



Quarterly Report of Zumtobel AG  
1 May 2010 to 31 January 2011

zumtobel group

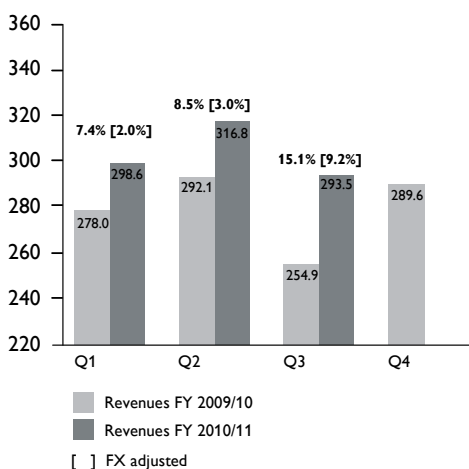
# Overview of the Third Quarter 2010/11

- >> 15.1% year-on-year increase in revenues (FX-adjusted: +9.2%)
- >> Components Segment: dynamic revenue growth continues with +22.8% (FX-adjusted: +17.7%)
- >> Lighting Segment: first real revenue growth since Q1 2008/09 (nominal: +11.7%, FX-adjusted: +6.0%)
- >> Strong growth of 74.5% in LED products during Q3
- >> Adjusted EBIT growth exceeds revenues growth with increase to EUR 15.9 million (Q3 2009/10 EUR 2.0 million)
- >> Free cash flow improves by EUR +7.9 million in Q3

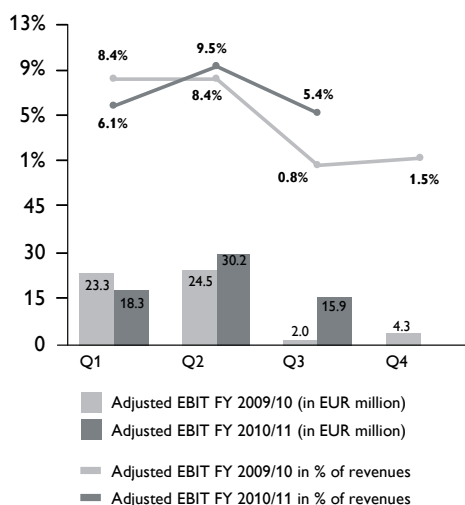
Key Data in EUR million*	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %
Revenues	293.5	254.9	15.1	908.9	825.0	10.2
Adjusted EBITDA	28.6	13.0	>100	100.6	82.7	21.7
as a % of revenues	9.7	5.1		11.1	10.0	
Adjusted EBIT	15.9	2.0	>100	64.4	49.8	29.2
as a % of revenues	5.4	0.8		7.1	6.0	
EBIT	15.0	(0.2)	>100	66.7	40.5	64.6
as a % of revenues	5.1	(0.1)		7.3	4.9	
Net profit/loss for the period	13.0	(3.6)	>100	52.6	21.3	>100
as a % of revenues	4.4	(1.4)		5.8	2.6	
Cash flow from operating results	27.9	8.8	>100	96.8	70.8	36.6
Investments	10.7	12.2	(11.8)	33.0	29.0	13.9
Total assets				31 January 2011	30 April 2010	Change in %
Equity				1,009.5	983.5	2.6
Equity ratio in %				39.8	35.8	
Net debt				144.6	121.9	18.6
ROCE in %				12.6	8.8	
Headcount incl. contract worker (full-time equivalent)				7,626	7,329	4.1

## Development of business by quarter

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,

For the professional lighting market, the third quarter brought a continuation of the initial signs of recovery that appeared during the first half of 2010/11. This development led to a 10.2% improvement in revenues for the Zumtobel Group to EUR 908.9 million for the first nine months of the current financial year. After an adjustment for foreign exchange effects, the increase amounted to 4.6%. The Component Segment continued its dynamic revenue growth with a plus of 20.2% (FX-adjusted: +15.0%) for the reporting period. This segment is benefitting from an improved product mix through the ongoing substitution of magnetic with electronic ballasts as well as the expansion of the portfolio towards LED products and light management systems (Controls & Systems). The late cyclical Lighting Segment reported reserved but positive development, with revenues rising 11.7% in the third quarter and 6.1% over the first nine months (FX-adjusted: +0.8%). This growth was driven, above all, by increasing activity in the renovation sector. With these results the Zumtobel Group outpaced the construction industry, which remained on a strong downturn throughout 2010. The LED business recorded dynamic revenue growth of 74.5% in the third quarter, which brought nine-month revenues on LED products to EUR 67.3 million.



Harald Sommerer

The positive development of Group revenues was also reflected in earnings. Adjusted operating earnings rose by nearly one-third to EUR 64.4 million. In third quarter alone, adjusted EBIT increased from EUR 2 million to EUR 15.9 million. This amount includes a non-recurring license payment of EUR 3 million. The adjusted return on sales for the first nine months improved from 6.0% to 7.1%. Net profit rose by more than EUR 31 million to EUR 52.6 million, and earnings per share increased accordingly from EUR 0.49 to EUR 1.23.

Working capital amounted to 19.0% of revenues, and exceeded the comparable prior year value of 18.4% due to the higher volume of business. Free cash flow remained negative at EUR -11.7 million as of 31 January 2011, but improved by EUR 7.9 million during the third quarter. Gearing increased slightly from 34.7% on 30 April 2010 to the current level of 36.0%. The debt coverage ratio declined to 1.36 due to the Group's positive operating development (1.57 as of 30 April 2010).

## Growing optimism leads to improved outlook

The Management Board of the Zumtobel Group is raising its outlook for the 2010/11 financial year (1 May 2010 to 30 April 2011) based on the company's expected development and the more favourable economic environment. Although momentum in revenue growth in the Components Segment should slow and the respective earnings margin should weaken slightly during the fourth quarter, we are expecting revenues of approx. EUR 1.2 billion (2009/10: EUR 1,114.6 million) and an adjusted EBIT margin of over 6% for the full year. Strong market positions, steady demand for energy-efficient lighting systems and increasing signs of economic recovery provide grounds for optimism that we will be able to continue our profitable growth course over the medium- and long-term.

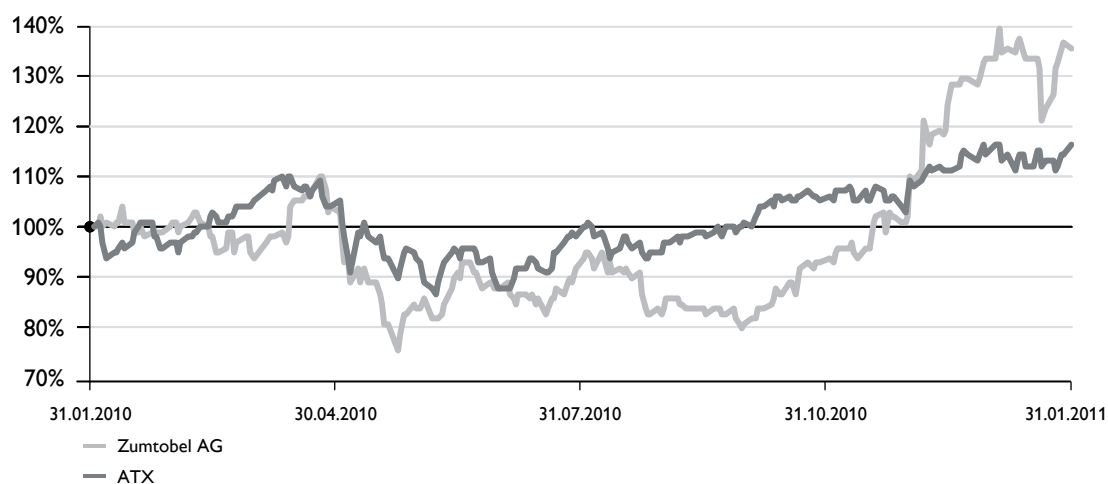
Harald Sommerer  
Chief Executive Officer

