# Interim Financial Report of Zumtobel AG
## 1 May 2010 to 31 October 2010

zumtobel group

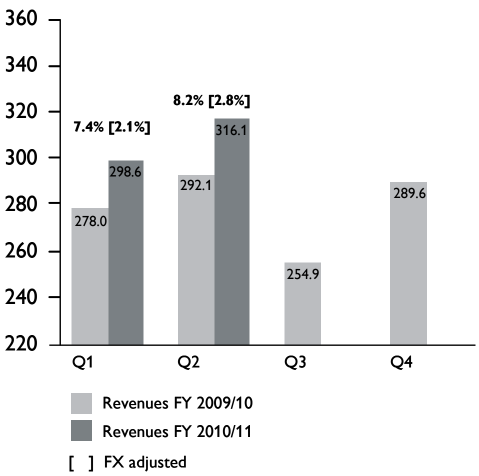
# Overview of the Second Quarter 2010/11

- >> 8.2% year-on-year increase in revenues (FX-adjusted: plus 2.8%)
- >> Components Segment: dynamic revenue growth continues with plus 17.0% (FX-adjusted: plus 11.9%)
- >> Lighting Segment: stabilisation in revenues with plus 4.6% (FX-adjusted: minus 0.5%)
- >> Adjusted EBIT margin of 9.9% (Q2 2009/10: 8.4%) – EBIT growth outpaces increase in revenues
- >> Net profit 76.8% higher than in Q2 2009/10
- >> Revenues from the sale of LED-based products grow by 21.3%

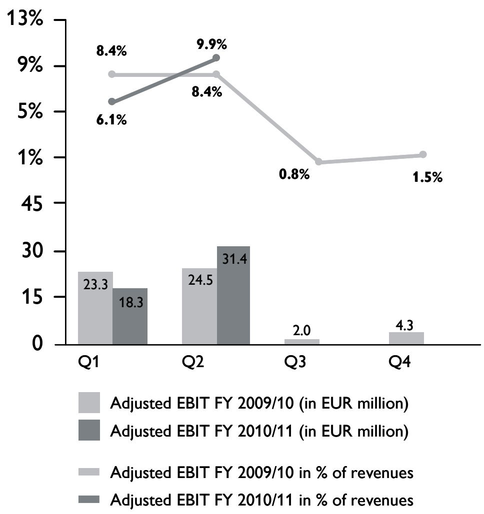
| Key Data in EUR million* | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % |
|---|---|---|---|---|---|---|
| Revenues | 316.1 | 292.1 | 8.2 | 615.4 | 570.1 | 8.0 |
| Adjusted EBITDA | 43.1 | 35.7 | 20.7 | 72.1 | 69.7 | 3.4 |
| *as a % of revenues* | *13.6* | *12.2* | 11.6 | *11.7* | *12.2* | |
| Adjusted EBIT | 31.4 | 24.5 | 28.2 | 48.5 | 47.8 | 1.5 |
| *as a % of revenues* | *9.9* | *8.4* | | *7.9* | *8.4* | |
| EBIT | 32.9 | 21.1 | 56.2 | 51.7 | 40.7 | 27.0 |
| *as a % of revenues* | *10.4* | *7.2* | | *8.4* | *7.1* | |
| Net profit/loss for the period | 26.0 | 14.7 | 76.8 | 39.6 | 24.9 | 59.2 |
| *as a % of revenues* | *8.2* | *5.0* | | *6.4* | *4.4* | |
| | | | | | | |
| Cash flow from operating results | 40.1 | 32.7 | 22.8 | 68.8 | 62.0 | 11.0 |
| Investments | 11.7 | 9.0 | 30.0 | 22.3 | 16.8 | 32.5 |
| | | | | 31 Oct. 2010 | 30 April 2010 | Change in % |
| Total assets | | | | 1,017.6 | 983.5 | 3.5 |
| Equity | | | | 384.0 | 351.6 | 9.2 |
| *Equity ratio in %* | | | | *37.7* | *35.8* | |
| Net debt | | | | 150.9 | 121.9 | 23.8 |
| *ROCE in %* | | | | *9.6* | *8.8* | |
| Headcount incl. contract worker (full-time equivalent) | | | | 7,616 | 7,329 | 3.9 |

## The seasonal development of business

**Revenues (in EUR million)**




**Adjusted EBIT**




* The discontinued subsidiary Space Cannon was reclassified to "net profit/loss from discontinued operations". The prior year data were adjusted accordingly.

# Letter to Shareholders

Dear Shareholders,

Harald Sommerer

The continuing economic recovery has led to the first signs of stabilisation in the global market for the professional lighting industry. In a number of regions, we have even seen renewed growth. Supported by this operating environment and strong tailwind from the currency side, the Zumtobel Group recorded an increase of 8.0% in revenues to EUR 615.4 million for the first half of 2010/11. This growth amounted to 2.5% after an adjustment for positive currency translation effects and was driven primarily by the sound development of business in the Component Segment. With a plus of 18.9% (FX-adjusted: 13.7%) for the first six months, the components business continued to benefit from an improved product mix through the continuing substitution of magnetic ballasts with technologically more sophisticated electronic ballasts as well as an increase in Tridonic's share of the electronic ballast market. Demand in the late cyclical Lighting Segment is still reserved, but there are indications that the turning point has been reached – above all due to greater activity in the renovation sector. Revenues rose by 3.6% in the first half-year (FX-adjusted: minus 1.4%). With these results the Lighting Segment outpaced the construction industry, which has reported further substantial declines in 2010. Our business with LED-based products continued to grow, with revenues rising more than 21% to EUR 41.8 million for the first half-year. The development of Group EBIT was also positive: adjusted operating earnings totalled EUR 48.5 million for the first six months of 2010/11 and thereby exceeded the prior year (EUR 47.8 million). This represents an adjusted EBIT margin of 7.9% (prior year: 8.4%). However, it should be noted that the first quarter of 2009/10 included a sizeable non-recurring license payment. Adjusted earnings growth in the second quarter of the current financial year was higher than the increase in revenues with a plus of 28.2% to EUR 31.4 million. The additional contribution from the increase in revenues was contrasted, above all, by steady pressure on prices as well as higher development expenses. Net profit for the first half-year increased 59.2% to EUR 39.6 million and resulted in earnings per share of EUR 0.92.

The balance sheet and liquidity position of the Zumtobel Group remain solid. The equity ratio rose from 35.8% at the end of the 2009/10 financial year to 37.7%, and the debt coverage ratio was constant at a relatively low 1.98. As expected, the higher volume of business led to an increase in working capital and, consequently, to negative free cash flow of minus EUR 19.6 million.

**Improved outlook**

Although visibility is still limited, the positive impulses from the first half-year lead us to look toward the future with growing optimism. This view is based, above all, on the favourable development of the components business, whereby the previous momentum is expected to slow during the course of this year. The Lighting Segment should continue to stabilise, with individual regions generating increasingly positive growth. Against this backdrop and taking into account the seasonality of the business, our forecasts for the 2010/11 financial year call for revenues of up to EUR 1.2 billion (2009/10: EUR 1,114.6 million). The adjusted EBIT margin should reach 5 to 6%. The Zumtobel Group is well positioned for the medium- to long-term to also continue the profitable growth course of the past few months in a stable economic environment.

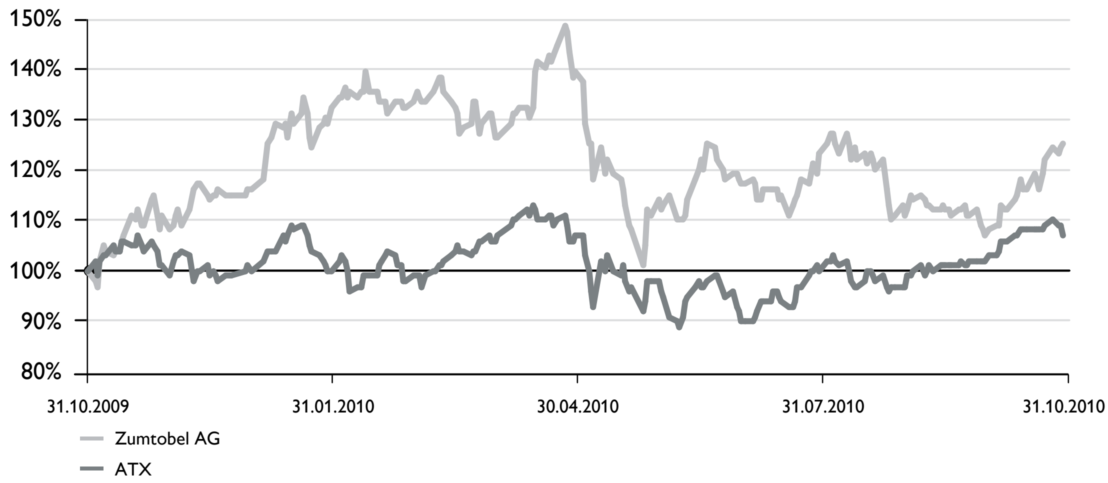
Harald Sommerer
Chief Executive Officer

# The Zumtobel Share

**Zumtobel share with profit-taking in the first half-year**

The strong 140% increase in the share price during the 2009/10 financial year was followed by profit-taking and a decline of roughly 10% in the first half of 2010/11. The share price remained stable during the second quarter of the reporting year, but rose substantially at the end of October to close the first half-year at EUR 14.71. The leading Austrian ATX index – which also includes Zumtobel – did not record any notable changes from May to October. An analysis of the past 12 months shows excellent performance for the Zumtobel share with an increase of nearly 25%, compared with a plus of slightly over 7% for the ATX. The market capitalisation of Zumtobel rose to slightly more than EUR 640 million as of 31 October 2010 based on an unchanged number of 43.5 million shares outstanding. The shareholder structure is characterised by continuity. The Zumtobel Family continues to hold 35.3% of voting rights, while the British insurance company Aviva plc through its subsidiary Delta Lloyd Asset Management and FMR LLC (Fidelity) each hold a stake of more than 5% and the remaining 54.3% of the company's shares represent free float.

