 19).

Thereby, common market debt covenants were entered, which were met at the balance sheet date and the time of the approval of the annual report. The interest rates mentioned above correspond with the effective interest rates and the carrying amounts of the current financial liabilities correspond approximately with their fair values.

<b>Repayable amounts as follows:</b>	30.09.2006	30.09.2005
Between 1 and 2 years	522	741
Between 2 and 5 years	262	1 391
<b>Non-current financial liabilities</b>	<b>784</b>	<b>2 132</b>

Credit limits and bank liabilities include agreements between subsidiaries and local banks.

	30.09.2006	30.09.2005
Credit lines available	100 000	70 000
Credit lines not drawn on	20 000	20 000

**15 Other liabilities**

	30.09.2006	30.09.2005
Other current liabilities due to		
– third parties	321	486 <sup>1)</sup>
– government	1 405	3 004
– pension funds	293	219
Prepayments from third parties	1 325	1 225
<b>Other current liabilities</b>	<b>3 344</b>	<b>4 934</b>
<b>Other non-current liabilities</b> <sup>2)</sup>	<b>6 404</b>	<b>5 375</b>
<b>Other liabilities</b>	<b>9 748</b>	<b>10 309</b>

<sup>1)</sup> The accruals for overtime and vacation of employees of TCHF 6 105 as per previous year have been reclassified to accrued liabilities.

<sup>2)</sup> Other non-current liabilities include "deposits on containers".

## 16 Provisions

	Warranties	Other	Total
<b>Balance as of 01.10.2004</b>	<b>528</b>	<b>253</b>	<b>781</b>
Additions	10	7	17
Used	-68	-10	-78
Reversed	-32	-143	-175
Translation differences	7	1	8
<b>Balance as of 30.09.2005</b>	<b>445</b>	<b>108</b>	<b>553</b>
Additions	89	36	125
Used	-22	-11	-33
Reversed	0	-8	-8
Translation differences	-14	2	-12
<b>Balance as of 30.09.2006</b>	<b>498</b>	<b>127</b>	<b>625</b>

Provisions for warranty claims refer to Datacolor. The amount is estimated based on past experience with repairs of similar products.

## 17 Employee benefits

## Defined benefit plans

Net benefit expenses	2005/2006	2004/2005
Current service cost	4 945	4 176
Interest cost on benefit obligation	3 248	3 864
Expected return on plan assets	-5 019	-4 580
Amortization of transition cost (plan changes)	1 097	13
Amortization of actuarial losses	287	6
Employee contributions	-1 737	-1 564
<b>Expense recognized in the income statement</b>	<b>2 821</b>	<b>1 915</b>
Actual return on plan assets	3 188	4 855

## Net prepaid employee benefits

	30.09.2006	30.09.2005
Present value of funded obligations	122 729	117 914
Market value of plan assets	-110 046	-106 114
<b>Funding deficit</b>	<b>12 683</b>	<b>11 800</b>
Present value of unfunded obligations	296	299
Unrecognized actuarial losses	-9 059	-14 712
Unrecognized transition cost (plan changes)	-5 363	-122
<b>Prepaid employee benefits</b>	<b>-1 443</b>	<b>-2 735</b>

**Movement in the net prepaid employee benefits**

	2006	2005
Prepaid employee benefits as of October 1	-2 735	-2 525
Net expense recognized in the income statement	2 821	1 915
Employer's contributions	-2 289	-2 127
Acquisition brewery Ziegelhof	752	0
Translation differences	8	2
<b>Prepaid employee benefits as of September 30</b>	<b>-1 443</b>	<b>-2 735</b>

The prepaid employee benefits of TCHF 1 443 are due mainly to Swiss pension plans. These plans are legally independent foundations, for which the Eichhof Group is not liable. The required coverage is established according to national legislation, where contributions paid until the balance sheet date and the corresponding interest are included. Future salary and pension increases though, in contrary to IAS 19, are excluded. The Swiss pension plans are covered by 104% as of January 1, 2006 (previous year: 100%).