## The Zumtobel Share

### Strong third quarter increase in Zumtobel share

The third quarter of 2010/11 was a very good period for the Zumtobel share. A generally friendly market environment, positive analyst reports and a substantial improvement in operating results during the first half-year led to a 45% increase in the share price from November to January. The share closed at EUR 21.33 on 31 January, only slightly below the annual high. In comparison, the leading Austrian ATX index – which also includes the Zumtobel share – recorded a plus of roughly 8% for the reporting period. The cumulative performance of the Zumtobel share during the first nine months of the reporting year amounted to 30%, versus slightly less than 9% for the ATX. The market capitalisation of the Zumtobel Group totalled at EUR 928 million as of 31 January 2011 based on an unchanged number of 43.5 million shares outstanding. There were no major changes in the shareholder structure. 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% each and the remaining 54.3% of the shares represent free float.

Development of the Zumtobel Share



#### Key Data on the Zumtobel Share for the 3rd Quarter

Closing price at 30.04.10	EUR 16.34	Currency	EUR
Closing price at 31.01.11	EUR 21.33	ISIN	AT0000837307
Performance Q1-Q3 2010/11	30.5%	Ticker symbol/Vienna Stock Exchange (XETRA)	ZAG
Performance last 12 months	37.6%	Market segment	Prime Market
Market capitalisation at 31.10.11	EUR 928 Mio	Reuters symbol	ZUMV.VI
Share price - high at 04.01.11	EUR 21.90	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	76,631	Datastream	O:ZAG
Free float	54.3%	Number of issued shares	43,500,000

# Group Management Report

## The economic environment

The global economic recovery continued throughout the third quarter of 2010/11. Forecasts by the International Monetary Fund (IMF) estimate worldwide growth at 4.4% for the 2011 calendar year. Development will be driven, above all, by continued momentum in the emerging countries (+6.5%), in particular the so-called BRIC states (China, India, Brazil and Russia). In contrast, the western industrialised nations will follow a much more moderate course (+2.5%). However, global growth is still connected with risks that include high sovereign debt in a number of key countries, the expiration of many government subsidy programmes, the development of foreign exchange and interest rates and an increase in raw material prices. Moreover, the current political unrest in North Africa and the Middle East has created new economic risks. The share of these countries in Zumtobel Group revenues is, however, very low. The positive economic signals are more important for the Zumtobel Group at the present time, but international developments are being monitored closely.

**Global economic recovery continues in 2011**

## Significant Events since 30 April 2010

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 started work on 1 February 2011. He took over the responsibilities of Thomas Spitzenpfeil, who resigned from Zumtobel AG as of 30 September 2010.

**Mathias Dähn is new CFO**

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.

**AGM approves dividend for 2009/10**

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.

**Publication of first sustainability report**

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. The company was deconsolidated during the third quarter of 2010/11.

**Application filed for liquidation of Space Cannon**

The remaining 5% stake in the Austrian Tridonic Jennersdorf GmbH, which is headquartered in Jennersdorf, was acquired as of 29 November 2010.

**5% stake acquired in Tridonic Jennersdorf**

In December 2010 LG Innotek, a subsidiary of the Korean LG Group, and the Zumtobel Group signed an agreement for cooperation in the area of LEDs. The goal of this cooperation is to transfer the successful high volume business in LED backlights for LCD screens to the field of professional lighting. Both partners will contribute their respective expertise in technology, applications and production to the cooperation. One aspect of particular importance is the use of LEDs as point light sources to produce flat-area lighting.

**LG Innotek and Zumtobel Group sign LED cooperation agreement**

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 January 2011 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.

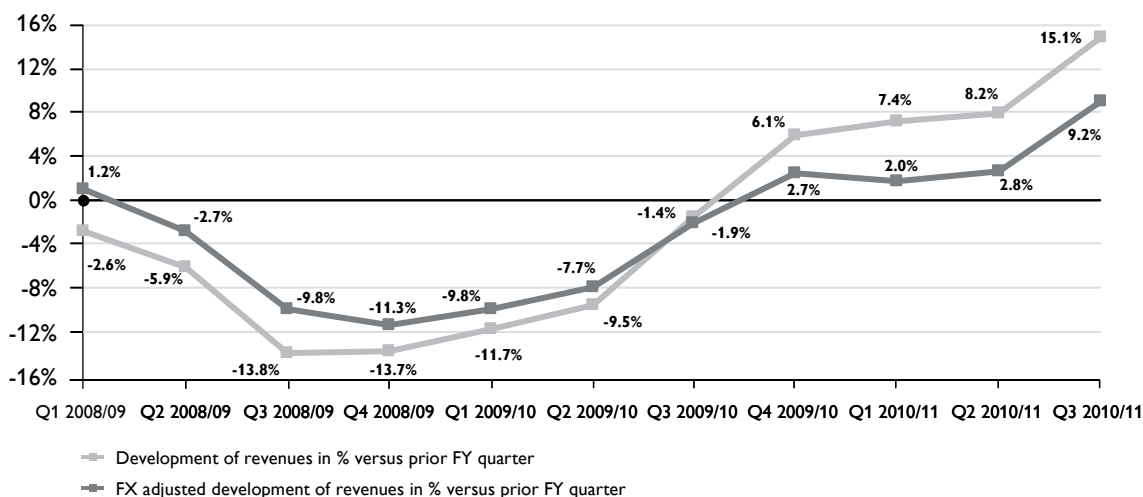
## Revenues in the first three quarters of 2010/11

- >> 10.2% year-on-year increase in Group revenues (FX-adjusted: +4.6%)
- >> Lighting Segment returns to FX-adjusted growth with +0.8% (nominal: 6.1%)
- >> Strong 20.2% growth in Components Segment (FX-adjusted: +15.0%)
- >> 37.2% increase in revenues from LED products during first nine months

### Group revenues rise by 10.2%

Revenues for the first three quarters of 2010/11 (1 May 2010 to 31 January 2011) rose by 10.2% year-on-year to EUR 908.9 million (prior year: EUR 825.0 million). This development was supported by positive currency translation effects of EUR 46.0 million. After an adjustment for these effects, revenues exceeded the comparable prior year period by 4.6%. An analysis by business area shows dynamic growth mainly in the Components Segment. However, momentum in the late cyclical Lighting Segment also increased during the first nine months and the first modest real (FX-adjusted) growth since the first quarter of 2008/09 was recorded during the third quarter of the reporting year.

Development of revenues over the last eleven quarters



### Clearly positive currency translation effects

The positive foreign exchange effects in the first three quarters were related above all to an increase in the value of the Australian Dollar (AUD), the Swiss Franc (CHF), the Swedish Krona (SEK) and the British Pound (GBP) in relation to the Euro. However, these translation effects provided almost no support for operating profit because of a parallel FX-related rise in costs.