Development of the Zumtobel Share




**Key Data on the Zumtobel Share for the 1st Half-Year**

| | | | |
|---|---|---|---|
| Closing price at 30.04.10 | EUR 16.34 | Currency | EUR |
| Closing price at 31.10.10 | EUR 14.71 | ISIN | AT0000837307 |
| Performance 1st Half-Year 2010/11 | (10.0)% | Ticker symbol Vienna Stock Exchange (XETRA) | ZAG |
| Performance last 12 months | 24.8% | Market segment | Prime Market |
| Market capitalisation at 31.10.10 | EUR 640 Mio | Reuters symbol | ZUMV.VI |
| Share price - high at 03.05.10 | EUR 16.17 | Bloomberg symbol | ZAG AV |
| Ø Turnover per day (shares) | 61,212 | Datastream | O:ZAG |
| Free float | 54.3% | Number of issued shares | 43,500,000 |

# Group Management Report

## The economic development

**Recovery in the global economy**

The global economy emerged from the crisis to set a strong recovery course in 2010. However, this upturn is coupled with uncertainty according to the International Monetary Fund (IMF). Substantial risks are linked to the expiration of government subsidy programmes as well as massive sovereign debt in many countries and a global imbalance brought on by the economic recovery. The highly developed countries are recuperating much more slowly from the crisis, but momentum is high in the emerging markets. These states are currently serving as the primary driver for global growth, which should reach 4.8% in 2010 and 4.2% in 2011 according to the latest IMF forecasts. While the industrialised countries are expected to grow by 2.7%, the emerging markets should record a substantially higher 7.1%. The Organisation for Economic Cooperation and Development (OECD) sees China (plus 11.1%) and India (plus 8.3%) as the main source of this growth. Among the industrialised countries, the USA and Japan showed slight weakness, above all during the second half-year, while the EU countries were more robust. Nevertheless, the OECD is predicting stronger momentum for the USA and Japan (plus 3.2, respectively 3.0%) than for the Euro zone (plus 1.2%) in 2010. In the D/A/CH region (Germany, Austria and Switzerland), a key market for the Zumtobel Group, the upturn is relatively sound and has had a positive effect on the employment market. Germany benefited from higher capacity utilisation in the industrial sector and increasing exports. The OECD is forecasting growth of 2.2% in 2010, while the German government expects a plus of more than 3%. The estimates for Austria (2010: plus 1.4%) and Switzerland (plus 1.8%) are somewhat more reserved. The sustainability of economic recovery in Europe will depend on the extent to which growth impulses can be transferred from exports to the private sector as well as the continuation of fiscal consolidation.

## Significant Events since 30 April 2010

**Resignation of CFO**

Thomas Spitzenpfeil, Chief Financial Officer of the Zumtobel Group since May 2004, announced his resignation in order to pursue an external career opportunity. His contract with Zumtobel AG was terminated as of 30 September 2010. The responsibilities presently assigned to the CFO have been taken over by Harald Sommerer, CEO, and Martin Brandt, COO, on an interim basis.

**Mathias Dähn appointed new CFO**

In November 2010 the Supervisory Board appointed Mathias Dähn as the new chief financial officer of Zumtobel AG. Mr. Dähn was appointed for a period of three years and will start work by 1 July 2011 at the latest.

**AGM approves dividend for 2009/10**

The 34th annual general meeting on 23 July 2010 approved the payment of a EUR 0.15 dividend per eligible share for the 2009/10 financial year. This dividend was distributed on 30 July 2010.

**Publication of first sustainability report**

The Zumtobel Group published its first sustainability report on 29 July 2010. This document represents a further milestone in the Group's concentration on sustainable business activities. Reporting was based on the principles defined in the "G3" international guideline issued by the Global Reporting Initiative.

**Application filed for liquidation of Space Cannon liquidation**

In October 2010 the Zumtobel Group decided to terminate financial support for Space Cannon because of the company's substantial negative legacy and consequently filed an application for liquidation.

**5% stake in Tridonic Jennersdorf acquired**

As of 29 November 2010 the Zumtobel Group acquired the remaining 5% stake in Tridonic Jennersdorf GmbH, a subsidiary located in Jennersdorf, Austria.

No other significant events occurred after 30 April 2010.

## Related Party Transactions

The members of the Management Board and Supervisory Board of Zumtobel AG are considered to be related parties. As of 31 October 2010 there were no business relationships between the company and related parties.

The provision of goods and services to associated companies is based on ordinary market conditions.

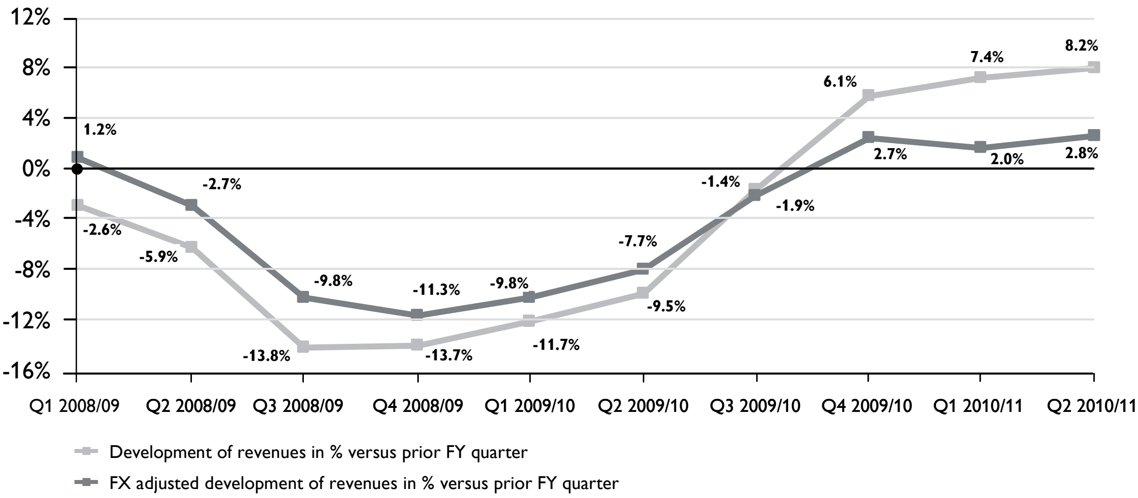
## Revenues in the first-half year

>> 8.0% year-on-year increase in Group revenues (FX-adjusted plus 2.5%)
>> Stabilisation in late cyclical Lighting Segment with plus 3.6% (FX-adjusted minus 1.4%)
>> Sound development in Components Segment with plus 18.9% (FX-adjusted plus 13.7%)
>> 21.4% increase in revenues from LED-based products

**8.0% increase in Group revenues**

Revenues recorded by the Zumtobel Group rose by 8.0% to EUR 615.4 million in the first half of the 2010/11 financial year (1 May to 31 October 2010), whereby this development was supported by EUR 31.0 million of positive currency translation effects. After an adjustment for these effects, revenues exceeded the comparable prior year period by 2.5%. An analysis by segment is still characterised by development at two speeds. The improvement in revenues at the Group level resulted above all from further growth in the Components Segment. The year-on-year stabilisation of revenues with a slight positive development that began during the fourth quarter of 2009/10 also continued into the second quarter of 2010/11.

Development of revenues over the last ten quarters




**Clearly positive currency translation effects**

The positive foreign exchange effects in the first half-year were related above all to an increase in the value of the Australian Dollar (AUD), the Swiss Franc (CHF), the Swedish Krone (SEK) and the British Pound (GBP) in relation to the Euro. Based on the average exchange rate for the reporting period, the FX-based increase amounted to more than 20% for the Australian Dollar and 12% for the Swiss Franc. The slight rise in the value of the Pound versus the Euro also had a positive impact on revenues.

**Stabilisation in the late cyclical Lighting Segment**

A large part of the translation effect (EUR 21.6 million) is attributable to the Lighting Segment. This segment reported a 3.6% increase in revenues from EUR 424.9 million to EUR 440.3 million for the reporting period. Excluding the favourable influence of these foreign currency changes, revenues fell by a slight 1.4% year-on-year. In the second quarter, revenues declined 0.5% after an adjustment for currency translation effects. Despite differing developments in the individual countries, there are indications that revenues have bottomed out at a low level. Signs of modest recovery have also materialised in a number of regions.

**Components Segment continues sound development**

The Components Segment recorded positive currency effects of EUR 9.4 million during the first six months. Revenues rose by a sound 18.9% (FX-adjusted: 13.7) to EUR 214.7 million for the reporting period (prior year: EUR 180.6 million). In the second quarter, revenues increased 11.9% after an adjustment for foreign exchange effects. This dynamic development was supported by an improved product mix due to the continuing substitution of magnetic ballasts with technologically more sophisticated electronic ballasts as well as an increase in Tridonic's share of the electronic ballast market. However, growth was slowed by further supply shortages for electronic parts and capacity limitations in production.

| Segment development in EUR million | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % | FX adjusted in % |
|---|---|---|---|---|---|---|---|
| Lighting Segment | 228.0 | 217.9 | 4.6 | 440.3 | 424.9 | 3.6 | (1.4) |
| Components Segment | 108.5 | 92.8 | 17.0 | 214.7 | 180.6 | 18.9 | 13.7 |
| Reconciliation | (20.5) | (18.6) | - | (39.6) | (35.4) | 11.9 | - |
| Zumtobel Group | 316.1 | 292.1 | 8.2 | 615.4 | 570.1 | 8.0 | 2.5 |

**21.4% increase in revenues from LED-based products**

The Zumtobel Group continued to record dynamic growth in the future-oriented technological field of LED during the reporting period. Revenues from the sale of LED-based products and solutions rose by 21.4% to EUR 41.8 million in the first half-year (second quarter: plus 21.3%). Supply shortages of certain electronic parts also limited the development of business in this area.

| Distribution of regional revenues | Q2 2010/11 | | 1st HY 2010/11 | | |
|---|---|---|---|---|---|
| | Revenues in EUR million | Change in % | Revenues in EUR million | Change in % | in % of Group |
| D/A/CH | 82.8 | 7.5 | 156.2 | 4.3 | 25.4 |
| Eastern Europe | 18.9 | 18.9 | 36.0 | 13.2 | 5.8 |
| Northern Europe | 26.5 | 1.5 | 48.8 | 6.1 | 7.9 |
| Western Europe | 88.9 | (2.6) | 179.1 | 0.4 | 29.1 |
| Southern Europe | 24.2 | 25.6 | 50.3 | 14.2 | 8.2 |
| **Europe** | **241.4** | **5.1** | **470.4** | **4.5** | **76.4** |
| Asia | 28.8 | 16.0 | 55.3 | 14.4 | 9.0 |
| Australia & New Zealand | 34.1 | 26.2 | 65.7 | 30.0 | 10.7 |
| America | 8.5 | 11.4 | 17.7 | 12.8 | 2.9 |
| Others | 3.2 | 10.3 | 6.4 | 13.7 | 1.0 |
| **Total** | **316.1** | **8.2** | **615.4** | **8.0** | **100.0** |

**Stabilisation on European markets**

Currency tailwinds supported the development of revenues in all major Zumtobel Group regions. Revenues in Europe rose by 4.5% (FX-adjusted: 1.5%) to EUR 470.4 million (prior year: EUR 449.9 million). The D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, recorded slight growth of 0.8% after foreign currency adjustments (nominal: plus 4.3%). There are no signs of rapid recovery in this region – above all for the Lighting Segment – due to the ongoing weakness of the construction sector in Germany and Austria. In Northern and Western Europe, recovery is still slow on the professional lighting market. After an adjustment for the above-mentioned positive currency translation effects from the Swedish Krone (SEK) and the British Pound (GBP), revenues fell by 1.2% in Northern Europe (nominal: plus 6.1%) and by 1.7% in Western Europe (nominal: plus 0.4%). The upward trend in Southern and Eastern Europe continued from the first quarter with growth of 14.2% and 13.2%, respectively, for the first half-year. Higher growth rates in the regions outside Europe reduced the relative share of Group revenues generated in Europe from 78.9% to 76.4% in year-on-year comparison.