According to Swiss law, prepayments reported on the balance sheet cannot be reimbursed to the company, but in some pension schemes they are used to finance employer contributions to individual benefit plans.

The plan assets also include 700 (previous year: 700) shares of Eichhof Holding AG at fair value of TCHF 1 120 as of September 30, 2006 (previous year: TCHF 987).

The weighted actuarial assumptions can be summarized as follows, refer also to note 29:

	30.09.2006	30.09.2005
Discount rate	3,15%	2,81%
Expected long-term rate of return on assets	4,75%	4,50%
Future salary increases	1,50%	1,50%
Future pension increases	0,25%	0,25%

**Defined contribution plans**

The Eichhof Group maintains various defined contribution plans for which expenses for 2005/2006 amount to TCHF 2 724 (previous year: TCHF 2 172).

## 18 Management share option plan

Options to subscribe Eichhof registered shares are granted to members of the Board of Directors and of certain members of management as part of their performance-related bonuses.

The exercise price of the granted options is determined in accordance with the Black-Scholes-formula taking into account a premium per option of CHF 250.

Options are conditional on the employee completing one year's service (the vesting period), which corresponds with the reporting period.

The options are exercisable starting three years from the grant date or can be sold back to the company after six years for CHF 250 (share option premium). The options expire in ten years.

The expenses in the reporting period amount to TCHF 1 167 (previous year: TCHF 1 090) and the accrual under accrued liabilities amount to TCHF 2 434 (previous year: TCHF 2 746).

For the potential exercise of the options a conditional share capital of maximally CHF 4 920 at nominal value of CHF 1 per share and also own shares are available.

In the reporting period, 3 280 options (previous year: 600) were exercised with an average exercise price of CHF 334 (previous year: CHF 488). The average share price during exercises was CHF 1 454 (previous year: CHF 1 202).

Year issued	Quantity of outstanding options 01.10.2005 and expected granting	Exercise price (CHF)	Expiration of blocking period	Expiration of exercise period	Quantity of options exercised 2005/2006	Quantity of options repurchased 2005/2006	Out-standing options 30.09.2006
1998	340	1 042	1.10.2001	1.10.2008	40	60	240
1999	1 020	665	1.10.2002	1.10.2009	880	60	80
2000	1 060	736	1.10.2003	1.10.2010	120	0	940
2001	1 000	212	1.10.2004	1.10.2011	960	0	40
2002	1 380	138	1.10.2005	1.10.2012	1 280	80	20
2003	1 640	232	1.10.2006	1.10.2013	0	150	1 490
2004	2 480	452	1.10.2007	1.10.2014	0	200	2 280
2005	3 080	745	1.10.2008	1.10.2015	0	40	3 040
Total carry forward	<b>12 000</b>						
2006 (expected granting)	3 200	1 049	1.10.2009	1.10.2016	0	0	3 200
<b>Total</b>	<b>15 200</b>				<b>3 280</b>	<b>590</b>	<b>11 330</b>

Year issued	Quantity of outstanding options 01.10.2004 and expected granting	Exercise price (CHF)	Expiration of blocking period	Expiration of exercise period	Quantity of options exercised 2004/2005	Quantity of options repurchased 2004/2005	Out-standing options 30.09.2005
1998	560	1 042	1.10.2001	1.10.2008	0	220	340
1999	1 200	665	1.10.2002	1.10.2009	180	0	1 020
2000	1 220	736	1.10.2003	1.10.2010	160	0	1 060
2001	1 260	212	1.10.2004	1.10.2011	260	0	1 000
2002	1 380	138	1.10.2005	1.10.2012	0	0	1 380
2003	1 640	232	1.10.2006	1.10.2013	0	0	1 640
2004	2 480	452	1.10.2007	1.10.2014	0	0	2 480
Total carry forward	<b>9 740</b>						
2005	3 080	745	1.10.2008	1.10.2015	0	0	3 080
<b>Total</b>	<b>12 820</b>				<b>600</b>	<b>220</b>	<b>12 000</b>