### Lighting Segment also with FX-adjusted growth

A large part of the translation effect (EUR 32.1 million) is attributable to the Lighting Segment, which recorded an increase in revenues from EUR 609.1 million to EUR 646.0 million (+6.1%). In the third quarter the late cyclical Lighting Segment reported the first real revenue growth since the first quarter of 2008/09 with a 6.0% increase in FX-adjusted revenue (nominal: +11.7%). The market showed growing signs of recovery mainly due to positive impulses from the renovation business.

### Sound development continues in Components Segment

Revenues in the Components Segments were influenced by positive currency effects of EUR 13.9 million, and rose by a sound 20.2% (FX-adjusted: 15.0%) to EUR 321.2 million (prior year: EUR 267.3 million). In the third quarter alone, the FX-adjusted increase in revenues amounted to 17.7% (nominal: +22.8%). The dynamic development in this segment was supported by the continuing substitution of magnetic with electronic ballasts as well as the expansion of the portfolio to include LED products and light management systems (Controls & Systems). The supply situation for electronic parts eased slightly during the third quarter.

Segment development in EUR million	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %	FX adjusted in %
Lighting Segment	205.7	184.2	11.7	646.0	609.1	6.1	0.8
Components Segment	106.5	86.7	22.8	321.2	267.3	20.2	15.0
Reconciliation	(18.8)	(15.9)	-	(58.3)	(51.3)	13.7	-
Zumtobel Group	293.5	254.9	15.1	908.9	825.0	10.2	4.6

The Zumtobel Group recorded strong quarter-on-quarter growth in the future-oriented light-emitting diode (LED) technology during the reporting period. Revenues from the sale of LED products increased 37.2% to EUR 67.3 million for the first three quarters, with an above-average increase of +74.5% in the third quarter.

**37.2% increase in revenues from LED-based products**

Distribution of regional revenues	Q3 2010/11		Q1-Q3 2010/11		
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	in % of Group
D/A/CH	75.6	19.7	231.9	8.9	25.5
Eastern Europe	17.2	38.4	53.2	20.3	5.9
Northern Europe	24.4	10.4	73.2	7.5	8.1
Western Europe	85.9	5.9	265.0	2.1	29.2
Southern Europe	25.0	11.8	75.3	13.4	8.3
<b>Europe</b>	<b>228.1</b>	<b>13.4</b>	<b>698.5</b>	<b>7.3</b>	<b>76.9</b>
Asia	26.4	13.8	81.7	14.2	9.0
Australia & New Zealand	27.0	21.1	92.7	27.2	10.2
America	9.3	48.7	27.0	23.0	3.0
Others	2.6	34.5	9.0	19.1	1.0
<b>Total</b>	<b>293.5</b>	<b>15.1</b>	<b>908.9</b>	<b>10.2</b>	<b>100.0</b>

Positive foreign exchange effects supported the development of revenues in all major Zumtobel Group regions. In Europe, revenues rose by 7.3% (FX-adjusted: 4.0%) to EUR 698.5 million (prior year: EUR 651.2 million). The D/A/CH region (Germany, Austria, Switzerland), a key market for the Zumtobel Group, recorded an FX-adjusted increase of 5.0% (nominal: +8.9%) for the first three quarters. The pace of growth in the Lighting Segment continued to rise during the third quarter, especially in Germany, while Austria lagged behind this development. Recovery is still slow on the professional lighting market in Northern and Western Europe, but this region also showed signs of improvement in the third quarter. After an adjustment for positive currency translation effects, revenues declined by a slight 0.4% (nominal: +7.5%) in Northern Europe and by 0.2% (nominal: +2.1%) in Western Europe. The upward trend continued in Southern and Eastern Europe with revenue growth of 13.4% and 20.3%, respectively, during the first nine months. Higher growth rates in the regions outside Europe reduced the relative share of Group revenues generated in Europe from 78.9% to 76.9%.

**Increasing signs of growth in Europe**

Revenues in Asia rose by 14.2% to EUR 81.7 million (prior year: EUR 71.5 million). After an adjustment for foreign exchange effects, revenues in Asia exceeded the comparable prior year level by 4.3%. In this region, the slower development of revenues in the Middle East was offset by sound growth in Hong Kong and China. Revenues in America rose by a solid 23.0% (FX-adjusted: +13.3%), despite a still difficult climate in the construction industry. The Architectural Billing Index, a key indicator for commercial construction in the USA, reached 54.2 in December, which is the highest level since the start of the financial crisis. This indicator points toward a renewed increase in expenditures for the industry towards the end of 2011. The

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

Australia/New Zealand region was supported by substantial foreign exchange effects of EUR 15.6 million, and generated growth of 27.2% (FX-adjusted: 5.8%) in the first three quarters of 2010/11.

## Earnings in the first three quarters

- >> EBIT growth outpaces revenue growth with nearly +30% to EUR 64.4 million
- >> Gross profit margin stable in year-on-year comparison at 33.9%
- >> Positive special effects in operating profit (EUR 2.3 million)
- >> Financial results improves by EUR 6.0 million
- >> Net profit more than doubles to EUR 52.6 million

Income statement in EUR million	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %
Revenues	293.5	254.9	15.1	908.9	825.0	10.2
Cost of goods sold	(196.9)	(174.4)	(12.9)	(600.9)	(546.5)	(10.0)
Gross profit	96.5	80.6	19.8	308.0	278.6	10.6
<i>as a % of revenues</i>	32.9	31.6		33.9	33.8	
SG&A expenses adjusted for special effects	(80.7)	(78.5)	(2.7)	(243.6)	(228.8)	(6.5)
Adjusted EBIT	15.9	2.0	>100	64.4	49.8	29.2
<i>as a % of revenues</i>	5.4	0.8		7.1	6.0	
Special effects	(0.9)	(2.2)	61.3	2.3	(9.3)	>100
EBIT	15.0	(0.2)	>100	66.7	40.5	64.6
<i>as a % of revenues</i>	5.1	(0.1)		7.3	4.9	
Financial results	(1.9)	(1.8)	(10.3)	(7.8)	(13.8)	43.3
Profit before tax	13.1	(1.9)	>100	58.9	26.7	>100
Income taxes	(1.2)	(1.1)	(6.6)	(5.2)	(3.5)	(45.6)
Net profit/loss from discontinued operations	1.2	(0.5)	>100	(1.1)	(1.9)	42.4
Net profit/loss for the period	13.0	(3.6)	>100	52.6	21.3	>100
Depreciation and amortisation	12.7	11.5	10.7	34.3	33.4	2.5
Earnings per share (in EUR)	0.30	(0.09)	>100	1.23	0.49	>100

Note: EBITDA (EBIT plus depreciation and amortisation) amounted to EUR 101.0 million in the first three quarters of 2010/11.

### Adjusted EBIT equals EUR 64.4 million

The development of earnings was influenced by the growth in revenues. EBIT adjusted for special effects improved significantly from EUR 49.8 million in the first three quarters of the prior year to EUR 64.4 million. This represents an increase in the return on sales to 7.1% (prior year: 6.0%). The third quarter alone brought an improvement in the adjusted EBIT margin from 0.8% in 2009 to 5.4%. However, it should be noted that the third quarter 2010/11 includes EUR 3.0 million of non-recurring income from a licensing agreement.

### Gross profit margin relatively stable at 33.9%

The gross profit margin remained constant at 33.9% for the first nine months (33.8% in the prior year) in spite of higher raw material prices. Development costs included in the cost of goods sold rose from EUR 27.0 million to EUR 33.1 million. This trend reflects the focus of the Zumtobel Group on innovation.