**Asia, America and Australia/New Zealand clearly positive**

Revenues in Asia rose by 14.4% to EUR 55.3 million for the reporting period (prior year: EUR 48.3 million). The increase in this region amounted to 4.5% year-on-year after an adjustment for foreign exchange effects, whereby in part substantial declines in individual Middle East countries were more than offset by strong growth in Hong Kong and China. In America revenues increased 12.8% (FX-adjusted: plus 3.3%), despite a still difficult climate in the construction industry. On a more optimistic note, in September the Architectural Billing Index, a key indicator for commercial construction in the USA, topped 50 for the first time since the start of the financial crisis. This indicator points towards a potential increase in expenditures for the industry beginning in mid-2011. The Australia/New Zealand region was supported by EUR 11.2 million of currency translation effects and generated growth of 30.0% (FX-adjusted: 7.8%) in the first half of 2010/11.

## Earnings in the first-half year

>> Adjusted EBIT equals EUR 48.5 million
>> Gross profit margin relatively stable at 34.4%
>> Positive special effects in operating profit (EUR 3.2 million)
>> Sound improvement in financial results (plus 51.2%)
>> Net profit for the period rises 59.2% to EUR 39.6 million

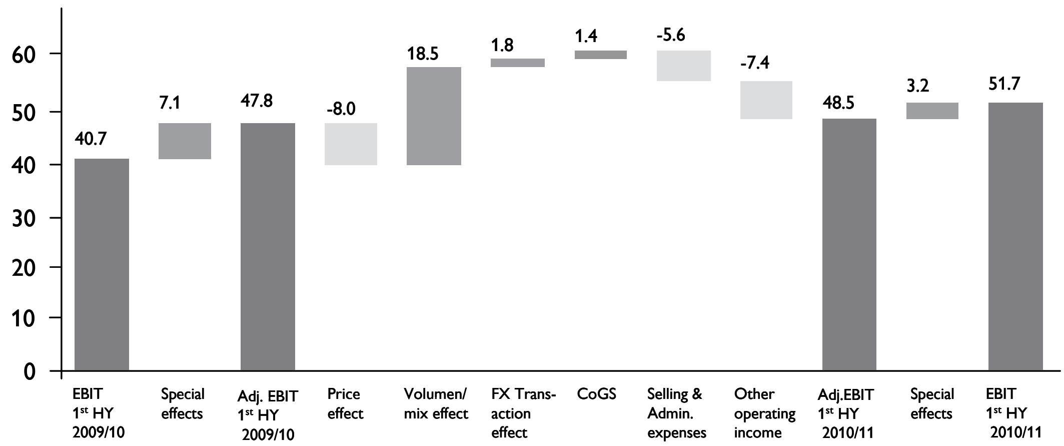
| Income statement in EUR million | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % |
|---|---|---|---|---|---|---|
| Revenues | 316.1 | 292.1 | 8.2 | 615.4 | 570.1 | 8.0 |
| Cost of goods sold | (203.7) | (189.5) | (7.5) | (403.9) | (372.3) | (8.5) |
| Gross profit | 112.3 | 102.5 | 9.5 | 211.5 | 197.8 | 6.9 |
| *as a % of revenues* | *35.5* | *35.1* | | *34.4* | *34.7* | |
| SG&A expenses adjusted for special effects | (79.4) | (81.5) | 2.5 | (163.0) | (150.0) | (8.7) |
| Adjusted EBIT | 31.4 | 24.5 | 28.2 | 48.5 | 47.8 | 1.5 |
| *as a % of revenues* | *9.9* | *8.4* | | *7.9* | *8.4* | |
| Special effects | 1.5 | (3.4) | >100 | 3.2 | (7.1) | >100 |
| EBIT | 32.9 | 21.1 | 56.2 | 51.7 | 40.7 | 27.0 |
| *as a % of revenues* | *10.4* | *7.2* | | *8.4* | *7.1* | |
| Financial results | (2.3) | (4.3) | 46.5 | (5.9) | (12.1) | 51.2 |
| Profit before tax | 30.6 | 16.8 | 82.6 | 45.8 | 28.6 | 60.0 |
| Income taxes | (2.4) | (1.9) | (25.6) | (3.9) | (2.4) | (64.2) |
| Net profit/loss from discontinued operations | (2.3) | (0.2) | <(100) | (2.3) | (1.4) | (66.5) |
| Net profit/loss for the period | 26.0 | 14.7 | 76.8 | 39.6 | 24.9 | 59.2 |
| Depreciation and amortisation | 11.7 | 11.2 | 4.3 | 21.5 | 21.9 | (1.8) |
| Earnings per share (in EUR) | 0.60 | 0.35 | 71.9 | 0.92 | 0.57 | 60.5 |

Note: EBITDA (EBIT plus depreciation and amortisation) amounted to EUR 73.2 million for the first half of 2010/11.

**Adjusted EBIT equals EUR 48.5 million**

EBIT adjusted for special effects rose from EUR 47.8 million in the first half of 2009/10 to EUR 48.5 million for the reporting period. This represents a return on sales of 7.9%. However, it should be noted that the prior year includes non-recurring income from a cross-licensing agreement concluded with the Philips Group.

**Development of adjusted EBIT (in EUR million)**




**Gross profit margin relatively stable at 34.4%**

The gross profit margin fell by 30 basis points to 34.4% of revenues for the first half of 2010/11, in spite of a higher contribution from the increase in revenues and positive currency transaction effects. This decline reflected the continuing pressure on prices (approx. 1.4% in relation to the first two quarters of 2009/10) and above all higher development expenses. The personnel component of production costs rose only slightly from 16.2% to 16.6%. The cost expansion resulted from insourcing as well as additional hiring required to meet the increase in production, especially in the Components Segment. The materials component of the cost of goods sold – after an adjustment for price and positive currency transaction effects – was negatively affected by rising raw material prices, but benefited from favourable shifts in the product mix and consequently declined from 43.2% to 41.8%. Other expenses included in the cost of goods sold were higher, above all due to an increase of EUR 4.2 million in development costs that reflected the Zumtobel Group's focus on innovation.

**Growth initiatives increase selling costs**

Growth initiatives launched in the sales area as well as wage and salary increases mandated by collective bargaining agreements increased selling expenses from EUR 140.1 million in the comparable prior year period to EUR 146.6 million. Administrative expenses remained relatively stable at EUR 18.5 million (prior year: EUR 19.1 million). Other operating results, which consist primarily of license revenue from the LED business, fell from EUR 9.5 million to EUR 2.1 million, since the prior year amount included non-recurring income from the cross-licensing agreement concluded with the Philips Group.

**Positive special effects in operating profit**

Positive special effects of EUR 3.2 million were recognised during the reporting period (prior year: minus EUR 7.1 million). This income represents a revaluation of EUR 2.0 million to a building written off in 2008/09 since the reasons for the original impairment charge no longer exist. In addition, a provision of EUR 3.1 million for legal disputes was reversed following an out-of-court settlement. The restructuring expenses of EUR 1.9 million are related to a restructuring plan that was implemented in connection with the relocation of a sales office in Great Britain.

The following table shows the Group's operating performance after an adjustment for the above-mentioned special effects:

| Adjusted EBIT in EUR million | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % |
|---|---|---|---|---|---|---|
| Reported EBIT | 32.9 | 21.1 | 56.2 | 51.7 | 40.7 | 27.0 |
| thereof special effects | 1.5 | (3.4) | >100 | 3.2 | (7.1) | >100 |
| Adjusted EBIT | 31.4 | 24.5 | 28.2 | 48.5 | 47.8 | 1.5 |
| *as a % of revenues* | *9.9* | *8.4* | | *7.9* | *8.4* | |

**Improvement in financial results**

Financial results improved by EUR 6.2 million to minus EUR 5.9 million for the first half of 2010/11. Interest expense consisted primarily of interest on the current credit agreement, and declined during the reporting period due to the lower level of interest rates. Other financial income and expenses totalled minus EUR 1.8 million (prior year: minus EUR 6.4 million) and consist primarily of results from the fair value measurement of forward exchange contracts as of 31 October 2010.

| Financial result in EUR million | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % |
|---|---|---|---|---|---|---|
| Interest expense | (2.4) | (2.8) | 15.5 | (4.6) | (5.3) | 12.8 |
| Interest income | 0.3 | 0.4 | (30.5) | 0.6 | 0.5 | 4.8 |
| Net financing costs | (2.1) | (2.4) | 13.2 | (4.1) | (4.8) | 14.8 |
| Other financial income and expenses | (0.1) | (1.2) | 94.4 | (1.8) | (6.4) | 71.9 |
| Profit/loss from companies accounted for at-equity | (0.1) | (0.7) | 82.2 | 0.0 | (0.9) | 98.2 |
| Financial results | (2.3) | (4.3) | 46.5 | (5.9) | (12.1) | 51.2 |

