



# EICHHOF HOLDING

**SEMIANNUAL REPORT OCTOBER 1, 2006 – MARCH 31, 2007**

## **Significant increase in profitability at the Eichhof Group**

**Dynamic growth at Eichhof Beverages**

**Boosted profits at Datacolor**

**Continued expansion of the property portfolio**

The Eichhof Group once more posted dynamic growth in the first half of the 2006/2007 financial year, with a significant increase in profitability. Net sales rose by 6.9% to CHF 134.8 million (H1 2005/2006: CHF 126.1 million). At CHF 7.0 million, EBIT exceeded the previous year's figure (CHF 6.0 million) by 16.7%, in spite of the fact that there was further significant increase in marketing and distribution costs. The EBIT margin rose from 4.7% the previous year to 5.2%. Net profit totaled CHF 6.8 million, 36% ahead of the previous year's figure of CHF 5.0 million – supported by an improvement in the financial result from CHF 0.3 million to CHF 1.6 million. In the course of its dynamic development the Eichhof Group also created new jobs: in the first half of 2006/2007 the workforce increased by 43 to 767.

### **Eichhof Beverages**

As the most important independent Swiss brewery, and as a traditional, distinctive, well-established brand, Eichhof enjoys great popularity throughout Switzerland. In the winter half of the year, when sales are generally lower, Eichhof Beverages increased its net sales by an encouraging 8.5% to CHF 89.3 million (CHF 82.3 million). EBIT was up by about 10% to CHF 4.7 million (CHF 4.3 million); the EBIT margin of 5.3% was slightly over previous year. Eichhof further consolidated its position among Swiss branded beers, with a 5.6% increase in sales of its own beers such as the traditional Eichhof Lager, top-class specialty beers such as Eichhof Braugold and Eichhof Klosterbräu, and attractive fashionable beers like Eichhof Spiess and Eichhof Lemon. Eichhof also maintained its strong market position in the declining non-alcoholic-beer segment, with the popular Eichhof Alkoholfrei and Clausthaler – the classic non-alcoholic beer. Eichhof's Kellerei St. Georg increased sales by 11.5%, with its attractive, low-cost range of products focusing primarily on the requirements of the restaurant trade – from every major wine-growing region throughout the world, together with thirteen of its own wine merchants and beverage markets, tailored to meet the needs of both private and professional customers. This dynamic growth at Eichhof Beverages can be attributed to the significant increase in sales and marketing activities, and to capital investment: in the development of new products, in product quality – recently honored by an independent specialist jury – and in its award-winning advertising.

## **Datacolor**

Datacolor further consolidated its position as a strong number two in the global color-metrics market, with its award-winning innovative, high-precision color-measurement systems. Net sales in H1 2006/2007 were up by 4.2% from CHF 42.5 million to CHF 44.3 million. In local-currency terms the increase was 6.2%. The significant increase in EBIT – up 43% from CHF 3.0 million to CHF 4.3 million – was particularly encouraging. The EBIT margin rose from 7.0% to 9.6%. The Datacolor consumer products business maintained its vigorous growth. Datacolor's innovative Spyder and PrintFIX color-calibration systems for monitors, projectors, TV sets and printers account for as much as 18.1% (14.7%) of its overall sales. Datacolor's industrial products business further consolidated its position in the international textile industry with its flexible color-management systems, the Spectrum system prominent among them. It has also established itself as a strong partner of globally-active groups in the paint and automotive industries.

## **Eichhof Real Estate**

Eichhof Real Estate matched the previous year's result with rental income of CHF 1.1 million. Maintenance and administration expenses were steady at CHF 0.5 million, while EBIT was marginally down at CHF 0.2 million. Letting of the two new income-yielding properties – the architecturally outstanding residential and office property on the Pilatusplatz in Lucerne, and the Täschematt (formerly Salvis) commercial property in Littau – has commenced on schedule, and the resulting positive effect on rental income will begin to feed through in the second half of fiscal 2006/2007. The more intensive management of the property portfolio that was initiated some years ago has resulted in an increase in its value to CHF 68 million (previous year: CHF 63 million). Prepared jointly with the relevant authorities, the project to open up the Eichhof perimeter to traffic and thus to make more intensive use of the Grosshof area adjacent to the Eichhof brewery was launched in the first half of the year. The direct link to the motorway from the end of 2008 will particularly benefit Eichhof logistics. And the recent demolition of the 'Eiche', formerly the director's villa, marked the inception of a new construction project for an office building that will have great architectonic appeal.