### Growth initiatives increase selling costs

Selling expenses rose from EUR 210.5 million to EUR 222.8 million as a result of the growth initiatives launched in the sales area. The related measures focused mainly on the expansion of the sales force and higher expenditures for marketing. Administrative expenses declined slightly from EUR 28.9 million to



EUR 27.6 million. Other operating results, excluding special effects, consisted mainly of licensing fee income from the LED business and declined from EUR 10.7 million to EUR 6.8 million.

Positive special effects of EUR 2.3 million were recognised in the first three quarters of 2010/11 (prior year: EUR -9.3 million). During the first quarter, a EUR 2.0 million revaluation was recognised to a building written off in 2008/09 since the reasons for the original impairment charge no longer exist. In the second quarter, a provision of EUR 3.1 million for legal disputes was reversed following an out-of-court settlement. The restructuring expenses of EUR 2.8 million are related, above all, to a restructuring plan that was implemented in connection with the relocation of a sales office in Great Britain.

**Positive special effects  
in operating profit**

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

Adjusted EBIT in EUR million	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %
Reported EBIT	15,0	-0,2	>100	66,7	40,5	64,6
thereof special effects	-0,9	-2,2	61,3	2,3	-9,3	>100
Adjusted EBIT	15,9	2,0	>100	64,4	49,8	29,2
<i>as a % of revenues</i>	5,4	0,8		7,1	6,0	

Financial results improved by EUR 6.0 million to EUR -7.8 million for the first three quarters. Interest expense consisted primarily of interest on the current credit agreement, and declined during the reporting period due to the slightly lower net debt. Other financial income and expenses totalled EUR -1.7 million (prior year: EUR -5.9 million) and included results from the fair value measurement of forward exchange contracts as of 31 January 2011.

**Improvement in  
financial results**

Financial result in EUR million	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %
Interest expense	(2.5)	(2.4)	(7.3)	(7.2)	(7.7)	6.6
Interest income	0.4	0.3	41.0	0.9	0.8	16.7
Net financing costs	(2.2)	(2.1)	(3.1)	(6.3)	(6.9)	9.3
Other financial income and expenses	0.1	0.5	(75.5)	(1.7)	(5.9)	71.6
Profit/loss from companies accounted for at-equity	0.1	(0.2)	>100	0.1	(1.0)	>100
Financial results	(1.9)	(1.8)	(10.3)	(7.8)	(13.8)	43.3

Profit before tax improved significantly from EUR 26.7 million in the prior year to EUR 58.9 million, and income tax expense amounted to EUR 5.2 million (prior year: EUR 3.5 million). Results from discontinued operations totalled EUR -1.1 million. This amount reflects the discontinuation of the event lighting business (Space Cannon VH SRL) at the end of the second quarter of 2010/11. The prior year data were adjusted accordingly. Net profit for the period rose to EUR 52.6 million, compared with EUR 21.3 million in the prior year. Earnings per share for the shareholders of Zumtobel AG (basic earnings per share based on 42.8 million shares) equalled EUR 1.23 (prior year: EUR 0.49).

**Net profit more than  
doubles**

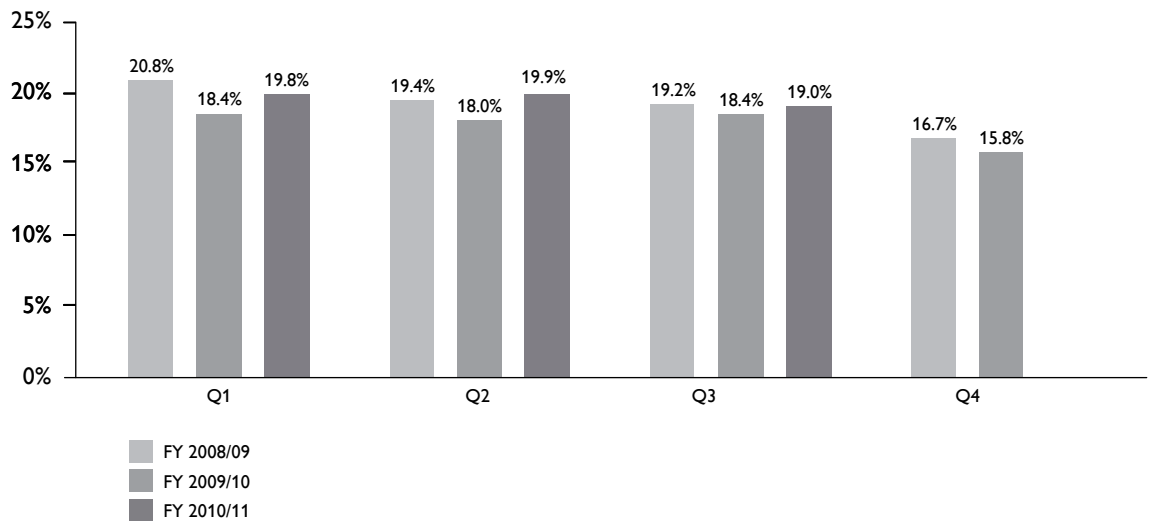
## Cash Flow and Asset Position

Working capital totalled EUR 227.8 million as of 31 January 2011 (prior year: EUR 202.3 million). As a percentage of rolling 12-month revenues, this indicator rose from 18.4% in the third quarter of the prior year to 19.0%. The increase in working capital resulted, above all, from the higher volume of business. Cash outflows of EUR 50.0 million (prior year: EUR +4.5 million) from the increase in working capital had a

**Working capital  
increased by higher  
business volume**

negative effect on cash flow from operating activities, which fell from EUR 35.0 million in the first nine months of 2009/10 to EUR 23.8 million.

#### Working Capital as % of rolling 12-month revenues



#### Free cash flow of EUR -11.7 million

Investments in non-current assets amounted to EUR 33.0 million for the first three quarters of the reporting year (prior year: EUR 29.0 million). Payments for the purchase of property, plant and equipment consisted mainly of investments in production equipment as well as EUR 10.2 million (prior year: EUR 9.9 million) of capitalised development costs. Capacity was expanded, in particular for the production of electronic ballasts and assembly lines for LED chains. Free cash flow was negative at EUR -11.7 million (prior year: EUR +4.5 million) above all due to the increase in working capital, but an improvement of EUR 7.9 million was recorded in the third quarter.

#### Dividend of EUR 0.15 per share

Cash flow of EUR 6.9 million from financing activities includes the dividend of EUR 0.15 per share (EUR 6.4 million), which was paid during the first quarter of the reporting year.

Balance sheet data in EUR million	31 January 2011	30 April 2010
Total assets	1,009.5	983.5
Net debt	144.6	121.9
Equity	401.9	351.6
Equity ratio in %	39.8	35.8
Gearing in %	36.0	34.7
Average capital employed	537.6	587.5
ROCE in %	12.6	8.8
Investments	33.0	49.4
Working capital	227.8	176.2
As a % of rolling 12 month revenues	19.0	15.8

#### Continued solid balance sheet structure

The sound development of earnings supported an improvement in the equity ratio, which rose from 35.8% on 30 April 2010 to 39.8%. Net debt increased according to the normal seasonal pattern, and raised gearing slightly from 34.7% at the end of the previous financial year to 36.0%.