The fair value of options granted during the period determined using the Black-Scholes valuation model was CHF 365 (previous period: CHF 353). The significant inputs into the model were share price of CHF 1 631 (previous year: CHF 1 333), the exercise prices shown above, standard deviation of expected share price returns of 23% (previous period: 24%), dividend yield of 4,7% (previous year 4,5%), option life of ten years and annual risk-free interest rate of 2,3% (previous period: 1,9%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of weekly share prices over the last ten years.

The exercise prices had to be adjusted in the previous period for the options up to year 2004 due to the share repurchase program in order to have unchanged market values of the options.

## 19 Financial risks and instruments

### Risk management, risk hedging instruments and off-balance-sheet risks

The Eichhof Group's operating activities are exposed to a certain level of interest rate, foreign currency and credit risks. Individual categories of risks and their attached limits are continuously monitored and adjusted in relation to the overall risk exposure of the Eichhof Group.

To hedge foreign currency and interest rate risks and to improve the yield on financial assets the Eichhof Group uses currency futures, option contracts and other financial instruments.

### Management of interest rate risks

The Eichhof Group is exposed to interest rate fluctuations due to movements in financial markets. In order to hedge those risks, interest swaps may be entered.

### Management of foreign currency risks

A significant portion of the Eichhof Group's cash flows is denominated in foreign currencies. The Eichhof Group attempts to minimize currency exposure by matching operating income and operating expenses in foreign currency. Any residual risk is hedged in accordance with the financial risk policy. Hedging instruments include standardized foreign currency futures and options denominated in various major currencies, generally with maturities of less than 12 months.

### Management of price risks

The Eichhof Group is exposed to equity securities price risk because of investments held by the Eichhof Group and classified on the consolidated balance sheet as held for trading. The Eichhof Group is not significantly exposed to commodity price risk.

### Management of credit risks

Credit risks comprise the credit and default risks associated with marketable securities and claims as well as of derivative financial instruments and money market contracts. The credit risk is minimized by only purchasing marketable securities of companies with high ratings.

Default risk for derivative financial instruments and money market contracts is reduced by entering into transactions only with banks or other financial institutions with a high rating at the time of closing. The credit risks are continually monitored and kept within defined parameters. No losses or impairments are expected based on nonexecution of contracts, because of the excellent creditworthiness of the counter parties. Due to its large geographic diversification and number of customers, the Group is not exposed to material concentrations of credit risks.

### Management of liquidity risks

Prudent risk management implies maintaining sufficient cash and marketable securities, the availability of an adequate amount of committed credit facilities and the ability to refinance.

**Derivative financial instrument**

as of 30.09.	Contract values		Positive replacement value		Negative replacement value	
	2006	2005	2006	2005	2006	2005
<b>Currency instruments</b>						
Foreign currency futures	3 750	3 900	1	21	0	0
Foreign currency options	0	1 290	0	0	0	-60
<b>Interest instruments</b>						
Interest rate swap	50 000	50 000	0	0	-1 364	-3 136

The interests of the refinancing of the in the current year and previous year repaid debenture bonds were hedged by an interest rate swap for the period from April 1, 2005 to April 1, 2010. Eichhof Holding AG pays a fixed interest rate of 2,84% p.a. and receives a variable interest rate based on the six months CHF-LIBOR.

**Fair values**

The carrying values of cash and cash equivalents, trade receivables and current liabilities approximate the fair values according to IAS 39.

Current financial assets and derivative financial instruments are measured at fair values.

**20 Earnings per share (EPS)**

Earnings per share were calculated by dividing the profit for the year attributable to ordinary shares by the average number of ordinary shares outstanding during the year (issued shares less own shares). Diluted earnings per share include the effect of dilution, which could arise as a result of exercising management share options.