**59.2% increase in net profit**

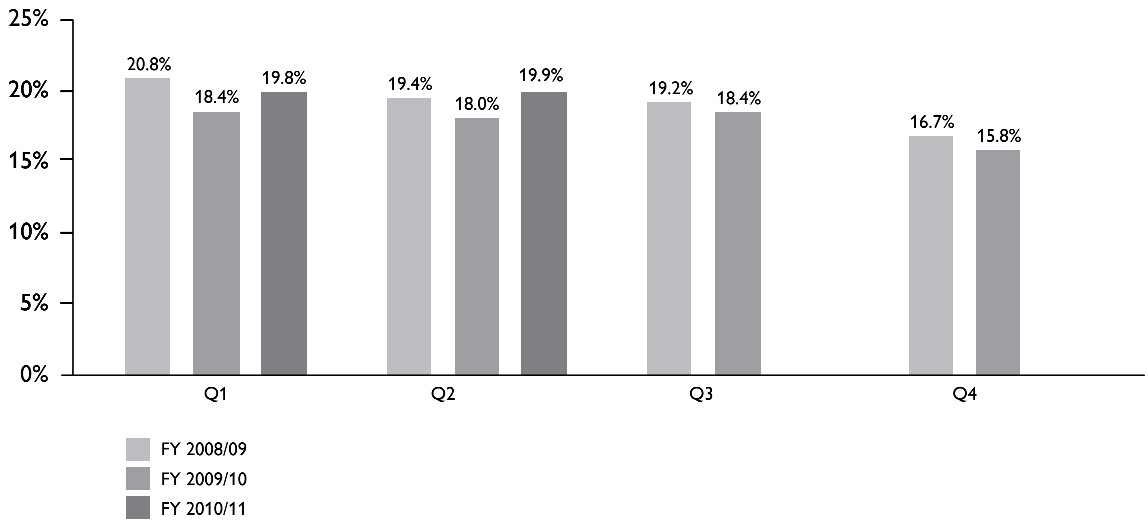
Profit before tax rose by 60.0% to EUR 45.8 million (prior year: EUR 28.6 million) and income tax expense amounted to EUR 3.9 million. Results from discontinued operations totalled minus EUR 2.3 million. This amount includes the effects from the discontinuation of operations at Space Cannon VH SRL, a subsidiary that was closed at the end of the first half of 2010/11. The prior year data were adjusted accordingly. Net profit for the period increased to EUR 39.6 million, compared with EUR 24.9 million in the previous year. Earnings per share for the shareholders of Zumtobel AG (basic earnings per share based on 42.8 million shares) equalled EUR 0.92 (prior year: EUR 0.57).

## Cash Flow and Asset Position

**Working capital increased by higher business volume**

Working capital totalled EUR 231.4 million as of 31 October 2010 (prior year: EUR 199.1 million). As a percentage of rolling 12-month revenues, this indicator increased from 18.0% in the second quarter of 2009/10 to 19.9% for the reporting period. The seasonal increase in working capital was higher than the previous year because of the strong rise in the volume of business. This was reflected in an increase in inventories and receivables as well as a decline in trade payables. The procurement of sufficient material supplies was protected by reducing the payment period for liabilities. Cash outflows of EUR 56.2 million (prior year: plus EUR 3.4 million) from the increase in working capital had a negative effect on cash flow from operating activities, which declined from EUR 39.8 million in the first half of the prior year to EUR 4.0 million.

Working Capital as % of rolling 12-month revenues




**Free cash flow of minus EUR 19.6 million**

Investments in property, plant and equipment amounted to EUR 22.3 million in the first half of 2010/11 (prior year: EUR 16.8 million). This position comprised capitalised development costs of EUR 6.9 million (prior year: EUR 5.1 million) as well as higher investments in production equipment. Capacity was expanded on a selective basis, above all in Austria for the production of electronic ballasts in Dornbirn and assembly lines for LED chains in Fürstenfeld. Free cash flow was negative and equalled minus EUR 19.6 million due to the higher volume of business (prior year: EUR 22.7 million).

**Dividend of EUR 0.15 per share**

Cash flow of EUR 1.6 million from financing activities was negatively influenced, above all, by Zumtobel AG's payment of the EUR 0.15 dividend per share (EUR 6.4 million) during the first quarter and interest payments of EUR 3.7 million.

| Balance sheet data in EUR million | 31 Oct. 2010 | 30 April 2010 |
|---|---|---|
| Total assets | 1,017.6 | 983.5 |
| Net debt | 150.9 | 121.9 |
| Equity | 384.0 | 351.6 |
| *Equity ratio in %* | *37.7* | *35.8* |
| *Gearing in %* | *39.3* | *34.7* |
| Average capital employed | 553.0 | 587.5 |
| *ROCE in %* | *9.6* | *8.8* |
| Investments | 22.3 | 49.4 |
| Working capital | 231.4 | 176.2 |
| *As a % of rolling 12 month revenues* | *19.9* | *15.8* |

**Continued solid balance sheet structure**

The sound development of earnings supported an increase in the equity ratio, which rose from 35.8% on 30 April 2010 to 37.7% despite the dividend payment. Net liabilities increased according to the normal seasonal pattern, and raised gearing from 34.7% at the end of the previous financial year to 39.3%.

## Major risks and uncertainties during the second half of 2010/11

**Risk management for early identification of opportunities and risks**

The Zumtobel Group is well aware that an effective risk management system plays an important role in maintaining and expanding its competitive position. The goal of risk management is to identify risks and opportunities at an early point in time through a systematic approach, and thereby permit the implementation of suitable measures to deal with changes in the operating environment.

**Risks from the economy, pressure on prices and raw materials**

In the second half of the 2010/11 financial year, the risk landscape for the Zumtobel Group will be influenced above all by the development of the economy, especially in the commercial construction sector. The stabilisation of demand in most of the markets is still connected with substantial uncertainty. Furthermore, projects currently in progress could be postponed or cancelled. Earnings are exposed to risk through pressure on prices, above all in the Lighting Segment. Procurement risks result from rising pressure on raw materials prices as well as limited availability, especially of electronic parts.

**Low liquidity risk**

In order to support its ability to meet payment obligations at any time, the Zumtobel Group maintains sufficient financing. Liquidity is provided by the five-year, EUR 480 million financing agreement that was concluded in June 2008. This agreement requires compliance with specific financial covenants, i.e. a debt coverage ratio of less than 3.5 and an equity ratio of more than 25%. These financial covenants were met in full as of the balance sheet date on 31 October 2010 with a debt coverage ratio of 1.98 and an equity ratio of 37.7%.

**Interest rate risk**

The interest rates on existing bank liabilities are variable. In order to reduce the volatility of interest expense, the Group has concluded interest rate swaps for approx. EUR 102 million (approx. 55% of the loans currently outstanding). These swaps have different terms with the longest expiring in June 2015, and exchange variable interest payments for fixed interest payments or limit (cap) the interest payments to a maximum of 3.34% (swap rate excl. financing margin).

**Foreign exchange risk**

The earnings recorded by the Zumtobel Group are exposed to foreign exchange risks, in particular from transaction effects. Transaction risk is hedged, above all through forward exchange contracts. Appropriate hedges are concluded on a rolling basis for a period of two to three quarters to cover planned cash flows. This method leads to a relatively constant volume of hedges, but smoothes foreign exchange exposure. Translation risk is not hedged. The most important currencies for the Group are the EUR, GBP, USD, CHF and AUD. From the current point of view, no negative transaction effects are expected during the second half of 2010/11.

Additional information on other potential risks as well as the structure of risk management in the Zumtobel Group is provided in the 2009/10 annual report. Based on the information available at the present time, there are no major individual risks that could endanger the continued existence of the Zumtobel Group.

## Outlook: improved perspectives

Although visibility is still limited, the positive impulses from the first half-year lead us to look toward the future with growing optimism. This view is based, above all, on the favourable development of the components business, whereby the previous momentum is expected to slow during the course of this year. The Lighting Segment should continue to stabilise, with individual regions generating increasingly positive growth. Against this backdrop and taking into account the seasonality of the business, our forecasts for the 2010/11 financial year call for revenues of up to EUR 1.2 billion (2009/10: EUR 1,114.6 million). The adjusted EBIT margin should reach 5 to 6%. The Zumtobel Group is well positioned for the medium- to long-term to also continue the profitable growth course of the past few months in a stable economic environment.

Dornbirn, 2 December 2010

| | |
|---|---|
| Harald Sommerer | Martin Brandt |
| Chief Executive Officer | Chief Operating Officer |

