

CREALOGIX GROUP
1ST HALF YEAR 2009/2010
(31 DECEMBER 2009)

FINANCIAL REPORT



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(31 DECEMBER 2009)

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KEY FIGURES

Amounts in thousands of CHF	July–December 2009	July–December 2008 ¹⁾
Revenue	25 250	30 144
% change	-16.2	-7.2
Operating result before interest, taxes, depreciation and amortisation (EBITDA)	2 565	4 116
in % of revenue	10.2	13.7
Operating profit (EBIT)	1 668	3 045
in % of revenue	6.6	10.1
Consolidated profit	1 503	602
in % of revenue	6.0	2.0
in % of shareholders' equity	2.8	1.2
Net cash flow from operating activities	3 071	7 238
in % of revenue	12.2	24.0
Cash flow from investing activities	-412	-140
Depreciation / Amortisation	897	1 071
Full-time employees	230.4	267.7
Full-time freelancers	21.4	25.6
Total full-time employees (incl. freelancers)	251.8	293.3
Revenue per full-time employee (incl. freelancers)	100	103
Personnel expense per full-time employee	69	67
Headcount on December 31	261	286
Total full-time employees in December	219.3	261.7
Share Prices		
High	69.95	74.00
Low	53.00	58.00
On December 31	61.50	65.00
Market capitalisation (in millions)		
High	74.8	79.2
Low	56.7	62.1
Market capitalisation on December 31 (in millions)	65.8	69.5
in % of revenue	130.3	115.4
in % of shareholders' equity	124.5	140.6
Basic earnings per share	1.440	0.569
Price–earnings ratio (P/E)	21.4	57.1
Shareholders' equity per share	50.2	47.0
Price–book value	1.2	1.4
	31 December 2009	31 December 2008 ¹⁾
Total Assets	64 811	64 739
Total current assets	55 246	53 443
thereof: Cash, cash equivalents and marketable securities	42 994	38 982
Non-current assets	9 565	11 296
Liabilities	11 944	15 263
Shareholders' equity	52 867	49 476
Equity ratio (in %)	81.6	76.4

¹⁾ The previous year's figures were adjusted due to the accounting changeover from IFRS to Swiss GAAP FER.

INVESTOR INFORMATION

Overview

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) form one of the leading service providers for E-Business (Electronic Business) and ERP (Enterprise Resource Planning) in Switzerland, Germany and Austria.

Shareholder structure

Richard Dratva 23.42%, Bruno Richle 22.92%
Daniel Hildebrand 15.26%, Peter Süssstrunk 6.92%,
Noser Management AG 3.93%

Share Data

CREALOGIX Holding AG (CLXN) shares are listed on the SIX Swiss Exchange.

Trading platform = SIX Swiss Exchange

Valor number = 1 111 570

Ticker symbols:

Telekurs = CLXN

Reuters = CLXZn.S

Bloomberg = CLXN SW

Calendar

1 October 2010

Report on the 2009/2010 financial year

3 November 2010

Annual General Meeting

**If you have any questions about CREALOGIX, please contact
the officers responsible for investor relations:**

Bruno Richle

Chairman of the Board of Directors and CEO

bruno.richle@crealogix.com

T +41 58 404 80 00

F +41 58 404 80 90

Jürg A. Hässig

CFO

juerg.haessig@crealogix.com

T +41 58 404 80 00

F +41 58 404 80 90

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

In the first half of the 2009/2010 fiscal year (1 July–31 December 2009) CREALOGIX managed to post higher profit year-on-year, despite the fact that both Business Areas, E-Business and ERP, were negatively impacted by the economic crisis. Only the E-Banking segment was not impacted by the crisis. Revenues declined year-on-year due to the expected significantly weakening demand. Incoming orders recovered toward the end of the calendar year in both Business Areas, such that we anticipate revenues and earnings to rise in the second half of the fiscal year.

Our array of E-Banking products and services expanded even further through the acquisition of BVIconult AG. In addition, numerous existing software solutions in both Business Areas, E-Business and ERP, underwent further development. The CREALOGIX Group has over 50 development engineers working on upgrades and improvements for our products.

Operating revenue and profit trend

CREALOGIX recorded operating revenue of CHF 25.3 million, which was 16 percent lower than for the first half of 2008/2009 (CHF 30.1 million). This represents an 8 percent decline versus the second half of 2008/2009. The operating profit (EBIT) declined year-on-year to CHF 1.7 million from a previous CHF 3.0 million, but increased by 12 percent versus the second half of 2008/2009 (CHF 1.5 million). Consolidated profit for the first half of 2009/2010 came in significantly higher than the corresponding period for the previous year at CHF 1.5 million (CHF 0.6 million), in which a negative financial result weighed on earnings.

The number of employees was slightly reduced from 279 to 261 in anticipation of declining revenues starting in the summer of 2009.

Business Area E-Business

While our business in standardised e-banking solutions remained quite strong throughout the economic crisis and recorded substantial growth year-on-year, custom e-business and e-learning solutions and custom software development revenues declined.

We foresee this segment returning to organic growth in the summer of 2010 in view of rising incoming orders since the end of 2009.