	2005/2006	2004/2005
Profit for the year per income statement	15 675	14 890 <sup>1)</sup>
Average number of shares outstanding	154 255	154 984
<b>Basic earnings per share in CHF</b>	<b>101,62</b>	<b>96,08</b> <sup>1)</sup>
Effect of dilution: Number of share options	5 100	5 685
Adjusted average number of shares for diluted earnings per share.	159 355	160 669
<b>Diluted earnings per share in CHF</b>	<b>98,36</b>	<b>92,68</b> <sup>1)</sup>

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

**21 Related parties and companies**

The Eichhof Holding AG has related party relationships with its subsidiaries, their pension plans and with Members of the Board of Directors and with the Executive Committee.

**Eichhof Group subsidiaries**

A listing of the Eichhof Group subsidiaries is included in note 31. Transactions between the Eichhof Holding AG and its subsidiaries and between subsidiaries of Eichhof Group are eliminated on consolidation.

There are no associated companies or joint ventures.

**Key management personnel**

Members of the Executive Committee control 33,1% (previous year: 29,6%) of the voting shares of the Eichhof Holding AG. As in the previous year, no claims or liabilities exist between the company and key management personnel. Total payments to non-executive Members of the Board of Directors were TCHF 306 in the reporting period (previous year: TCHF 351). The remuneration to the President of the Board, who is also a Member of the Executive Committee, is included in the figures of the remuneration of Members of the Executive Committee as shown in the table below.

**Remuneration of Members of the Executive Committee**

	2005/2006	2004/2005
Total remuneration paid in cash	6 615	5 091 <sup>1)</sup>
Pension costs	324	285
Share-based payments	1 167	1 090 <sup>1)</sup>

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

No receivables or liabilities between the company and its related parties existed at the end of both, the reporting period and the previous year, with the exception of pension plans, refer to note 9, 15 and 17.

**22 Leasing liabilities**

As in the previous year, no finance lease contracts existed at the balance sheet date.

The following overview shows future liabilities arising from non-capitalized operating lease contracts:

	30.09.2006	30.09.2005
Due in reporting period + 1 year	1 294	1 189
Due in reporting period + 2 years	1 131	1 171
Due in reporting period + 3 years	957	988
Due in reporting period + 4 years	883	894
Due in reporting period + 5 years	48	850
Due in reporting period + > 5 years	0	43
<b>Total operating leasing liabilities</b>	<b>4 313</b>	<b>5 135</b>

**23 Contingent liabilities**

There were no sureties, guarantee obligations or pledges in favour of third parties either in the reporting period nor in the previous year.

The company is involved in legal disputes, lawsuits and court cases in the ordinary course of business. As far as the company can assess such legal claims are not currently expected to exceed existing provisions or otherwise significantly impact its financial situation or operational results.

**24 Securing of own liabilities**

No assets were pledged to secure own liabilities in the reporting and in the previous period.

**25 Commitment to capital expenditure**

Datacolor entered into a contract relating to a purchase of a new ERP system over TCHF 549.

## 26 Acquisitions

### Acquisitions 2005/2006

Eichhof Beverage acquired as per Mai 15, 2006 the operational business of the brewery Ziegelhof, Liestal, CH. The acquired business contributed CHF 2,5 million to sales and TCHF 261 to the profit of the Eichhof Group in the period from May 15 to September 30, 2006. If the acquisition had occurred on October 1, 2005, the contribution to sales would have been CHF 6,2 million.