# Income Statement

| in TEUR | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 | Change in % |
|---|---|---|---|---|---|---|
| Revenues | 316,064 | 292,067 | 8.2 | 615,437 | 570,096 | 8.0 |
| Cost of goods sold | (203,747) | (189,526) | (7.5) | (403,939) | (372,309) | (8.5) |
| **Gross profit** | **112,317** | **102,541** | **9.5** | **211,498** | **197,787** | **6.9** |
| *as a % of revenues* | *35.5* | *35.1* | | *34.4* | *34.7* | |
| Selling expenses | (73,146) | (69,999) | (4.5) | (146,576) | (140,117) | (4.6) |
| Administrative expenses | (8,850) | (9,545) | 7.3 | (18,543) | (19,417) | 4.5 |
| Other operating results | 2,586 | (1,927) | >100 | 5,321 | 2,449 | >100 |
| *thereof special effects* | *1,485* | *(3,435)* | *>100* | *3,201* | *(7,078)* | *>100* |
| **Operating profit** | **32,907** | **21,070** | **56.2** | **51,700** | **40,702** | **27.0** |
| *as a % of revenues* | *10.4* | *7.2* | | *8.4* | *7.1* | |
| Interest expense | (2,372) | (2,808) | 15.5 | (4,644) | (5,327) | 12.8 |
| Interest income | 258 | 372 | (30.5) | 560 | 534 | 4.8 |
| Other financial income and expenses | (66) | (1,174) | 94.4 | (1,797) | (6,402) | 71.9 |
| Profit/loss from companies accounted for at-equity | (124) | (700) | 82.2 | (16) | (878) | 98.2 |
| **Financial results** | **(2,304)** | **(4,310)** | **46.5** | **(5,897)** | **(12,073)** | **51.2** |
| *as a % of revenues* | *(0.7)* | *(1.5)* | | *(1.0)* | *(2.1)* | |
| **Profit before tax** | **30,603** | **16,760** | **82.6** | **45,803** | **28,629** | **60.0** |
| Income taxes | (2,362) | (1,881) | (25.6) | (3,933) | (2,396) | (64.2) |
| **Net profit from continuing operations** | **28,241** | **14,879** | **89.8** | **41,870** | **26,233** | **59.6** |
| **Net profit/loss from discontinued operations** | **(2,258)** | **(180)** | **<(100)** | **(2,258)** | **(1,356)** | **(66.5)** |
| **Net profit for the period** | **25,983** | **14,699** | **76.8** | **39,612** | **24,877** | **59.2** |
| *as a % of revenues* | 8.2 | 5.0 | | 6.4 | 4.4 | |
| *thereof due to non-controlling interests* | *133* | *26* | *>100* | 179 | 338 | (47.1) |
| *thereof due to shareholders of the parent company* | *25,850* | *14,673* | *76.2* | 39,433 | 24,539 | 60.7 |
| | | | | | | |
| Average number of shares outstanding - basic (in 1000 pcs.) | 42,788 | 41,750 | | 42,766 | 42,713 | |
| Average diluting effect (stock options) (in 1000 pcs.) | 78 | 75 | | 78 | 75 | |
| Average number of shares outstanding - diluted (in 1000 pcs.) | 42,866 | 41,825 | | 42,844 | 42,788 | |
| **Earnings per share (in EUR)** | | | | | | |
| Basic earnings per share | 0.60 | 0.35 | | 0.92 | 0.57 | |
| Diluted earnings per share | 0.60 | 0.35 | | 0.92 | 0.57 | |
| **Earnings per share from continuing operations (in EUR)** | | | | | | |
| Basic earnings per share | 0.66 | 0.36 | | 0.98 | 0.61 | |
| Diluted earnings per share | 0.66 | 0.36 | | 0.98 | 0.61 | |
| **Earnings per share from discontinued operations (in EUR)** | | | | | | |
| Basic earnings per share | (0.05) | 0.00 | | (0.05) | (0.03) | |
| Diluted earnings per share | (0.05) | 0.00 | | (0.05) | (0.03) | |

In order to further improve the informative value of these financial statements and achieve conformity with internal reporting, the costs for decentralised management are no longer included under administrative expenses, but allocated to the cost of goods sold or selling expenses as appropriate. The prior year data were adjusted accordingly (also see the section on "Expenses").

# Statement of Comprehensive Income

| in TEUR | Q2 2010/11 | Q2 2009/10 | Change in % | 1st HY 2010/11 | 1st HY 2009/10 (restated*) | Change in % |
|---|---|---|---|---|---|---|
| **Net profit for the period** | **25,983** | **14,699** | **76.8** | **39,612** | **24,877** | **59.2** |
| Currency differences | (3,220) | (1,622) | (98.5) | (1,565) | (1,133) * | (38.2) |
| Currency differences arising from loans | (718) | (2,144) | 66.5 | (21) | 865 | <(100) |
| Hedge accounting | (171) | (403) | 57.5 | (159) | (587) | 72.9 |
| Taxes | 43 | 101 | (57.9) | 40 | 147 | (73.0) |
| **Subtotal other comprehensive income** | **(4,066)** | **(4,068)** | **0.0** | **(1,705)** | **(708)** | **<(100)** |
| *thereof due to non-controlling interests* | *(195)* | *225* | *<(100)* | (116) | (190) | 39.0 |
| *thereof due to shareholders of the parent company* | *(3,871)* | *(4,293)* | *9.8* | *(1,589)* | *(518)* | *<(100)* |
| **Total comprehensive income** | **21,917** | **10,631** | **>100** | **37,907** | **24,169** | **56.8** |
| *thereof due to non-controlling interests* | *(62)* | *(111)* | *44.1* | *63* | *148* | *(57.1)* |
| *thereof due to shareholders of the parent company* | *21,979* | *10,742* | *>100* | *37,844* | *24,021* | *57.5* |

* The comparable prior year data were adjusted to reflect the retrospective application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") as of 30 April 2010 to the valuation of goodwill. The resulting changes are marked with an asterisk (*) in the following text and tables.

# Balance Sheet

| in TEUR | 31 October 2010 | in % | 30 April 2010 | in % |
|---|---|---|---|---|
| Goodwill | 183,084 | 18.0 | 183,451 | 18.7 |
| Other intangible assets | 50,347 | 4.9 | 48,913 | 5.0 |
| Property, plant and equipment | 230,739 | 22.7 | 231,385 | 23.5 |
| Financial assets accounted for at-equity | 4,389 | 0.4 | 4,112 | 0.4 |
| Financial assets | 11,238 | 1.1 | 11,236 | 1.1 |
| Other assets | 4,640 | 0.5 | 4,163 | 0.4 |
| Deferred taxes | 33,944 | 3.3 | 33,894 | 3.4 |
| **Non-current assets** | **518,381** | **50.9** | **517,154** | **52.5** |
| Inventories | 165,681 | 16.3 | 146,077 | 14.9 |
| Trade receivables | 206,857 | 20.3 | 173,649 | 17.7 |
| Financial assets | 15,495 | 1.5 | 16,706 | 1.7 |
| Other assets | 22,837 | 2.2 | 32,603 | 3.3 |
| Liquid funds | 88,322 | 8.7 | 97,308 | 9.9 |
| **Current assets** | **499,192** | **49.1** | **466,343** | **47.5** |
| ASSETS | 1,017,573 | 100.0 | 983,497 | 100.0 |
| Share capital | 108,750 | 10.7 | 108,750 | 11.1 |
| Additional paid-in capital | 335,071 | 32.9 | 334,597 | 34.0 |
| Reserves | (103,208) | (10.1) | (28,326) | (2.9) |
| Net profit/loss for the period | 39,433 | 3.9 | (67,225) | (6.8) |
| Capital attributed to shareholders of the parent company | 380,046 | 37.3 | 347,796 | 35.4 |
| Capital attributed to non-controlling interests | 3,929 | 0.4 | 3,825 | 0.4 |
| **Equity** | **383,975** | **37.7** | **351,621** | **35.8** |
| Provisions for pensions | 54,074 | 5.3 | 57,268 | 5.8 |
| Provisions for severance compensation | 33,851 | 3.3 | 32,639 | 3.3 |
| Provisions for other defined benefit employee plans acc. to IAS19 | 11,914 | 1.2 | 11,513 | 1.2 |
| Other provisions | 883 | 0.1 | 813 | 0.1 |
| Borrowings | 214,060 | 21.0 | 214,448 | 21.8 |
| Other liabilities | 22 | 0.0 | 46 | 0.0 |
| Deferred taxes | 12,001 | 1.2 | 11,552 | 1.2 |
| **Non-current liabilities** | **326,805** | **32.1** | **328,279** | **33.4** |
| Provisions for taxes | 22,566 | 2.2 | 20,988 | 2.1 |
| Other provisions | 30,323 | 3.0 | 33,056 | 3.4 |
| Borrowings | 27,283 | 2.7 | 4,807 | 0.5 |
| Trade payables | 124,719 | 12.3 | 130,560 | 13.2 |
| Other liabilities | 101,902 | 10.0 | 114,186 | 11.6 |
| **Current liabilities** | **306,793** | **30.1** | **303,597** | **30.8** |
| EQUITY AND LIABILITIES | 1,017,573 | 100.0 | 983,497 | 100.0 |

# Cash Flow Statement

| in TEUR | 1st HY 2010/11 | 1st HY 2009/10 |
|---|---|---|
| Operating profit from continuing and discontinued operations | 49,442 | 39,346 |
| Depreciation and amortisation | 21,542 | 21,944 |
| Gain/loss from disposal of fixed assets | (17) | 498 |
| Results from discontinued operations | (2,122) | 249 |
| **Cash flow from operating results** | **68,845** | **62,037** |
| Inventories | (20,597) | 8,163 |
| Trade receivables | (33,035) | (8,403) |
| Trade payables | (5,735) | 2,007 |
| Prepayments received | 3,132 | 1,628 |
| **Change in working capital** | **(56,235)** | **3,395** |
| Non-current provisions | (3,132) | (3,039) |
| Current provisions | (2,684) | (2,747) |
| Other current and non-current assets and liabilities | (4,557) | (17,071) |
| **Change in other operating items** | **(10,373)** | **(22,857)** |
| **Taxes received/paid** | **1,759** | **(2,758)** |
| **Cash flow from operating activities** | **3,996** | **39,817** |
| Proceeds from the sale of non-current assets | 492 | 1,754 |
| Capital expenditures on non-current assets | (22,257) | (16,795) |
| Change in non-current and current financial assets | (1,764) | (2,087) |
| Change in liquid funds from changes in the consolidation range | (100) | 0 |
| **Cash flow from investing activities** | **(23,629)** | **(17,128)** |
| **FREE CASH FLOW** | **(19,633)** | **22,689** |
| Change in net borrowings | 7,606 | 22,768 |
| *thereof restricted cash* | *(7)* | *(154)* |
| Dividends | (6,574) | (329) |
| Share buyback / exercise of options | 474 | 0 |
| Interest paid | (3,709) | (4,028) |
| Interest received | 557 | 5 |
| **Cash flow from financing activities** | **(1,646)** | **18,416** |
| Effects of exchange rate changes on cash and cash equivalents | (192) | 528 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **(21,471)** | **41,633** |
| | | |
| Cash and cash equivalents at the beginning of the period | 94,164 | 55,953 |
| Cash and cash equivalents at the end of the period | 72,693 | 97,586 |
| **Change absolute** | **(21,471)** | **41,633** |