## **Growing optimism leads to improved outlook**

The Management Board of the Zumtobel Group is raising its outlook for the 2010/11 financial year (1 May 2010 to 30 April 2011) based on the company's expected development and the more favourable economic environment. Although momentum in revenue growth in the Components Segment should slow and the respective earnings margin should weaken slightly during the fourth quarter, we are expecting revenues of approx. EUR 1.2 billion (2009/10: EUR 1,114.6 million) and an adjusted EBIT margin of over 6% for the full year. Strong market positions, steady demand for energy-efficient lighting systems and increasing signs of economic recovery provide grounds for optimism that we will be able to continue our profitable growth course over the medium- and long-term.

Dornbirn, 7 March 2011

Harald Sommerer  
Chief Executive Officer

Mathias Dähn  
Chief Financial Officer

Martin Brandt  
Chief Operating Officer

# Income Statement

in TEUR	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10	Change in %
Revenues	293,461	254,943	15.1	908,898	825,040	10.2
Cost of goods sold	(196,947)	(174,389)	(12.9)	(600,885)	(546,465)	(10.0)
<b>Gross profit</b>	<b>96,514</b>	<b>80,554</b>	<b>19.8</b>	<b>308,013</b>	<b>278,575</b>	<b>10.6</b>
<i>as a % of revenues</i>	32.9	31.6		33.9	33.8	
Selling expenses	(76,272)	(70,591)	(8.0)	(222,848)	(210,539)	(5.8)
Administrative expenses	(9,025)	(9,084)	0.6	(27,568)	(28,903)	4.6
Other operating results	3,793	(1,048)	>100	9,115	1,401	>100
<i>thereof special effects</i>	(854)	(2,205)	61.3	2,347	(9,283)	>100
<b>Operating profit</b>	<b>15,010</b>	<b>(169)</b>	<b>&gt;100</b>	<b>66,712</b>	<b>40,534</b>	<b>64.6</b>
<i>as a % of revenues</i>	5.1	(0.1)		7.3	4.9	
Interest expense	(2,541)	(2,369)	(7.3)	(7,185)	(7,696)	6.6
Interest income	367	260	41.0	925	793	16.7
Other financial income and expenses	123	503	(75.5)	(1,674)	(5,898)	71.6
Profit/loss from companies accounted for at-equity	108	(156)	>100	92	(1,034)	>100
<b>Financial results</b>	<b>(1,943)</b>	<b>(1,762)</b>	<b>(10.3)</b>	<b>(7,842)</b>	<b>(13,835)</b>	<b>43.3</b>
<i>as a % of revenues</i>	(0.7)	(0.7)		(0.9)	(1.7)	
<b>Profit before tax</b>	<b>13,067</b>	<b>(1,931)</b>	<b>&gt;100</b>	<b>58,870</b>	<b>26,699</b>	<b>&gt;100</b>
Income taxes	(1,221)	(1,145)	(6.6)	(5,154)	(3,541)	(45.6)
<b>Net profit from continuing operations</b>	<b>11,846</b>	<b>(3,076)</b>	<b>&gt;100</b>	<b>53,716</b>	<b>23,158</b>	<b>&gt;100</b>
<b>Net profit/loss from discontinued operations</b>	<b>1,185</b>	<b>(506)</b>	<b>&gt;100</b>	<b>(1,073)</b>	<b>(1,864)</b>	<b>42.4</b>
<b>Net profit for the period</b>	<b>13,031</b>	<b>(3,582)</b>	<b>&gt;100</b>	<b>52,643</b>	<b>21,294</b>	<b>&gt;100</b>
<i>as a % of revenues</i>	4.4	(1.4)		5.8	2.6	
<i>thereof due to non-controlling interests</i>	(9)	56	<(100)	170	393	(56.8)
<i>thereof due to shareholders of the parent company</i>	13,040	(3,638)	>100	52,473	20,901	>100
Average number of shares outstanding - basic (in 1000 pcs.)	42,803	42,713		42,778	42,714	
Average diluting effect (stock options) (in 1000 pcs.)	82	57		82	57	
Average number of shares outstanding - diluted (in 1000 pcs.)	42,885	42,770		42,860	42,771	
<b>Earnings per share (in EUR)</b>						
Basic earnings per share	0.30	(0.09)		1.23	0.49	
Diluted earnings per share	0.30	(0.09)		1.22	0.49	
<b>Earnings per share from continuing operations (in EUR)</b>						
Basic earnings per share	0.28	(0.07)		1.26	0.54	
Diluted earnings per share	0.28	(0.07)		1.25	0.54	
<b>Earnings per share from discontinued operations (in EUR)</b>						
Basic earnings per share	0.03	(0.01)		(0.03)	(0.04)	
Diluted earnings per share	0.03	(0.01)		(0.03)	(0.04)	

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	Q3 2010/11	Q3 2009/10	Change in %	Q1-Q3 2010/11	Q1-Q3 2009/10 (restated*)	Change in %
<b>Net profit for the period</b>	<b>13,031</b>	<b>(3,582)</b>	<b>&gt;100</b>	<b>52,643</b>	<b>21,294</b>	<b>&gt;100</b>
Currency differences	4,438	7,250	(38.8)	2,873	6,117 *	(53.0)
Currency differences arising from loans	1,053	1,843	(42.9)	1,032	2,708	(61.9)
Hedge accounting	981	298	>100	822	(289)	>100
Actuarial loss / gain	6	(24,938)	>100	6	(24,938)	>100
Taxes	(247)	(10,714)	97.7	(207)	(10,567)	98.0
<i>thereof IAS 19</i>	(2)	(10,642)	100.0	(2)	(72)	97.7
<i>thereof Hedge Accounting</i>	(245)	(72)	<(100)	(205)	(10,495)	98.0
<b>Subtotal other comprehensive income</b>	<b>6,231</b>	<b>(26,261)</b>	<b>&gt;100</b>	<b>4,526</b>	<b>(26,969)</b>	<b>&gt;100</b>
<i>thereof due to non-controlling interests</i>	40	179	(77.7)	(76)	(10)	<(100)
<i>thereof due to shareholders of the parent company</i>	6,191	(26,440)	>100	4,602	(26,959)	>100
<b>Total comprehensive income</b>	<b>19,262</b>	<b>(29,843)</b>	<b>&gt;100</b>	<b>57,169</b>	<b>(5,675)</b>	<b>&gt;100</b>
<i>thereof due to non-controlling interests</i>	31	236	(86.7)	94	383	(75.3)
<i>thereof due to shareholders of the parent company</i>	19,231	(30,079)	>100	57,075	(6,058)	>100