## **Finances**

The gearing (the ratio of net debt to shareholders' equity) stands at 60% at balance-sheet date, as against 46% on September 30, 2006. The CHF 40 million bond issue that became due last year was refinanced with low-cost long-term bank loans. After the payment of a dividend totaling CHF 12.6 million, the equity ratio stands at 37.6%: still above the target set by the Board of Directors. Earnings per share were CHF 43.45 (CHF 32.46).

## **Outlook**

The Eichhof Group will continue to invest heavily in sales and marketing, in new technologies and products and in the quality of the property portfolio, consistently pursuing increased sales and profitability. The range of Eichhof beers, international premium beers, wines and spirits and well-known branded mineral water and soft drinks – already finely tuned to market requirements – is being continuously expanded with new, innovative beer products. The launch of new color-metrics equipment is further consolidating the leading position of Datacolor's industrial products business in the international textile market, as well as its position in the paints and automotive industries. Datacolor is continuing to expand its fast-growing consumer products business with intense marketing activities, and by extending its successful Spyder and PrintFIX families of color-calibration systems. Because of its financial strength and earnings momentum, the Eichhof Group is in a position to make rapid headway with its policy of acquisitions to expand its sales organization and develop innovative color-sensor technologies. The Eichhof Group intends to maintain the growth strategy that it has successfully implemented in recent years, thus generating an above-average increase in profitability.

**The full 2006-2007 Semiannual Report is available at [www.eichhof.com](http://www.eichhof.com). It can also be ordered by phone.**

## KEY FIGURES EICHHOF GROUP

in CHF million	Half-year 2006/2007		Half-year 2005/2006		Difference in %	
<b>Income statement</b>						
Gross sales	146.0		135.7		7.6	
Net sales	134.8		126.1		6.9	
EBITDA	12.0		11.2		7.1	
Depreciation and amortization	5.0		5.2		-3.8	
EBIT	7.0		6.0		16.7	
Net profit	6.8		5.0		36.0	
Cash flow from operating activities	7.8		12.1		-36.0	
Cash flow from investing activities	-2.0		-16.7		n/a	
<b>Balance Sheet</b>						
in CHF million	31.03.2007		%	30.09.2006		%
Total assets	271.0		100.0	265.2		100.0
Current assets	108.4		40.0	103.2		38.9
Non-current assets	162.6		60.0	162.0		61.1
Liabilities	169.0		62.4	157.8		59.5
Net debt	60.9		22.5	49.4		18.6
Shareholders' equity	102.0		37.6	107.4		40.5
<b>Per share data in CHF</b>						
	Half-year 2006/2007		Half-year 2005/2006		Difference in %	
Net profit	43.45		32.46		33.9	
Cash flow from operating activities	46.37		72.19		-35.8	
Shareholders' equity	606.86		589.70		2.9	
Share price as of March 31	2000.00		1510.00		32.5	
Market capitalisation in CHF millions	336.09		253.20		32.7	
<b>Personnel</b>						
	31.03.2007		31.03.2006		Difference	
Number of employees	767		692		75	
Average during 1 <sup>st</sup> half-year	754		692		62	

### Agenda

- 6. November 2007 Press release
- 4. December 2007 Press Conference
- 17. January 2008 Shareholder's meeting

## CONSOLIDATED INCOME STATEMENT

in TCHF	Half-year 2006/2007		Half-year 2005/2006	
<b>Gross sales</b>	<b>145 962</b>		<b>135 703</b>	
Sales deductions	-11 183		-9 620	
<b>Net sales</b>	<b>134 779</b>	100.0%	<b>126 083</b>	100.0%
Cost of goods sold	-65 340		-61 848	
<b>Gross profit</b>	<b>69 439</b>	51.5%	<b>64 235</b>	50.9%
Sales and marketing expenses	-48 525		-45 305	
Administration expenses	-10 240		-9 166	
Research and development expenses	-4 389		-4 491	
Other operating income	749		719	
Other operating expenses	0		-40	
<b>EBIT</b>	<b>7 034</b>	5.2%	<b>5 952</b>	4.7%
Financial result	1 594		268	
<b>Profit before income tax</b>	<b>8 628</b>	6.4%	<b>6 220</b>	4.9%
Income taxes	-1 872		-1 236	
<b>Net profit</b>	<b>6 756</b>	5.0%	<b>4 984</b>	4.0%
	<b>CHF</b>		<b>CHF</b>	
<b>Earnings per share</b>				
non diluted	43.45		32.46	
diluted	41.99		31.36	