# Statement of Changes in Equity

## 1st Half-Year 2010/11

| in TEUR | Share capital | Additional paid-in capital | Other Reserves | Currency reserve | Hedge accounting | Reserve for stock options | Reserve IAS 19 | Net profit/loss for the period | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributed to shareholders of the parent company | | | | | | | | | | |
| **30 April 2010** | **108,750** | **334,597** | **60,433** | **(48,577)** | **(2,594)** | **17,270** | **(54,858)** | **(67,225)** | **347,796** | **3,825** | **351,621** |
| +/- Additions to reserves | 0 | 0 | (67,225) | 0 | 0 | 0 | 0 | 67,225 | 0 | 0 | **0** |
| +/- Total comprehensive income | 0 | 0 | 0 | (1,470) | (119) | 0 | 0 | 39,433 | 37,844 | 63 | **37,907** |
| +/- Stock options - exercises | 0 | 474 | 0 | 0 | 0 | 0 | 0 | 0 | 474 | 0 | **474** |
| +/- Stock options - addition/reversal | 0 | 0 | 0 | 0 | 0 | 505 | 0 | 0 | 505 | 0 | **505** |
| +/- Dividends | 0 | 0 | (6,418) | 0 | 0 | 0 | 0 | 0 | (6,418) | (156) | **(6,574)** |
| +/- Capital increase minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 142 | **142** |
| +/-Acquisition of non-controlling interests | 0 | 0 | (155) | 0 | 0 | 0 | 0 | 0 | (155) | 55 | **(100)** |
| **31 October 2010** | **108,750** | **335,071** | **(13,365)** | **(50,047)** | **(2,713)** | **17,775** | **(54,858)** | **39,433** | **380,046** | **3,929** | **383,975** |

## 1st Half-Year 2009/10

| in TEUR | Share capital | Additional paid-in capital | Other Reserves | Currency reserve (restated)* | Hedge accounting | Reserve for stock options | Reserve IAS 19 | Net profit/loss for the period | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributed to shareholders of the parent company | | | | | | | | | | |
| **30 April 2009** | **111,761** | **331,497** | **47,007** | **(75,807)** | **(1,524)** | **17,717** | **(25,118)** | **13,426** | **418,959** | **1,962** | **420,921** |
| +/- Additions to reserves | 0 | 0 | 13,426 | 0 | 0 | 0 | 0 | (13,426) | 0 | 0 | 0 |
| +/- Total comprehensive income | 0 | 0 | 0 | (78) * | (440) | 0 | 0 | 24,539 | 24,021 | 148 | 24,169 |
| +/- Capital decrease through withdrawal of own shares | (3,011) | 3,011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| +/- Stock options - addition/reversal | 0 | 0 | 0 | 0 | 0 | 712 | 0 | 0 | 712 | 0 | 712 |
| +/- Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (329) | (329) |
| +/- Change in consolidation method | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,018 | 2,018 |
| **31 October 2009** | **108,750** | **334,508** | **60,433** | **(75,885) *** | **(1,964)** | **18,429** | **(25,118)** | **24,539** | **443,692** | **3,799** | **447,491** |

The balance sheet position "reserves" comprises other reserves as well as the currency reserve, the reserve for hedge accounting, the reserve for stock options and the IAS 19 reserve.

# Notes

## Accounting and Valuation Methods

The condensed interim financial statements as of 31 October 2010 were prepared in accordance with the principles set forth in International Financial Reporting Standards, (IAS 34, Interim Financial Reporting). The company has elected to make use of the option set forth in IAS 34 and provide selected explanatory notes.

These condensed interim financial statements were prepared in accordance with all IFRS/IAS issued by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and Standing Interpretations Committee that were valid as of the balance sheet date and have been adopted by the European Union through its endorsement procedure. Since the balance sheet date for the consolidated financial statements on 30 April 2010, no new IFRS or IFRIC have been announced or adopted by the European Union that are of material importance for the Zumtobel Group.

The accounting and valuation methods applied as of 31 October 2010 remain basically unchanged. Additional information on these methods is provided in the consolidated financial statements as of 30 April 2010. In order to further improve the clarity and informative value of these financial statements, individual positions on the income statement and balance sheet were combined and are reported separately in the notes. The amounts in the tables are presented in thousand Euros (TEUR), unless indicated otherwise. The use of automatic data processing equipment can lead to rounding differences.

The quarterly financial statements of the companies included in the consolidated financial statements were prepared on the basis of uniform accounting and valuation principles.

## Foreign Currency Translation

The major currencies used to translate the financial statements of subsidiaries into EUR are as follows:

| | Average exchange rate Income Statement | | Closing rate Balance sheet | |
|---|---|---|---|---|
| 1 EUR equals | 31 October 2010 | 31 October 2009 | 31 October 2010 | 30 April 2010 |
| AUD | 1.4293 | 1.7175 | 1.4216 | 1.4292 |
| CHF | 1.3545 | 1.5167 | 1.3708 | 1.4341 |
| USD | 1.2909 | 1.4245 | 1.3857 | 1.3315 |
| SEK | 9.4375 | 10.5055 | 9,361 | 9.6217 |
| GBP | 0.8430 | 0.8781 | 0.8686 | 0.8703 |

## Consolidation Range

The condensed consolidated interim financial statements include all major Austrian and foreign companies that are controlled by Zumtobel AG. The changes in the consolidation range during the interim financial period are shown below:

| | Consolidation Method | | |
|---|---|---|---|
| Consolidation Range | full | at equity | TOTAL |
| **30 April 2010** | **96** | **6** | **102** |
| Merged during reporting period | (1) | 0 | (1) |
| **31 October 2010** | **95** | **6** | **101** |

Thorn Lighting (Guangzhou) Ltd. was merged with Thorn Lighting (Guangzhou) Operations Ltd. during the first quarter of 2010/11.

In the third quarter of 2009/10 the majority shareholders of z-werkzeugbau gmbh exercised their option to acquire the remaining 30% of the company. The transfer of shares has not yet taken place.

The event lighting business was discontinued during the second quarter of 2010/11. In this connection, the Zumtobel Group decided to terminate financial support for Space Cannon and consequently filed an application to begin liquidation proceedings (also see the section "Net profit/loss from discontinued operations").

## Notes to the Income Statement

The following comments explain the major changes to individual items in relation to the comparable prior year period.

### Seasonality

Sales volumes are generally higher during the first two quarters than in the second half-year for seasonal reasons; in particular, the third quarter falls significantly below the average. This distribution reflects the Group's dependency on developments in the construction industry as well as the seasonal distribution of business in this sector.

### Revenues

Revenues rose by 8.0% over the comparable prior year period to TEUR 615,437 for the first half of 2010/11. After an adjustment for foreign exchange effects, revenues were 2.5% higher than the previous year. Strong growth was realised above all by the Components Segment, which recorded an increase of 18.9% in revenues (FX-adjusted: 13.7%).

### Expenses

The income statement was prepared in accordance with the cost of sales method. The cost of goods sold (incl. development expenses), selling expenses (incl. research expenses) and administrative expenses as well as other operating results include the following categories of expenses and income:

1st Half-Year 2010/11

| in TEUR | Cost of goods sold | Selling expenses | Administrative expenses | Other operating results | Total |
|---|---|---|---|---|---|
| Cost of materials | (258,738) | (2,397) | (23) | 20 | (261,138) |
| Personnel expenses | (101,908) | (76,863) | (13,635) | (1,875) | (194,281) |
| Depreciation | (20,567) | (2,620) | (379) | 2,024 | (21,542) |
| Other expenses | (35,794) | (62,286) | (7,470) | 3,009 | (102,541) |
| Own work capitalised | 7,263 | 307 | 17 | 0 | 7,587 |
| Internal charges | 2,852 | (5,615) | 2,783 | (20) | 0 |
| **Total expenses** | **(406,892)** | **(149,474)** | **(18,707)** | **3,158** | **(571,915)** |
| **Other income** | **2,953** | **2,898** | **164** | **2,163** | **8,178** |
| **Total** | **(403,939)** | **(146,576)** | **(18,543)** | **5,321** | **(563,737)** |

The cost of goods sold includes development costs of TEUR 21,265 (prior year: TEUR 17,105). Development costs totalling TEUR 6,837 were capitalised during the reporting period (prior year: TEUR 5,108), and the amortisation of capitalised development costs equalled TEUR 5,540 (prior year: TEUR 3,840).

Own work capitalised under selling costs reflects the renovation of the Lighting Forum in Germany; the comparable costs recorded under administration represent the replacement of lighting in an administrative building.

### 1st Half-Year 2009/10

| in TEUR | Cost of goods sold | Selling expenses | Administrative expenses | Other operating results | Total |
|---|---|---|---|---|---|
| Cost of materials | (246,148) | (1,820) | (133) | (8) | (248,109) |
| Personnel expenses | (92,242) | (71,097) | (13,817) | (2,055) | (179,211) |
| Depreciation | (18,596) | (2,923) | (322) | (103) | (21,944) |
| Other expenses | (30,724) | (60,675) | (8,184) | (5,039) | (104,622) |
| Own work capitalised | 5,593 | 0 | 0 | 0 | 5,593 |
| Internal charges | 2,679 | (5,052) | 2,471 | (98) | 0 |
| **Total expenses** | **(379,438)** | **(141,567)** | **(19,985)** | **(7,303)** | **(548,293)** |
| **Other income** | **7,129** | **1,450** | **568** | **9,752** | **18,899** |
| **Total** | **(372,309)** | **(140,117)** | **(19,417)** | **2,449** | **(529,394)** |

In order to further improve the informative value of these financial statements and achieve conformity with internal reporting, the costs for decentralised management are no longer included under administrative expenses, but allocated to the cost of goods sold or selling expenses as appropriate. The adjustment of the prior year data involved the reclassification of expenses totalling TEUR 14,678 from administrative expenses to the cost of goods sold (TEUR 8,087) and to selling expenses (TEUR 6,591).

### Other Operating Results

| in TEUR | Q2 2010/11 | Q2 2009/10 | 1st HY 2010/11 | 1st HY 2009/10 |
|---|---|---|---|---|
| Government grants | 79 | 0 | 186 | 573 |
| License revenues | 726 | 561 | 1,938 | 8,711 |
| Special effects | 1,485 | (3,435) | 3,201 | (7,078) |
| *Impairment charges (-) / write up (+) to non-current assets* | *52* | *(99)* | *2,024* | *(99)* |
| *Restructuring* | *(1,659)* | *(1,479)* | *(1,920)* | *(5,121)* |
| *Litigation* | *3,092* | *(1,857)* | *3,097* | *(1,857)* |
| Miscellaneous | 296 | 947 | (4) | 243 |
| **Total** | **2,586** | **(1,927)** | **5,321** | **2,449** |

The government grants represent subsidies that were recognised to profit or loss.