The following assets and liabilities, at fair values, have been purchased during the acquisition. Note that certain positions may vary once their final settlement has been proceeded:

	IFRS net carrying value before acquisition	Fair value adjustments	Fair value
	TCHF	TCHF	TCHF
Current assets	1 424		1 424
Deferred tax assets	165		165
Property, plant and equipment	718		718
Intangible assets (refer note 12)		1 500	1 500
Financial assets	1 918		1 918
Accrued and other liabilities	-815		-815
Accruals for IAS 19	-752		-752
<b>Total net assets taken over</b>	<b>2 658</b>	<b>1 500</b>	<b>4 158</b>
<b>Deviation (Goodwill) (refer note 12)</b>			<b>1 853</b>
<b>Purchase price</b>			<b>6 011</b>
<b>Cost of acquisition (legal fees)</b>			<b>50</b>
<b>Total purchase price consideration (cash flow)</b>			<b>6 061</b>

The intangible assets contain the value of the trade mark and the consumer base. The goodwill exists of the specific market knowledge, the experience of the employees taken over and the synergies following the acquisition.

### Acquisitions 2004/2005

Datacolor acquired the distribution and service organisation of 3C SA in France for TEUR 200 as of July, 22, 2005. Thereof, TEUR 170 were paid for the customer base. The revenue of the acquired business segment amounts to approximately CHF 1,5 million.

Net sales and the result of the purchased activities were immaterial in the reporting period.

## 27 Post balance sheet events

The Eichhof Group Financial Statements were released for publication by the Board of Directors on November 15, 2006. They must still be approved by the shareholders at the Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting a dividend of CHF 80 per share or CHF 12,4 million respectively for the reporting period 2005/2006.

No significant events which might have any influence on the information presented in the 2005/2006 annual report or would require disclosure in this report have occurred between September 30 and November 15, 2006.

## 28 Foreign exchange rates

Currency	Unit	Year-end rates for balance sheet		Average rates for income statement	
		30.09.2006	30.09.2005	2005/2006	2004/2005
USD	1	1,250	1,290	1,270	1,220
EUR	1	1,590	1,560	1,560	1,550
GBP	1	2,340	2,280	2,280	2,250
HKD	1	0,161	0,167	0,164	0,157

## 29 Material accounting estimates and judgements

### Impairment test of intangible assets

Note 12 contains information regarding assumptions and risk factors taken into account when carrying out impairment tests of intangible assets. Significant assumptions are for example growth rates, margins and discount rates. The cash flows actually generated may vary considerably from planned discounted future values. In addition, useful lives may become shorter, or an impairment can occur when the purpose of utilization changes.

### Actuarial assumptions to calculate post-employment benefit liabilities

Eichhof Group uses various pension plans for employees, of which some are classified as defined benefit plans. For defined benefit plans actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to the discount rate, the expected return on plan assets and future wage trends. The actuaries also use statistical data such as mortality and staff turnover rates in the actuarial calculations they perform with a view to determine employee benefit obligations. If these parameters change due to a change in economic or market conditions, the subsequent results can deviate considerably from the actuarial reports and calculations. Over the medium term, these deviations can have a significant effect on income and expenses arising from employee benefit plans.

### Interest rate swap

As described in note 19, Eichhof Group hedges the interests by an interest rate swap over CHF 50 million. Following the decrease of the interest rates on the capital market since entering into the interest rate swap a negative fair value of TCHF 1 364 resulted as per year end (previous year: TCHF 3 136). The result has been charged fully to equity, since the hedge is qualified as effective, as long as the Eichhof Group is financed by fixed advances, which have a duration of approximately six months. If Eichhof Group decided to change the refinancing and as a result the hedge became ineffective, changes in fair value would have to be charged to the income statement.

### Income tax

Current tax liabilities are measured on the basis of an interpretation of the tax regulations in place in the relevant countries. The adequacy of this interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be carried as an asset, it is first necessary to critically assess the probability that there will be future taxable profits against which to offset them. This assessment depends on a variety of influencing factors and developments.