## CONSOLIDATED BALANCE SHEET

in TCHF	31.03.2007		30.09.2006	
<b>Assets</b>				
Cash and cash equivalents	11 826		10 397	
Financial assets	17 365		21 915	
Trade receivables	43 831		39 842	
Other receivables	4 007		2 424	
Inventories	27 796		25 680	
Prepaid tax expenses	603		442	
Prepaid expenses	2 993		2 499	
<b>Current assets</b>	<b>108 421</b>	40.0%	<b>103 199</b>	38.9%
Property, plant and equipment	57 050		56 678	
Investment properties	54 093		52 972	
Intangible assets	22 298		19 662	
Financial assets	26 757		28 790	
Deferred tax assets	2 408		3 917	
<b>Non-current assets</b>	<b>162 606</b>	60.0%	<b>162 019</b>	61.1%
<b>Assets</b>	<b>271 027</b>	100.0%	<b>265 218</b>	100.0%
<b>Liabilities and shareholders' equity</b>				
Trade payables	18 554		17 025	
Financial liabilities	39 972		80 939	
Current tax liabilities	2 822		6 640	
Other liabilities	6 728		3 344	
Accrued liabilities	29 959		27 659	
<b>Current liabilities</b>	<b>98 035</b>	36.2%	<b>135 607</b>	51.1%
Financial liabilities	50 119		784	
Other liabilities	6 413		6 404	
Provisions	615		625	
Deferred tax liabilities	13 866		14 417	
<b>Non-current liabilities</b>	<b>71 013</b>	26.2%	<b>22 230</b>	8.4%
<b>Liabilities</b>	<b>169 048</b>	62.4%	<b>157 837</b>	59.5%
Share capital	168		168	
Own shares	-12		-13	
Capital reserves	11 035		10 626	
Retained earnings	90 788		96 600	
<b>Shareholders' equity</b>	<b>101 979</b>	37.6%	<b>107 381</b>	40.5%
<b>Liabilities and shareholders' equity</b>	<b>271 027</b>	100.0%	<b>265 218</b>	100.0%

## CONSOLIDATED CASH FLOW STATEMENT

in TCHF	Half-year 2006/2007	Half-year 2005/2006
<b>Profit before income taxes</b>	<b>8 628</b>	<b>6 220</b>
Depreciation of fixed asset	3 762	3 802
Amortization of intangible assets	1 228	1 449
Non-cash sales deductions	2 034	2 048
Loss/gain on disposal of non current assets	81	-19
Changes in provisions	-10	5
Interest expense net	1 283	1 608
Income from securities	-2 156	-2 462
Interest paid	-1 182	-1 243
Income taxes paid	-3 753	-108
Other non-cash positions	398	251
<b>Cash flow before working capital changes</b>	<b>10 313</b>	<b>11 551</b>
Changes in net working capital (net of cash & cash equivalents)	-2 521	556
<b>Cash flow from operating activities</b>	<b>7 792</b>	<b>12 107</b>
Investment in fixed assets	-5 483	-6 039
Investment in intangible assets	-2 412	-1 143
Di-/Investments in financial assets	5 615	-10 898
Divestments of property, plant and equipmentn	7	19
Interest and dividends received	232	1 408
<b>Cash flow from investing activities</b>	<b>-2 041</b>	<b>-16 653</b>
Proceeds from financial liabilities	9 569	9 698
Purchase of own shares	-2 301	-435
Sale of own shares	0	1 725
Exercise of management share options	1 005	1 916
Dividends paid	-12 552	-8 533
<b>Cash flow from financing activities</b>	<b>-4 279</b>	<b>4 371</b>
<b>Changes in cash and cash equivalents</b>	<b>1 472</b>	<b>-175</b>
Cash and cash equivalents as of October 1	10 397	16 187
Effect of foreign currency translation on cash and cash equivalents	-43	-96
<b>Cash and cash equivalents as of March 31</b>	<b>11 826</b>	<b>15 916</b>