In the first half of 2010/11 this position includes license income from the LED business. License income was unusually high in the prior year due to the conclusion of an extensive worldwide cross-licensing agreement between the Zumtobel Group and the Philips Group in May 2009 for current and future patents in the areas of lighting technology and solid state lighting. In connection with the agreement, the Zumtobel Group is required to make regular revenue-based license payments. These payments are included under the cost of goods sold.

A revaluation of TEUR 1,972 was recognised to a building during the first quarter of 2010/11 to reflect the fact that the reasons for the impairment loss recorded in 2008/09 have ceased to exist.

The expenses included under restructuring are related primarily to a restructuring plan that was implemented in connection with the relocation of a sales office. The comparable prior year expenses represent the extensive cost reduction programme that was implemented during the second half of 2008/09 in reaction to the economic crisis.

In the second quarter of 2010/11 a provision of TEUR 3,092 for legal disputes was reversed following an out-of-court settlement.

Miscellaneous items represent the net total of income and expenses arising from ordinary business operations, which cannot be clearly allocated to other functional areas.

### Interest Expense

Interest expense consists primarily of interest on the current credit agreement.

### Other Financial Income and Expenses

| in TEUR | Q2 2010/11 | Q2 2009/10 | 1st HY 2010/11 | 1st HY 2009/10 |
|---|---|---|---|---|
| Interest component as per IAS 19 less income on plan assets | (866) | (902) | (1,735) | (1,807) |
| Foreign exchange gains and losses | (2,505) | (926) | (1,290) | (166) |
| Market valuation of financial instruments | 3,305 | 654 | 1,229 | (4,429) |
| Total | (66) | (1,174) | (1,796) | (6,402) |

Foreign exchange gains and losses consist above all of effects from the valuation of receivables and liabilities that are denominated in a foreign currency. In the second quarter, foreign exchange gains and losses were negatively influenced above all by changes in the Group's main currencies (GBP, USD, AUD and CHF).

The market valuation of financial instruments shows the results from the valuation of forward exchange contracts at fair value as of the balance sheet date for these interim financial statements.

### Income Taxes

The classification of income taxes into current and deferred taxes is shown in the following table:

| in TEUR | Q2 2010/11 | Q2 2009/10 | 1st HY 2010/11 | 1st HY 2009/10 |
|---|---|---|---|---|
| Current taxes | (1,672) | (1,448) | (3,642) | (2,565) |
| *thereof current year* | *(1,714)* | *(1,451)* | *(3,659)* | *(2,462)* |
| *thereof prior years* | *42* | *3* | *17* | *(103)* |
| Deferred taxes | (689) | (433) | (291) | 169 |
| **Income taxes** | **(2,362)** | **(1,881)** | **(3,933)** | **(2,396)** |

### Net Profit/Loss from Discontinued Operations

This position includes the results from the discontinuation of the event lighting business during the second quarter of 2010/11. The prior year data were adjusted accordingly.

### Earnings per Share

Basic earnings per share were calculated by dividing net profit for the period by the average number of shares outstanding as of the balance sheet date for these interim financial statements.
Diluted earnings per share reflect the assumption that the options granted under the stock option programme (SOP/MSP) will be exercised. These shares are included in the calculation of the average number of shares outstanding.

1st Half-Year 2010/11

| in 1000 pcs. | Balance Sheet Date | Average |
|---|---|---|
| **1 May 2010** | **42,725** | **42,725** |
| Stock options - exercises | 63 | 41 |
| **31 October 2010** | **42,788** | **42,766** |

2009/10 Financial Year

| in 1000 pcs. | Balance Sheet Date | Average |
|---|---|---|
| **1 May 2009** | **42,713** | **42,713** |
| Stock options - exercises | 0 | 0 |
| **31 October 2009** | **42,713** | **42,713** |
| Stock options - exercises | 12 | 2 |
| **30 April 2010** | **42,725** | **42,715** |

## Notes to the Statement of Comprehensive Income

### Currency Differences

This position comprises translation effects resulting from the conversion of the financial statements of subsidiaries.

### Currency Differences arising from Loans

These currency differences result from long-term SEK and GBP loans and from derivative instruments that qualifies as a net investment in a foreign operation under IAS 21 and must therefore be reported under comprehensive income.

### Taxes

This position consists exclusively of deferred taxes arising from hedge accounting.

## Notes to the Balance Sheet

The following comments refer to major changes in individual items compared to the balance sheet date on 30 April 2010.

### Goodwill

The application of IAS 21 (The Effects of Changes in Foreign Exchange Rates) resulted in the recognition of TEUR -367 in currency differences to goodwill during the first half of 2010/11 (prior year: TEUR 2,032). These foreign exchange effects are allocated to the assets of the Lighting Segment for segment reporting.

### Other Intangible Assets

The change resulted chiefly from the capitalisation of internally generated intangible assets from development projects.

### Non-current Financial Assets

This position includes the non-current portion of the receivable arising from the sale of the old factory in Spennymoor during December 2008 as well as the non-current components of the cross-licensing agreement with the Philips Group.

### Other Non-current Assets

This position consists primarily of capitalised reinsurance for the fulfilment of pension commitments.

### Inventories

Inventories were increased during the second quarter of 2010/11, above all in the Components Segment, in order to safeguard the Group's ability to meet customer orders.

The Group has an off balance sheet commitment of TUSD 9,100 with a supplier to purchase LED modules, which must be fulfilled by 31 March 2011.

### Trade Receivables

The higher level of trade receivables resulted above all from an increase in revenues during the first half of the reporting year.

### Other Current Assets

The decline in other current assets resulted mainly from a reduction of TEUR 11,938 in tax receivables.

### Provisions for Pensions

The decline in the provisions for pensions resulted from pension payments that were made during the first half of 2010/11.

### Other Current Provisions

The development of this position was related primarily to the use of provisions for restructuring that were created in earlier years as well as the reversal of a provision for a legal dispute with a social security carrier that was settled out of court.

### Current Financial Liabilities

The change in current financial liabilities resulted from the use of the current working capital credit line to finance the seasonal increase in working capital.

## Notes to the Cash Flow Statement

Cash flow was determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows were translated at the respective average monthly exchange rate and then aggregated, while the balance sheet positions were translated at the exchange rate in effect on the respective closing date. Individual positions on the cash flow statement therefore differ significantly from the respective balance sheet positions, above all under cash flow from operating activities.

In agreement with the indirect method, operating profit is adjusted for the effects of non-cash transactions (e.g. depreciation and amortisation) as well as income and expenses that relate to investing or financing activities.

The amounts recognised under equity in accordance with IAS 19, IAS 21 and IAS 39 are reported on the cash flow statement under the changes to the respective balance sheet positions. Net profit/loss from discontinued operations represents the cash flow generated by the event lighting business, which was discontinued in the second quarter of 2010/11. The prior year data were adjusted accordingly.

Cash flow from operating activities was TEUR 35,821 lower than in the prior year. This decline resulted chiefly from the seasonal increase in working capital (TEUR -56,235; prior year: TEUR 3,395), which resulted from an increase in inventories and receivables as well as a decrease in liabilities.
The changes in other non-current and current assets and liabilities reflect, above all, the reduction in holiday liabilities and liabilities for special payments. During the first half of the prior year this position also included the non-cash portion of the receivable due from Philips in connection with the worldwide cross-licensing agreement.

The positive amount reported under "taxes received/paid" resulted from the reimbursement of advanced tax payments in Germany.

Cash flow from investing activities was TEUR 6,501 higher than the comparable prior year amount. This change resulted above all from increased investments in production equipment and higher capitalised research and development costs at the Dornbirn, Lemgo and Spennymoor plants.

Cash flow from financing activities consists chiefly of the dividend paid to the shareholders of Zumtobel AG and an increase in short-term bank liabilities.

Liquid funds comprise cash and cash equivalents. The latter are held for the purpose of meeting short-term cash obligations. They are subject to only insignificant fluctuations in value and have a remaining maturity of not more than three months from the date of acquisition. Bank overdrafts are generally considered to be part of cash and cash equivalents because they form an integral part of the Groups cash management.

Bank deposits, demand deposits and other similar items are presented on the balance sheet under "liquid funds". Overdrafts are reported under current financial liabilities.

The balance sheet position "liquid funds" also includes the above-mentioned bank deposits that are not available for discretionary use as well as smaller deposits with a term of more than three months. These items are not considered to be part of liquid funds.

### Transition to Cash and Cash Equivalents

| in TEUR | 31 October 2010 | 30 April 2010 |
|---|---|---|
| Liquid funds | 88,323 | 97,308 |
| Not available for disposal | (9) | (3) |
| Overdrafts | (15,621) | (3,141) |
| **Cash and cash equivalents** | **72,693** | **94,164** |

## Notes to the Statement of Changes in Equity

### Dividend

The annual general meeting on 23 July 2010 approved the payment of a EUR 0.15 dividend per share. On 30 July 2010 a total of TEUR 6,418 was distributed to the shareholders of Zumtobel AG.

### Other Reserves

This position includes profit carried forward.

### Currency Translation Reserve

This reserve includes the currency differences resulting from the application of the historical exchange rate on the date of initial consolidation and the exchange rate in effect on the balance sheet date for companies that do not report in EUR as well as differences resulting from the translation of the income statement at the monthly average exchange rate and the exchange rate in effect on the balance sheet date. Also included here are the currency differences arising from long-term Group loans granted in SEK and GBP, which are classified as net investments in foreign operations in accordance with IAS 21. Foreign exchange-based adjustments to goodwill are also included in this position.

### Hedge Accounting

The changes in equity from the application of hedge accounting reflect the changes in the fair value of derivative contracts that are recorded directly in equity as well as amounts transferred from equity to profit or loss following the exercise or realisation of contracts and the related deferred taxes.

### Stock Option Programme and Share Buyback

| in pcs. | Total |
|---|---|
| **Share buyback (to 30 April 2010)** | **1,039,211** |
| Exercised (to 30 April 2010) | (764,254) |
| 30 April 2010 | 274,957 |
| Exercised | (63,320) |
| **31 October 2010** | **211,637** |

A total of 63,320 stock operations were exercised during the first half of 2010/11 (prior year: 0).

Reserve for Stock Options

| in TEUR | SOP | MSP | Total |
|---|---|---|---|
| **30 April 2010** | **15,985** | **1,285** | **17,270** |
| Addition through profit or loss | - | 505 | 505 |
| **31 October 2010** | **15,985** | **1,790** | **17,775** |

The Stock Option Programme (SOP) was replaced by the Matching Stock Programme (MSP) in 2008. No further options were allocated from the SOP.