\* 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 January 2011	in %	30 April 2010	in %
Goodwill	185,633	18.4	183,451	18.7
Other intangible assets	50,968	5.0	48,913	5.0
Property, plant and equipment	229,130	22.7	231,385	23.5
Financial assets accounted for at-equity	5,090	0.5	4,112	0.4
Financial assets	8,745	0.9	11,236	1.1
Other assets	4,850	0.5	4,163	0.4
Deferred taxes	34,200	3.4	33,894	3.4
<b>Non-current assets</b>	<b>518,616</b>	<b>51.4</b>	<b>517,154</b>	<b>52.5</b>
Inventories	186,738	18.5	146,077	14.9
Trade receivables	161,865	16.0	173,649	17.7
Financial assets	14,808	1.5	16,706	1.7
Other assets	27,547	2.7	32,603	3.3
Liquid funds	99,881	9.9	97,308	9.9
<b>Current assets</b>	<b>490,839</b>	<b>48.6</b>	<b>466,343</b>	<b>47.5</b>
<b>ASSETS</b>	<b>1,009,455</b>	<b>100.0</b>	<b>983,497</b>	<b>100.0</b>
Share capital	108,750	10.8	108,750	11.1
Additional paid-in capital	335,332	33.2	334,597	34.0
Reserves	(98,077)	(9.7)	(28,326)	(2.9)
Net profit/loss for the period	52,473	5.2	(67,225)	(6.8)
Capital attributed to shareholders of the parent company	398,478	39.5	347,796	35.4
Capital attributed to non-controlling interests	3,393	0.3	3,825	0.4
<b>Equity</b>	<b>401,871</b>	<b>39.8</b>	<b>351,621</b>	<b>35.8</b>
Provisions for pensions	53,183	5.3	57,268	5.8
Provisions for severance compensation	34,012	3.4	32,639	3.3
Provisions for other defined benefit employee plans acc. to IAS19	11,923	1.2	11,513	1.2
Other provisions	793	0.1	813	0.1
Borrowings	224,302	22.2	214,448	21.8
Other liabilities	23	0.0	46	0.0
Deferred taxes	12,240	1.2	11,552	1.2
<b>Non-current liabilities</b>	<b>336,476</b>	<b>33.3</b>	<b>328,279</b>	<b>33.4</b>
Provisions for taxes	23,589	2.3	20,988	2.1
Other provisions	26,861	2.7	33,056	3.4
Borrowings	21,017	2.1	4,807	0.5
Trade payables	115,152	11.4	130,560	13.2
Other liabilities	84,489	8.4	114,186	11.6
<b>Current liabilities</b>	<b>271,108</b>	<b>26.9</b>	<b>303,597</b>	<b>30.8</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,009,455</b>	<b>100.0</b>	<b>983,497</b>	<b>100.0</b>

# Cash Flow Statement

in TEUR	Q1-Q3 2010/11	Q1-Q3 2009/10
Operating profit from continuing and discontinued operations	65,639	38,670
Depreciation and amortisation	34,258	33,427
Gain/loss from disposal of fixed assets	493	727
Results from discontinued operations	(3,609)	(1,997)
<b>Cash flow from operating results</b>	<b>96,781</b>	<b>70,827</b>
Inventories	(41,172)	4,390
Trade receivables	10,193	12,700
Trade payables	(10,591)	(13,861)
Prepayments received	(8,380)	1,298
<b>Change in working capital</b>	<b>(49,950)</b>	<b>4,527</b>
Non-current provisions	(4,681)	(4,638)
Current provisions	(3,434)	(4,026)
Other current and non-current assets and liabilities	(14,434)	(27,315)
<b>Change in other operating items</b>	<b>(22,549)</b>	<b>(35,979)</b>
<b>Taxes paid</b>	<b>(524)</b>	<b>(4,411)</b>
<b>Cash flow from operating activities</b>	<b>23,758</b>	<b>34,964</b>
Proceeds from the sale of non-current assets	516	1,792
Capital expenditures on non-current assets	(32,995)	(28,964)
Change in non-current and current financial assets	(1,365)	(3,247)
Change in liquid funds from acquisition of non-controlling interests	(1,600)	0
<b>Cash flow from investing activities</b>	<b>(35,444)</b>	<b>(30,419)</b>
<b>FREE CASH FLOW</b>	<b>(11,686)</b>	<b>4,545</b>
Change in net borrowings	18,785	4,086
<i>thereof restricted cash</i>	(3)	(9)
Dividends	(6,977)	(329)
Share buyback / exercise of options	735	16
Interest paid	(5,691)	(6,024)
<b>Cash flow from financing activities</b>	<b>6,852</b>	<b>(2,251)</b>
Effects of exchange rate changes on cash and cash equivalents	1,137	3,070
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,697)</b>	<b>5,364</b>
Cash and cash equivalents at the beginning of the period	94,164	55,953
Cash and cash equivalents at the end of the period	90,467	61,317
<b>Change absolute</b>	<b>(3,697)</b>	<b>5,364</b>

# Statement of Changes in Equity

1st – 3rd Quarter 2010/11

Attributed to shareholders of the parent company											
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
<b>30 April 2010</b>	<b>108.750</b>	<b>334.597</b>	<b>60.433</b>	<b>-48.577</b>	<b>-2.594</b>	<b>17.270</b>	<b>-54.858</b>	<b>-67.225</b>	<b>347.796</b>	<b>3.825</b>	<b>351.621</b>
+/- Additions to reserves	0	0	(67,225)	0	0	0	0	67,225	0	0	0
+/- Total comprehensive income	0	0	0	3,981	617	0	4	52,473	57,075	94	57,169
+/- Stock options - exercises	0	735	0	0	0	0	0	0	735	0	735
+/- Stock options - addition/reversal	0	0	0	0	0	781	0	0	781	0	781
+/- Dividends	0	0	(6,418)	0	0	0	0	0	(6,418)	(559)	(6,977)
+/- Capital increase minority interest	0	0	0	0	0	0	0	0	0	142	142
+/- Acquisition of non-controlling interests	0	0	(1,491)	0	0	0	0	0	(1,491)	(109)	(1,600)
<b>31 January 2011</b>	<b>108,750</b>	<b>335,332</b>	<b>(14,701)</b>	<b>(44,596)</b>	<b>(1,977)</b>	<b>18,051</b>	<b>(54,854)</b>	<b>52,473</b>	<b>398,478</b>	<b>3,393</b>	<b>401,871</b>

1st – 3rd Quarter 2009/10

Attributed to shareholders of the parent company											
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
<b>30 April 2009</b>	<b>111,761</b>	<b>331,497</b>	<b>47,007</b>	<b>(75,807)</b>	<b>(1,524)</b>	<b>17,717</b>	<b>(25,118)</b>	<b>13,426</b>	<b>418,959</b>	<b>1,962</b>	<b>420,921</b>
+/- Additions to reserves	0	0	13,426	0	0	0	0	(13,426)	0	0	0
+/- Total comprehensive income	0	0	0	8,835 *	(361)	0	(35,433)	20,901	(6,058)	383	(5,675)
+/- Capital decrease through withdrawal of own shares	(3,011)	3,011	0	0	0	0	0	0	0	0	0
+/- Stock options - exercises	0	16	0	0	0	0	0	0	16	0	16
+/- Stock options - addition/reversal	0	0	0	0	0	899	0	0	899	0	899
+/- 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	2,019	2,019
<b>31 January 2010</b>	<b>108,750</b>	<b>334,524</b>	<b>60,433</b>	<b>(66,972) *</b>	<b>(1,885)</b>	<b>18,616</b>	<b>(60,551)</b>	<b>20,901</b>	<b>413,816</b>	<b>4,035</b>	<b>417,851</b>

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 January 2011 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 as of 31 January 2011 were not audited or reviewed by a chartered accountant.

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 January 2011 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 the Euro are as follows:

1 EUR equals	Average exchange rate Income Statement		Closing rate Balance sheet	
	31 January 2011	31 January 2010	31 January 2011	30 April 2010
AUD	1.404	1.6803	1.3751	1.4292
CHF	1.3376	1.5104	1.2942	1.4341
USD	1.3072	1.4363	1.3710	1.3315
SEK	9.3297	10.4443	8.853	9.6217
GBP	0.8451	0.8832	0.8609	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 Range	Consolidation Method		
	full	at equity	TOTAL
<b>30 April 2010</b>	<b>96</b>	<b>6</b>	<b>102</b>
Deconsolidated during reporting period	(1)	0	(1)
Merged during reporting period	(1)	0	(1)
<b>31 January 2011</b>	<b>94</b>	<b>6</b>	<b>100</b>

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 shares have not yet been transferred.