## 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 1.10.2005</b>	<b>164</b>	<b>-13</b>	<b>7 564</b>	92 725	-111	-3 098	<b>89 516</b>	<b>97 231</b>
Changes in accounting of the management share option plan <sup>5)</sup>			520	-976			-976	-456
<b>Balance as of 1.10.2005 – (restated)</b>	<b>164</b>	<b>-13</b>	<b>8 084</b>	91 749	-111	-3 098	<b>88 540</b>	<b>96 775</b>
Adjustment of financial instruments to fair value <sup>4)</sup>						2 276	2 276	2 276
Translation differences					43		43	43
<b>Total gains and losses directly recognized in equity</b>					<b>43</b>	<b>2 276</b>	<b>2 319</b>	<b>2 319</b>
Net profit				4 984			4 984	4 984
<b>Total recognized gains and losses</b>				<b>4 984</b>	<b>43</b>	<b>2 276</b>	<b>7 303</b>	<b>7 303</b>
Dividends <sup>3)</sup>				-8 533			-8 533	-8 533
Purchase of own shares		0		-435			-435	-435
Sale of own shares		1		1 724			1 724	1 725
Management share option plan			146				0	146
Exercise of management share options	4		1 912				0	1 916
<b>Balance as of 31.03.2006</b>	<b>168<sup>1)</sup></b>	<b>-12</b>	<b>10 142</b>	89 489	-68	-822	<b>88 599</b>	<b>98 897</b>
<b>Balance as of 1.10.2006</b>	<b>168</b>	<b>-13</b>	<b>10 626</b>	98 925	-978	-1 347	<b>96 600</b>	<b>107 381</b>
Adjustment of financial instruments to fair value <sup>4)</sup>						1 201	1 201	1 201
Translation differences					-327		-327	-327
<b>Total gains and losses directly recognized in equity</b>					<b>-327</b>	<b>1 201</b>	<b>874</b>	<b>874</b>
Net profit				6 756			6 756	6 756
<b>Total recognized gains and losses</b>				<b>6 756</b>	<b>-327</b>	<b>1 201</b>	<b>7 630</b>	<b>7 630</b>
Dividends <sup>3)</sup>				-12 552			-12 552	-12 552
Purchase of own shares		-1		-2 301			-2 301	-2 302
Management share option plan			246				0	246
Exercise of management share options <sup>6)</sup>	0	2	163	1 411			1 411	1 576
<b>Balance as of 31.03.2007</b>	<b>168<sup>1)</sup></b>	<b>-12</b>	<b>11 035</b>	92 239	-1 305	-146	<b>90 788</b>	<b>101 979</b>

<sup>1)</sup> The share capital as of March 31, 2006, consists of 168 044 (previous year: 167 704) 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 15 133 (previous year: TCHF 13 653).

<sup>3)</sup> A dividend of CHF 80 (previous year: CHF 55) per share was distributed in the reporting period.

<sup>4)</sup> The adjustment of financial instruments to the fair value concerns the valuation of an interest rate swap.

<sup>5)</sup> Restated following first time application of IFRS 2 Share-based Payment.

<sup>6)</sup> In the reporting period 2 280 options with an average exercise price of CHF 441 have been exercised.

## SEGMENT INFORMATION

	Half-year 2006/2007		Half-year 2005/2006	
<b>Business segments in TCHF</b>				
		as % of total		as % of total
<b>Net sales with third parties</b>	<b>134 779</b>	100.0	<b>126 083</b>	100.0
Eichhof Beverage	89 341	66.3	82 358	65.3
Datacolor	44 307	32.9	42 554	33.8
Eichhof Real Estate	1 131	0.8	1 171	0.9
Other	0	0.0	0	0.0
		as % of sales		as % of sales
<b>EBITDA</b>	<b>12 024</b>	8.9	<b>11 203</b>	8.9
Eichhof Beverage	8 426	9.4	8 109	9.8
Datacolor	5 070	11.4	4 117	9.7
Eichhof Real Estate	653	57.7	596	50.9
Other	-2 125	n/a	-1 619	n/a
		as % of sales		as % of sales
<b>EBIT</b>	<b>7 034</b>	5.2	<b>5 952</b>	4.7
Eichhof Beverage	4 729	5.3	4 275	5.2
Datacolor	4 257	9.6	2 991	7.0
Eichhof Real Estate	196	17.3	322	27.5
Other	-2 148	n/a	-1 636	n/a
		as % of sales		as % of sales
<b>Depreciation of fixed assets and intangible assets</b>	<b>4 990</b>	3.7	<b>5 251</b>	4.2
Eichhof Beverage	3 697	4.1	3 834	4.7
Datacolor	813	1.8	1 126	2.6
Eichhof Real Estate	457	40.4	274	23.4
Other	23	n/a	17	n/a
		as % Totals		as % Totals
<b>Gross investments in fixed assets</b>	<b>9 789</b>	100.0	<b>9 159</b>	100.0
Eichhof Beverage	6 047	61.8	5 297	57.8
Datacolor	2 129	21.7	535	5.8
Eichhof Real Estate	1 578	16.1	3 327	36.4
Other	35	0.4	0	0.0
		as % of total		as % of total
<b>Average number of employees</b>	<b>754</b>	100.0	<b>692</b>	100.0
Eichhof Beverage	432	57.3	405	58.5
Datacolor	314	41.6	279	40.3
Eichhof Real Estate	2	0.3	2	0.3
Other	6	0.8	6	0.9