## 30 Consolidated income statement in nature of expense format

	2005/2006		2004/2005	
<b>Net sales</b>	<b>265 395</b>	100,0%	<b>247 576</b>	100,0%
Changes in inventories	-801		2 925	
Cost for material and goods	-109 327		-103 459	
<b>Gross profit</b>	<b>155 267</b>	58,5%	<b>147 042</b>	59,4%
Personnel expenses	-71 390		-64 642 <sup>1)</sup>	
Sales and administration expenses	-43 877		-41 694	
Other operating expenses	-10 907		-10 624 <sup>2)</sup>	
<b>EBITDA</b>	<b>29 093</b>	11,0%	<b>30 082</b>	12,2%
Depreciation of property, plant and equipment	11	-8 153	-8 354	
Amortization of intangible assets	12	-2 967	-4 142 <sup>2)</sup>	
<b>EBIT</b>	<b>17 973</b>	6,8%	<b>17 586</b>	7,1%

<sup>1)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>2)</sup> Restated following the ammended IAS 39 standard (on-trade loans for long-term securing of distribution channels).

## 31 Group entities

Company	Location	Currency	Share capital in '000	Ownership interest in %
<b>Eichhof Beverage</b>				
Brauerei Eichhof AG*	CH-Lucerne	CHF	15 000	100
Eichhof Getränke AG*	CH-Lucerne	CHF	10 000	100
Bier-Import AG*	CH-Lucerne	CHF	500	100
MABAG AG*	CH-Lucerne	CHF	100	100
Kellerei St. Georg AG	CH-Lucerne	CHF	100	100
AG "Der Fliegende Harass"	CH-Lucerne	CHF	50	100
Ulmer & Knecht AG	CH-Zurich	CHF	392	100
<b>Eichhof Real Estate</b>				
Eichhof Immobilien AG*	CH-Lucerne	CHF	10 000	100
<b>Datacolor</b>				
Datacolor Holding AG*	CH-Lucerne	CHF	10 000	100
CV US Inc.**	USA-Ohio	USD	0	100
Datacolor AG	CH-Dietlikon	CHF	2 000	100
Datacolor International France SA	F-Montreuil	EUR	274	100
Datacolor GmbH	D-Marl	EUR	256	100
Datacolor Asia Pacific Pte. Ltd.	Singapur	SGD	3 000	100
Datacolor Asia Pacific (HK) Ltd.	Hong Kong	HKD	10	100
Applied Color Systems Inc. **	USA-Lawrenceville	USD	35 808	100
Colorvision Inc. ***	USA-Delaware	USD	0	100
Datacolor International Ltd.	GB-Altrincham	GBP	7 500	100
Datacolor Technology (Suzhou) Co., Ltd.	China-Suzhou	USD	920	100

\* These companies are held directly by Eichhof Holding AG

\*\* Merged as per October 1, 2006, name changed into Datacolor Inc.

\*\*\* Liquidated as per October 1, 2006.

## REPORT OF THE GROUP AUDITORS

### to the General Meeting of Eichhof Holding AG, Lucerne

As group auditors, we have audited the consolidated financial statements (income statement, balance sheet, cash flow statement and notes and statement of changes in equity as set out on pages 33 to 62) of Eichhof Holding AG for the year ended September 30, 2006.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.



KPMG Fides Peat

Markus Forrer  
Swiss Certified Accountant  
Auditor in Charge

Sandro Mascarucci  
Swiss Certified Accountant

Root/Lucerne, November 15, 2006

## INCOME STATEMENT

in TCHF	2005/2006	2004/2005
Financial income	20 017	23 217
Financial expenses	-4 824	-6 391
Administration expenses	-1 134	-1 381
Income taxes	-305	-188
<b>Profit for the year</b>	<b>13 754</b>	<b>15 257</b>
Retained earnings at beginning of year	28 921	22 692
Dividend	-8 533	-2 265
Share repurchase program	0	-6 763
<b>Retained earnings at end of year</b>	<b>34 142</b>	<b>28 921</b>