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"). This company was deconsolidated during the third quarter of 2010/11.

## 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 10.2% over the comparable prior year period to TEUR 908,898 for the first three quarters of 2010/11. After an adjustment for foreign exchange effects, revenues were 4.5% higher than the previous year. Strong growth was realised above all by the Components Segment, which recorded an increase of 20.2% in revenues (FX-adjusted: 15.0%).

### 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 – 3rd Quarter 2010/11

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(380,131)	(3,588)	(46)	20	(383,745)
Personnel expenses	(154,280)	(116,091)	(20,467)	(2,365)	(293,203)
Depreciation	(31,624)	(4,074)	(584)	2,024	(34,258)
Other expenses	(54,902)	(94,155)	(10,994)	2,673	(157,378)
Own work capitalised	10,879	307	17	0	11,203
Internal charges	4,884	(8,977)	4,113	(20)	0
<b>Total expenses</b>	<b>(605,174)</b>	<b>(226,578)</b>	<b>(27,961)</b>	<b>2,332</b>	<b>(857,381)</b>
<b>Other income</b>	<b>4,289</b>	<b>3,730</b>	<b>393</b>	<b>6,783</b>	<b>15,195</b>
<b>Total</b>	<b>(600,885)</b>	<b>(222,848)</b>	<b>(27,568)</b>	<b>9,115</b>	<b>(842,186)</b>

The cost of goods sold includes development costs of TEUR 33,058 (prior year: TEUR 27,012). Development costs totalling TEUR 10,213 were capitalised during the reporting period (prior year: TEUR 9,936), and the amortisation of capitalised development costs equalled TEUR 7,745 (prior year: TEUR 6,527).

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 - 3rd Quarter 2009/10

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(354,144)	(2,941)	(239)	(34)	(357,358)
Personnel expenses	(138,743)	(107,135)	(21,121)	(2,647)	(269,646)
Depreciation	(28,050)	(4,306)	(558)	(513)	(33,427)
Other expenses	(49,016)	(90,925)	(11,206)	(6,233)	(157,380)
Own work capitalised	10,853	0	6	0	10,859
Internal charges	4,086	(7,490)	3,522	(118)	0
<b>Total expenses</b>	<b>(555,014)</b>	<b>(212,797)</b>	<b>(29,596)</b>	<b>(9,545)</b>	<b>(806,952)</b>
<b>Other income</b>	<b>8,549</b>	<b>2,258</b>	<b>693</b>	<b>10,946</b>	<b>22,446</b>
<b>Total</b>	<b>(546,465)</b>	<b>(210,539)</b>	<b>(28,903)</b>	<b>1,401</b>	<b>(784,506)</b>

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 22,822 from administrative expenses to the cost of goods sold (TEUR 12,295) and to selling expenses (TEUR 10,527).

### Other Operating Results

in TEUR	Q3 2010/11	Q3 2009/10	Q1-Q3 2010/11	Q1-Q3 2009/10
Government grants	935	323	1,122	896
License revenues	3,622	959	5,560	9,671
Special effects	(854)	(2,205)	2,347	(9,283)
<i>Impairment charges (-) / write up (+) to non-current assets</i>	0	(410)	2,024	(509)
<i>Restructuring</i>	(854)	(325)	(2,774)	(5,447)
<i>Losses on sale</i>	0	(27)	0	(27)
<i>Litigation</i>	0	(1,443)	3,097	(3,300)
<b>Miscellaneous</b>	<b>90</b>	<b>(125)</b>	<b>86</b>	<b>117</b>
<b>Total</b>	<b>3,793</b>	<b>(1,048)</b>	<b>9,115</b>	<b>1,401</b>

The government grants consist entirely of grants related to income.

License income includes income from the LED business, whereby approx. TEUR 3,000 are attributable to a non-recurring license agreement.

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 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 restructuring plans connected with the relocation of a sales office as well as redundancies. The comparable prior year expenses reflect the extensive cost reduction programme that was implemented during the second half of 2008/09 in reaction to the economic crisis.

In the first half of 2010/11 a TEUR 3,092 provision 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	Q3 2010/11	Q3 2009/10	Q1-Q3 2010/11	Q1-Q3 2009/10
Interest component as per IAS 19 less income on plan assets	(879)	(990)	(2,614)	(2,797)
Foreign exchange gains and losses	571	351	(719)	185
Market valuation of financial instruments	414	1,142	1,642	(3,286)
Gains on sale	18	0	17	0
<b>Total</b>	<b>123</b>	<b>503</b>	<b>(1,674)</b>	<b>(5,898)</b>

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 first two quarters of 2010/11, foreign exchange gains and losses were negatively influenced above all by changes in the Group's main currencies (GBP, USD, AUD and CHF). The third quarter of the reporting year brought a contrary shift in foreign currency valuation that reflected the current volatile market environment.

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	Q3 2010/11	Q3 2009/10	Q1-Q3 2010/11	Q1-Q3 2009/10
Current taxes	(1,527)	(1,062)	(5,169)	(3,627)
<i>thereof current year</i>	(1,531)	(1,069)	(5,190)	(3,530)
<i>thereof prior years</i>	4	7	21	(97)
Deferred taxes	306	(83)	15	86
<b>Income taxes</b>	<b>(1,221)</b>	<b>(1,145)</b>	<b>(5,154)</b>	<b>(3,541)</b>

## Net Profit/Loss from Discontinued Operations

This position includes the results from the discontinuation of the event lighting business during the second half 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 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 - 3rd Quarter 2010/11

in 1000 pcs.	Balance Sheet Date	Average
<b>1 May 2010</b>	<b>42,725</b>	<b>42,725</b>
Stock options - exercises	90	53
<b>31 January 2011</b>	<b>42,815</b>	<b>42,778</b>

### 2009/10 Financial Year

in 1000 pcs.	Balance Sheet Date	Average
<b>1 May 2009</b>	<b>42,713</b>	<b>42,713</b>
Stock options - exercises	2	1
<b>31 January 2010</b>	<b>42,715</b>	<b>42,714</b>
Stock options - exercises	10	1
<b>30 April 2010</b>	<b>42,725</b>	<b>42,715</b>

## 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 as a net investment in a foreign operation under IAS 21 and must therefore be reported under comprehensive income.

### Actuarial Loss / Gain

The actuarial loss in 2009/10 is related to the provision for pensions in Great Britain and resulted primarily from an increase in the present value of the defined benefit obligation (DBO) following the application of lower interest rates and the adjustment of the mortality tables. This prior year actuarial loss reflects, above all, the decline in plan assets related to the provision for pensions in Great Britain.

No interim adjustments were made to the provision for pensions during the 2010/11 financial year.

### Income Taxes

This position consists exclusively of deferred taxes arising from hedge accounting and IAS 19.

The change in the previous year resulted from impairment charges to deferred tax assets, which were recognised during earlier years in connection with the provision for pensions in Great Britain and will not be offset by sufficient taxable profit as compensation over the medium-term.

## **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**

In accordance with the application of IAS 21 (The Effects of Changes in Foreign Exchange Rates), foreign exchange-based adjustments of TEUR 2,181 were made to goodwill during the first three quarters of 2010/11 (prior year: TEUR 5,078) without recognition through profit or loss. 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. The change in this position resulted chiefly from the second partial payment by Philips as well as the reclassification of the non-current portion of this receivable to current receivables.

### **Other Non-current Assets**

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

### **Inventories**

Inventories were increased during the first three quarters of 2010/11 to safeguard the Group's ability to meet customer orders.