The addition to the MSP is accrued and recognised through profit or loss over a period of two years. The accrual for the first half of 2010/11 amounted to TEUR 505 (prior year: TEUR 712).

## Segment Reporting

The subsidiary groups form the primary areas of business for segment reporting by the Zumtobel Group: the Lighting Segment (lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems) and the Components Segment (electronic and magnetic lighting components). The transfer of goods and services between the two divisions is based on ordinary market conditions.

The segment information is principally based on the same presentation, accounting and valuation methods used to prepare the consolidated financial statements. In accordance with the management approach prescribed by IFRS 8, operating profit (EBIT) – a key indicator used for internal reporting – is included as part of the segment information.

The segment assets allocated to the two divisions include property, plant and equipment that can be directly assigned as well as intangible assets and working capital (excluding accrued interest, tax receivables and tax liabilities).

The column "reconciliation" comprises assets and the related income statement items that could not be allocated to either of the two segments as well as property, plant and equipment that are used by or involve both segments.

2nd Quarter

| | Lighting Segment | | | Components Segment | | | Reconciliation | | | Group | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in TEUR | **Q2 2010/11** | **Q2 2009/10** | **Q2 2007/08** | **Q2 2010/11** | **Q2 2009/10** | **Q2 2007/08** | **Q2 2010/11** | **Q2 2009/10** | **Q2 2007/08** | **Q2 2010/11** | **Q2 2009/10** | **Q2 2007/08** |
| Net revenues | 228.016 | 217.933 | 239.278 | 108.514 | 92.763 | 106.215 | -20.466 | -18.629 | -21.033 | 316.064 | 292.067 | 324.460 |
| *External revenues* | *227.806* | *217.347* | *238.744* | *88.049* | *74.593* | *85.409* | *209* | *127* | *307* | *316.064* | *292.067* | *324.460* |
| *Inter-company revenues* | *210* | *586* | *534* | *20.465* | *18.170* | *20.806* | *-20.675* | *-18.756* | *-21.340* | *0* | *0* | *0* |
| Operating profit/loss | 19.292 | 10.328 | 20.193 | 15.492 | 12.601 | 13.398 | -1.877 | -1.859 | -3.162 | 32.907 | 21.070 | 30.429 |
| Investments | 5.176 | 7.190 | 9.638 | 6.562 | 1.954 | 5.905 | 191 | 184 | 258 | 11.929 | 9.328 | 15.801 |
| Depreciation | 6.988 | 6.537 | 6.260 | 4.578 | 4.341 | 3.877 | 340 | 319 | 775 | 11.906 | 11.197 | 10.912 |

1st Half-Year

| in TEUR | Lighting Segment 1st HY 2010/11 | Lighting Segment 1st HY 2009/10 | Lighting Segment 1st HY 2008/09 | Components Segment 1st HY 2010/11 | Components Segment 1st HY 2009/10 | Components Segment 1st HY 2008/09 | Reconciliation 1st HY 2010/11 | Reconciliation 1st HY 2009/10 | Reconciliation 1st HY 2008/09 | Group 1st HY 2010/11 | Group 1st HY 2009/10 | Group 1st HY 2008/09 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net revenues | 440.297 | 424.864 | 473.941 | 214.719 | 180.611 | 208.838 | -39.579 | -35.379 | -41.649 | 615.437 | 570.096 | 641.130 |
| *External revenues* | *439.889* | *424.027* | *472.296* | *175.233* | *145.825* | *168.246* | *315* | *244* | *588* | *615.437* | *570.096* | *641.130* |
| *Inter-company revenues* | *408* | *837* | *1.645* | *39.486* | *34.786* | *40.592* | *-39.894* | *-35.623* | *-42.237* | *0* | *0* | *0* |
| Operating profit/loss | 28.733 | 17.366 | 35.633 | 28.675 | 27.936 | 27.711 | -5.708 | -4.600 | -5.927 | 51.700 | 40.702 | 57.417 |
| Investments | 11.108 | 12.735 | 19.557 | 10.738 | 4.151 | 9.785 | 617 | 221 | 988 | 22.463 | 17.107 | 30.330 |
| Depreciation | 11.711 | 12.968 | 12.436 | 9.171 | 8.358 | 7.645 | 660 | 618 | 1.072 | 21.542 | 21.944 | 21.153 |

| in TEUR | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets | 634,100 | 602,099 | 662,994 | 227,797 | 210,647 | 204,661 | 155,676 | 170,751 | 151,158 | 1,017,573 | 983,497 | 1,018,813 |

| | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 | 31 Oct. 2010 | 30 April 2010 | 30 April 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Headcount (full-time equivalent) | 5,279 | 5,155 | 5,261 | 2,211 | 2,048 | 1,775 | 126 | 126 | 129 | 7,616 | 7,329 | 7,165 |

The number of employees reported in the above table includes temporary employees working in the Zumtobel Group.

The elimination of inter-segment revenues is shown in the reconciliation column.

The reconciliation column comprises the following items:

| in TEUR | Q2 2010/11 | Q2 2009/10 | 1st HY 2010/11 | 1st HY 2009/10 |
|---|---|---|---|---|
| Group parent companies | -2.011 | -2.497 | -5.968 | -5.176 |
| Group entries | 134 | 638 | 260 | 576 |
| **Operating profit/loss** | **-1.877** | **-1.859** | **-5.708** | **-4.600** |

The Group parent companies represent companies that provide administrative or financing services for the entire Group and cannot be allocated to a specific segment. The reconciliation to operating profit includes Group entries for the elimination of interim profits in current and non-current assets.

No single external customer is responsible for more than 10% of total revenues.

## Related Party Transactions

Related parties include the Managing Board and Supervisory Board of Zumtobel AG. The company had no business relationships with related parties as of the closing date for the interim financial statements on 31 October 2010.

Supply and delivery transactions are conducted with associated companies at normal market conditions.

## Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 8,619 (30 April 2010: TEUR 9,316) for various liabilities.

## Subsequent Events

In November 2010 the Supervisory Board appointed Mathias Dähn as the new chief financial officer of Zumtobel AG. Mr. Dähn was appointed for a period of three years and will start work by 1 July 2011 at the latest.

As of 29 November 2010 the Zumtobel Group acquired the remaining 5% stake in Tridonic Jennersdorf GmbH, a subsidiary located in Jennersdorf, Austria.

No other significant events occurred after the balance sheet date.

## Statement by the Management Board in accordance with § 87 (1) of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed consolidated interim financial statements, which were prepared in accordance with International Financial Reporting Standards (IAS 34, Interim Financial Reporting), provide a true and fair view of the financial position and financial performance of the group and that the group management report on the first half-year provides a true and fair view of the financial position and financial performance of the group with respect to important events that occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year and the major related party transactions disclosed.

Dornbirn, 2 December 2010

The Management Board

Harald Sommerer
Chief Executive Officer

Martin Brandt
Chief Operating Officer

# Review Report

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of

Zumtobel AG,
Dornbirn,

as of 31 October 2010. This condensed consolidated interim financial information comprises the consolidated balance sheet as of 31 October 2010, the related consolidated statements of income, statement of comprehensive income of the Group, cash flows and changes in equity for the period then ended and a summary of significant accounting policies and other explanatory notes.

The Company's management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. Our liability towards the Company and third parties with respect to this review is limited in accordance with para 275 Austrian Commercial Code (§ 275 (2) UGB).

**Scope of Review**

We conducted our review in accordance with Austrian standards for chartered accountants and with International Standard on Review Engagements (ISRE) 2410, *„Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information are not presented fairly in all material respects in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

**Comment on the Group Management Report for the six month period ended as of 31 October 2010 and the Declaration of the Company´s mamagement according to para 87 BörseG**

We have read the Group Management Report for the six month period ended as of 31 October 2010 in order to see if it is not obviously contradictionary to the condensed consolidated interim financial information. In our opinion, the Group Management Report includes no obvious contradictions to the condensed consolidated interim financial information.

The Group Management Report for the six month period ended as of 31 October 2010 includes the declaration of the Company's management according to para 87 (1) fig 3 BörseG.

Vienna, 2 December 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Thomas Smrekar, Mag. Michael Schlenk
Certified Public Accountant

# Service

## Financial Terms

| | |
|---|---|
| Adjusted EBIT | EBIT adjusted for special effects |
| Adjusted EBIT margin | = Adjusted EBIT as a percentage of revenues |
| Adjusted EBITDA | EBITDA adjusted for special effects |
| Average capital employed | = Goodwill + intangible assets + property, plant and equipment + inventories + trade receivables – trade payables – provisions for income taxes – other provisions – other liabilities, as an average over four quarters |
| CAPEX | Capital expenditure |
| Debt coverage ratio | Net debt divided by EBITDA |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes, depreciation and amortisation |
| Equity ratio | = Equity as a percentage of assets |
| Gearing | = Net debt as a percentage of equity |
| Labour productivity | = Adjusted EBIT as a percentage of personnel expenses |
| Net debt | = Non-current borrowings + current borrowings – liquid funds |
| ROCE | (Return On Capital Employed) = Total return based on adjusted EBIT as a percentage of average capital employed |
| WACC | Weighted average cost of capital (debt and equity) |
| Working capital | = Inventories + trade receivables – trade payables – prepayments received |

## Financial Calendar

| | |
|---|---|
| 3rd Quarterly Report 2010/11 (1 May 2010 – 31 January 2011) | 07 March 2011 |
| Annual Results 2010/11 | 27 June 2011 |

## Contact Information

Investor Relations
Harald Albrecht
Head of Investor Relations
Telephone +43 (0)5572 509-1125
E-Mail investorrelations@zumtobel.com

Press / Corporate Communications
Astrid Kühn-Ulrich
Head of Corporate Communications
Telephone +43 (0)5572 509-1570
E-Mail astrid.kuehn@zumtobel.com

## Financial Reports

Our financial reports are available in English and German for download under: http://www.zumtobelgroup.com. You can also order a copy by calling +43 (0)5572 509-1510.

## More Information

on Zumtobel AG and our brands can be found in the Internet under:

www.zumtobelgroup.com
www.zumtobel.com
www.thornlighting.com
www.tridonic.com
www.ledon-lamp.com

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## Disclaimer


zumtobel group