## BALANCE SHEET

in TCHF		30.09.2006		30.09.2005	
<b>Assets</b>					
Cash and cash equivalents		1 007		7 516	
Current financial assets		21 247		19 190	
Other receivables					
– third parties		76		1	
– group companies		889		834	
Prepaid expenses		253		159	
<b>Current assets</b>		<b>23 472</b>	17,1%	<b>27 700</b>	19,2%
Investments in group companies	3	69 696		69 696	
Own shares	5	15 120		14 541	
Loans to group companies	3	29 368		31 972	
<b>Non-current assets</b>		<b>114 184</b>	82,9%	<b>116 209</b>	80,8%
<b>Assets</b>		<b>137 656</b>	100,0%	<b>143 909</b>	100,0%
<b>Liabilities and shareholders' equity</b>					
Financial liabilities	4	80 939		92 534	
Other current liabilities					
– third parties		0		73	
– group companies		202		196	
Accrued liabilities		2 734		3 115	
<b>Current liabilities</b>		<b>83 875</b>	60,9%	<b>95 918</b>	66,6%
Financial liabilities	4	784		2 132	
<b>Non-current liabilities</b>		<b>784</b>	0,6%	<b>2 132</b>	1,5%
<b>Liabilities</b>		<b>84 659</b>	61,5%	<b>98 050</b>	68,1%
Share capital	5	168		164	
Legal reserves		2 453		541	
Reserves for own shares	5	15 120		14 541	
Free reserves		1 114		1 692	
Retained earnings		34 142		28 921	
<b>Shareholders' equity</b>		<b>52 997</b>	38,5%	<b>45 859</b>	31,9%
<b>Liabilities and shareholders' equity</b>		<b>137 656</b>	100,0%	<b>143 909</b>	100,0%

## NOTES

### 1 Introduction

The financial statements of Eichhof Holding AG comply with the Swiss Code of Obligation.

### 2 Accounting and valuation principles

#### Financial assets

Financial assets are valued at the lower of acquisition cost or market value.

#### Investments and loans

They are valued at acquisition cost less accumulated amortization.

### 3 Loans to and investments in group companies

Loans granted to group companies serve to finance them and are given on a long-term basis. Directly and indirectly held investments of Eichhof Holding AG are presented on page 62 of this report.

### 4 Financial liabilities

in TCHF	30.09.2006	30.09.2005
Current financial liabilities due to third parties	80 359	51 470
Debenture bond*	0	40 000
Derivative financial instruments	580	1 064
<b>Current financial liabilities</b>	<b>80 939</b>	<b>92 534</b>
Derivative financial instruments	784	2 132
<b>Non-current financial liabilities</b>	<b>784</b>	<b>2 132</b>

\* For details see notes Eichhof Group on page 53.

### 5 Shareholders' equity

#### Share capital

The share capital of Eichhof Holding AG of CHF 167 704 (previous year: CHF 164 424) is fully paid-in and consists of 167 704 registered shares with a par value of CHF 1 each (previous year: 164 424).

In the current year 3 280 shares have been issued out of the conditional share capital due to exercised management share options.

The shares are listed on the Swiss Stock Exchange Zurich under issue number 853 104.

#### Conditional share capital

For the possible exercise of the management share options a conditioned share capital of maximally CHF 4 920 (previous year: CHF 8 200) exists at par value of CHF 1.

**Own shares**

Eichhof Holding AG holds a total of 12 823 (previous year: 12 848) of own shares, carried at TCHF 15 120 (previous year: TCHF 14 541). The voting rights for these shares are suspended. A reserve for own shares has been duly formed for these shares.

	2006			2005		
	Par value TCHF	Book value TCHF	Number	Par value TCHF	Book value TCHF	Number
<b>Balance as of 1.10.</b>	<b>13</b>	<b>14 541</b>	<b>12 848</b>	<b>14</b>	<b>15 505</b>	<b>14 491</b>
Shares purchased	2	2 464	1 620	2	2 930	2 248
Shares sold	-2	-2 498	-1 645	-3	-5 352	-3 891
Market value adjustment		613			1 458	
<b>Balance as of 30.09.</b>	<b>13</b>	<b>15 120</b>	<b>12 823</b>	<b>13</b>	<b>14 541</b>	<b>12 848</b>

The share capital entitled to a dividend amounts to CHF 154 881.