The Group has an off balance sheet commitment of TUSD 2,800 with a supplier to purchase LED modules, which must be fulfilled by 31 March 2011.

### **Trade Receivables**

The decline in trade receivables resulted above all from the improvement of working capital management in the Zumtobel Group.

### **Other Current Assets**

The decline in other current assets resulted mainly from a reduction in tax receivables.

### **Provisions for Pensions**

The decline in the provisions for pensions resulted from pension payments that were made during the first three quarters 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 reflected the use of short-term working capital credit lines 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.

Results 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. This presentation leads to differences between cash flow from operating activities and the changes on the balance sheet.

Cash flow from operating activities fell by TEUR 11,206 year-on-year. This decline resulted chiefly from the seasonal increase in working capital (TEUR -49,950; prior year: TEUR 4,527) as well as an increase in inventories to protect the company's supply capability.

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 position "taxes paid" was lower than the previous year due to the reimbursement of tax advance tax payments in Germany.

Cash flow from investing activities was TEUR 5,141 higher than the comparable prior year value. This change resulted above all from increased investments in production equipment and higher capitalised development costs at the Dornbirn, Lemgo and Spennymoor plants. Also included here is the purchase of the remaining non-controlling interests in Thorn Lighting India Ltd. (30% stake) and Tridonic Jennersdorf GmbH (5% stake).

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

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 cash and cash equivalents.

#### Transition to Cash and Cash Equivalents

in TEUR	31 January 2011	30 April 2010
Liquid funds	99,881	97,308
Not available for disposal	(5)	(3)
Overdrafts	(9,409)	(3,141)
<b>Cash and cash equivalents</b>	<b>90,467</b>	<b>94,164</b>

### 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 as well as the change resulting from the acquisition of non-controlling interests.

#### 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
<b>Share buyback (to 30 April 2010)</b>	<b>1,039,211</b>
Exercised (to 30 April 2010)	(764,254)
30 April 2010	274,957
Exercised	(89,823)
<b>31 January 2011</b>	<b>185,134</b>

A total of 89,823 stock options were exercised during the first three months of 2010/11 (prior year: 2,181).

## Reserve for Stock Options

in TEUR	SOP	MSP	Total
<b>30 April 2010</b>	<b>15,985</b>	<b>1,285</b>	<b>17,270</b>
Addition through profit or loss	0	781	781
<b>31 January 2011</b>	<b>15,985</b>	<b>2,066</b>	<b>18,051</b>

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 three quarters of 2010/11 amounted to TEUR 781 (prior year: TEUR 899).

## 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 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.

### Third Quarter

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	Q3 2010/11	Q3 2009/10	Q3 2008/09	Q3 2010/11	Q3 2009/10	Q3 2008/09	Q3 2010/11	Q3 2009/10	Q3 2008/09	Q3 2010/11	Q3 2009/10	Q3 2008/09
Net revenues	205,721	184,193	190,046	106,491	86,692	81,792	(18,751)	(15,942)	(13,355)	293,461	254,943	258,483
External revenues	205,548	183,886	191,073	87,776	70,933	67,237	139	124	173	293,463	254,943	258,483
Inter-company revenues	174	307	(1,027)	18,716	15,759	14,555	(18,890)	(16,066)	(13,528)	0	0	0
Operating profit/loss	(376)	(5,806)	6,215	16,622	7,773	2,514	(1,236)	(2,136)	(3,268)	15,010	(169)	5,461
Investments	5,223	8,550	7,613	5,126	3,385	7,620	182	300	(371)	10,531	12,235	14,862
Depreciation	(7,860)	(6,310)	(8,120)	(4,522)	(4,743)	(8,635)	(335)	(425)	(260)	(12,717)	(11,478)	(17,015)

### 1st – 3rd Quarter 2010/11

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	Q1-Q3 2010/11	Q1-Q3 2009/10	Q1-Q3 2008/09	Q1-Q3 2010/11	Q1-Q3 2009/10	Q1-Q3 2008/09	Q1-Q3 2010/11	Q1-Q3 2009/10	Q1-Q3 2008/09	Q1-Q3 2010/11	Q1-Q3 2009/10	Q1-Q3 2008/09
Net revenues	646,018	609,059	660,315	321,210	267,303	284,261	(58,330)	(51,322)	(48,635)	908,898	825,040	895,941
External revenues	645,436	607,914	659,697	263,008	216,758	235,483	454	368	761	908,898	825,040	895,941
Inter-company revenues	582	1,145	618	58,202	50,545	48,778	(58,784)	(51,690)	(49,396)	0	0	0
Operating profit/loss	28,358	11,561	41,216	45,298	35,708	30,225	(6,944)	(6,735)	(9,195)	66,712	40,534	62,246
Investments	16,332	20,907	26,894	15,864	7,536	17,405	799	521	618	32,995	28,964	44,917
Depreciation	(19,570)	(19,381)	(20,494)	(13,693)	(13,102)	(16,279)	(995)	(944)	(1,332)	(34,258)	(33,427)	(38,105)

in TEUR	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009
Assets	602,812	602,099	662,994	234,906	210,647	204,661	171,737	170,751	151,158	1,009,455	983,497	1,018,813

in TEUR	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009	31 January 2011	30 April 2010	30 April 2009
Headcount (full-time equivalent)	5,255	5,155	5,261	2,250	2,048	1,775	121	126	129	7,626	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 transition column comprises the following items:

in TEUR	Q3 2010/11	Q3 2009/10	Q1-Q3 2010/11	Q1-Q3 2009/10
Group parent companies	(1,424)	(2,559)	(7,392)	(7,734)
Group entries	188	423	448	999
<b>Operating profit/loss</b>	<b>(1,236)</b>	<b>(2,136)</b>	<b>(6,944)</b>	<b>(6,735)</b>

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 transition 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 January 2011.

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 9,557 (30 April 2010: TEUR 9,316) for various liabilities.

### Subsequent Events

An off-balance sheet agreement was concluded with a supplier after 31 January 2011. This contract covers the purchase of TUSD 21,500 in LED modules and must be fulfilled by 28 February 2012.

No other significant events occurred after the balance sheet date.

Dornbirn, 7 March 2011

The Management Board

Harald Sommerer  
Chief Executive Officer

Mathias Dähn  
Chief Financial Officer

Martin Brandt  
Chief Operating Officer

# 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
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

Annual financial results 2010/11	27 June 2011
35 <sup>th</sup> ordinary annual shareholders' meeting	22 July 2011
Ex-dividend day	26 July 2011
Dividend payout day	29 July 2011
1 <sup>st</sup> quarterly report 2011/12 (1 May 2011 – 31 July 2011)	06 September 2011
Interim financial report 2011/12 (1 May 2011 – 31 October 2011)	06 December 2011
3 <sup>rd</sup> quarterly report 2011/12 (1 May 2011 – 31 January 2012)	06 March 2012
Annual financial results 2011/12	02 July 2012
36 <sup>th</sup> ordinary annual shareholders' meeting	27 July 2012

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## 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](http://www.zumtobelgroup.com)  
[www.zumtobel.com](http://www.zumtobel.com)  
[www.thornlighting.com](http://www.thornlighting.com)  
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## Disclaimer

This quarterly report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. Moreover, they are based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates, as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Other risks may arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. The Zumtobel Group does not plan to update these forward-looking statements. This quarterly report is also presented in English, but only the German text is binding.



zumtobel group