### Net assets by business segments

as of March 31. 2007	Assets	Liabilities	Net
Eichhof Beverage	144 451	71 642	72 809
Datacolor	55 082	31 296	23 786
Eichhof Real Estate	56 865	31 337	25 528
Other	14 629	34 773	-20 144
<b>Total</b>	<b>271 027</b>	<b>169 048</b>	<b>101 979</b>

as of September 30. 2006	Assets	Liabilities	Net
Eichhof Beverage	139 438	55 808	83 630
Datacolor	50 357	29 653	20 704
Eichhof Real Estate	54 781	28 473	26 308
Other	20 642	43 903	-23 261
<b>Total</b>	<b>265 218</b>	<b>157 837</b>	<b>107 381</b>

Return on average net assets (half-year)	2006/2007	2005/2006
Eichhof Beverage	6.0%	5.7%
Datacolor	19.1%	18.8%
Eichhof Real Estate	0.8%	1.8%

The figures of the holding company, financial activities and consolidation effects are included in the position "Other". The Eichhof Group accounts for sales and transfers between legal entities as if the sales or transfers were to third parties at current market prices. There are no material sales between the segments.

### Geographical segments in TCHF

	Half-year 2006/2007		Half-year 2005/2006	
		as % of total		as % of total
<b>Net sales with third parties</b>	<b>134 779</b>	100.0	<b>126 083</b>	100.0
Europe	109 029	80.9	99 706	79.1
America	12 775	9.5	13 792	10.9
Asia/Pacific	12 975	9.6	12 585	10.0
<b>Assets</b>	<b>271 027</b>	100.0	<b>278 250</b>	100.0
Europe	244 598	90.2	252 705	90.8
America	18 510	6.8	19 573	7.0
Asia/Pacific	7 919	3.0	5 972	2.2
<b>Gross investments in fixed assets</b>	<b>9 789</b>	100.0	<b>9 159</b>	100.0
Europe	8 118	82.9	8 785	95.9
America	1 358	13.9	218	2.4
Asia/Pacific	313	3.2	156	1.7
<b>Average number of employees</b>	<b>754</b>	100.0	<b>692</b>	100.0
Europe	514	68.2	486	70.2
America	147	19.5	140	20.2
Asia/Pacific	93	12.3	66	9.6

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Accounting principles

The unaudited consolidated interim statements have been drawn up in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The same accounting principles apply as used for the consolidated financial statements for 2006 except for the following revised or new standards:

Effective October 1, 2006, Eichhof Group implemented the amendments of IAS 19 Employee benefits, IAS 39 Financial Instruments and IAS 21 The Effect of Changes in Foreign Exchange Rates and the newly issued IFRIC 4 Determining whether an Arrangement Contains a Lease, IFRIC 5 Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment, IFRIC 7 Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies, IFRIC 8 Scope of IFRS 2, IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 10 Interim Financial Reporting and Impairment, without this having a material effect on the consolidated interim financial statements.

### 2. Use of estimates

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.

### 3. Seasonality

The business of Eichhof Beverage is seasonal because of higher sales during the summer months, which is reflected in the second half of the fiscal year. Business for both, Datacolor and Eichhof Real Estate, is not subject to significant seasonal fluctuations.

### 4. Semiannual report commentary

Current financial liabilities have decreased by CHF 41.0 Mio. due to the movement from short term fixed advances to long term bank loans. Besides this, the financial liabilities have been increased by roughly CHF 9.0 Mio.

### 5. Foreign exchange rates

CHF per	1 USD	1 EUR	1 GBP
Average rates October 2006/March 2007	1.24	1.60	2.38
Average rates October 2005/March 2006	1.29	1.55	2.28
Rates end of March 2007	1.22	1.62	2.39
Rates end of September 2006	1.25	1.59	2.34
Rates end of March 2006	1.30	1.58	2.27

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