**Major shareholders**

The Board of Directors of Eichhof Holding AG is aware of the following individual shareholders and jointly voting shareholder groups whose holdings exceed 5% of all voting shares:

Dubach family 32,4% (previous year: 29,3%), Keller family 8,8% (previous year: 8,0%).

**6 Pledges and guarantees in favour of third parties**

On September 30, 2006, Eichhof Holding AG had provided pledges to a maximum amount of CHF 10 million (previous year: CHF 10 million) on behalf of group companies. None (previous year: none) were drawn on at the balance sheet date.

## PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

### Proposal of the Board of Directors

#### Retained earnings

Profit for the year 2005/2006	CHF	13 753 429
Retained earnings carried forward	CHF	20 388 334

<b>Retained earnings</b>	<b>CHF</b>	<b>34 141 763</b>
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The Board of Directors proposes the retained earnings of CHF 34 141 763 of Eichhof Holding AG to be distributed as follows:

Dividend on dividend-entitled capital of CHF 154 881	CHF	12 390 480
Retained earnings to be carried forward	CHF	21 751 283

<b>Total</b>	<b>CHF</b>	<b>34 141 763</b>
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The dividend of CHF 12 390 480 corresponds to a gross dividend of CHF 80 per dividend-entitled share at par value of CHF 1. If this earnings appropriation proposal is accepted, the date of payment will be January 23, 2007.

## REPORT OF THE STATUTORY AUDITORS

### to the General Meeting of Eichhof Holding AG, Lucerne

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes as set out on pages 64 to 68) of Eichhof Holding AG for the year ended September 30, 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.



KPMG Fides Peat

Markus Forrer  
Swiss Certified Accountant  
Auditor in Charge

Sandro Mascarucci  
Swiss Certified Accountant

Root/Lucerne, November 15, 2006

## INVESTORS' INFORMATION

### Stock exchange information

Expected dividend-date 2007	23.01.2007
Listing	SWX Swiss Exchange (Zurich)
Security ID	853 104
ISIN	CH0008531045
Reuters	EINZn.S
Bloomberg	EI/N
Investdata	EIN

Capital structure	30.09.2006	30.09.2005
Share capital in CHF	167 704	164 424
Conditional share capital in CHF	4 920	8 200
Number of registered shares	167 704	164 424
Nominal value per share in CHF	1	1
Registration restrictions	none	none
Voting restrictions	none	none
Opting out / opting up	none	none

Major shareholders (in%)	30.09.2006	30.09.2005
Dubach family	32,4	29,3
Keller family	8,8	8,0

Shareholders by category (in%)	30.09.2006	30.09.2005
Major shareholders	41,2	37,3
Private investors	69,3	70,7
Corporate investors	30,7	28,3
thereof institutional investors	5,7	5,0
Non-registered shareholders	8,7	13,2

Number of registered shares	30.09.2006	30.09.2005
Shares	Shareholders	Shareholders
1 – 100	2 883	2 935
101 – 1 000	57	54
1 001 – 5 000	5	8
5 001 – 10 000	1	1
>10 000	3*	3*
<b>Total</b>	<b>2 949</b>	<b>3 001</b>

\* incl. own shares of Eichhof Holding AG.

<b>Share price data in CHF</b>	<b>2006</b>	<b>2005</b>
First trading day	1 410 (03.10.2005)	1 050 (01.10.2004)
Low	1 392 (23.11.2005)	1 010 (29.10.2004)
High	1 670 (21.08.2006)	1 410 (30.09.2005)
Last trading day	1 600 (29.09.2006)	1 410 (30.09.2005)
Average	1 534	1 250
Market capitalisation in million as of 30.09.	268,3	231,8

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