Business Area ERP

The Business Area ERP was hit by the economic crisis, particularly in the area of new business. Licensing revenue was thus modest for both the CLX.Evento school administration software and the CLX.Transport & Logistics industry solution based on the standard software Microsoft Dynamics AX.

Business with existing customers was quite good, which indicates a high level of customer satisfaction and the success of our restructuring efforts one year ago. Our two foreign subsidiaries in Germany and Austria also performed very well. As in Switzerland, our business in these countries was profitable in the period under review and met our expectations.

Conversion to Swiss GAAP FER accounting and change of regulatory standard on the SIX Swiss Exchange

As IFRS accounting standards evolve, they become increasingly complex with reporting requiring more effort without corresponding gains in transparency. This situation will likely become worse rather than better, generating continually increasing costs for the CREALOGIX Group.

CREALOGIX has thus switched from IFRS to Swiss GAAP FER financial accounting retroactively to the start of the fiscal year. The modular concept that Swiss GAAP FER is based on is making it increasingly popular among mid-market corporations like the CREALOGIX Group, involving only moderate cost. Swiss GAAP FER financial accounting is still transparent, providing a true and fair view of the company's assets, finances and earnings.

Even after the accounting change, CREALOGIX Holding AG's registered shares will still trade on the SIX Swiss Exchange, but in a different segment. On 3 December 2009 SIX Swiss Exchange AG officially approved our request to switch from the Main Standard to the Domestic Standard for all registered shares trading on the SIX Swiss Exchange.

With the conversion to Swiss GAAP FER, goodwill recognised under IFRS as of 30 June 2009 could be charged against equity. This streamlining of the balance sheet had the short-term effect of the equity ratio dipping to 77 percent. By the end of the reporting period, however, the ratio had climbed back to a solid 82 percent thanks to the strength of our business.

Outlook

We are confident that our business will continue to benefit from the improving market sentiment seen over the last several weeks. We are also stepping up our efforts to systematically focus on our software products in both Business Areas E-Business and ERP. For the second half of 2009/2010 we thus expect operating income and profit to rise, leading to satisfactory results for the year.

The full 2009/2010 half-year report is available at www.crealogix.com.



Bruno Richle

Chairman of the Board of Directors and CEO

CONSOLIDATED BALANCE SHEET

Amounts in thousands of CHF	31 December 2009	in %	30 June 2009 ¹⁾	in %
A S S E T S				
Current Assets				
Cash and cash equivalents	33 981		30 150	
Marketable securities	9 013		9 542	
Trade receivables	7 162		8 557	
Other receivables	946		2 761	
Work in progress/inventory	4 144		4 398	
Total Current Assets	55 246	85.2	55 408	84.5
Non-Current Assets				
Financial assets	200		200	
Property, plant and equipment	5 146		5 319	
Intangible assets	1 127		1 391	
Deferred tax assets	1 580		1 768	
Prepaid pension assets	1 512		1 512	
Total Non-Current Assets	9 565	14.8	10 190	15.5
Total A S S E T S	64 811	100.0	65 598	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade payables	2 015		2 550	
Other short-term payables	7 977		10 941	
Current income tax liabilities	986		796	
Total Current Liabilities	10 978	16.9	14 287	21.8
Non-Current Liabilities				
Financial liabilities	119		120	
Provisions	75		-	
Deferred tax liabilities	772		877	
Total Non-Current Liabilities	966	1.5	997	1.5
Total Liabilities	11 944	18.4	15 284	23.3
Shareholders' Equity				
Share capital	8 560		8 560	
Share premium	40 220		40 195	
Treasury shares	-926		-2 119	
Other reserves	2 526		2 582	
Retained earnings	2 487		1 096	
Total Equity before Minorities	52 867		50 314	
Total Shareholders' Equity	52 867	81.6	50 314	76.7
Total LIABILITIES AND SHAREHOLDERS' EQUITY	64 811	100.0	65 598	100.0

¹⁾ The previous year's figures were adjusted due to the accounting changeover from IFRS to Swiss GAAP FER.

The condensed Group notes on pages 12 to 16 are an integral part of these consolidated financial statements for the first half of 2009/2010.

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of CHF	July–December 2009	in %	July–December 2008 ¹⁾	in %
Sales	25 257	100.0	28 794	95.5
Other operating income	–7	0.0	1 350	4.5
Revenue	25 250	100.0	30 144	100.0
Cost of goods sold	–4 193	–16.6	–5 507	–18.3
Personnel expense	–15 901	–63.0	–18 016	–59.7
Depreciation expense	–541	–2.1	–567	–1.9
Amortisation expense	–356	–1.4	–504	–1.7
Marketing expense	–407	–1.6	–448	–1.5
Rent, maintenance and repairs	–951	–3.8	–753	–2.5
General and administration expenses	–1 233	–4.9	–1 304	–4.3
Operating Profit	1 668	6.6	3 045	10.1
Financial income	643	2.6	766	2.5
Financial expenses	–191	–0.8	–3 258	–10.8
Financial Result	452	1.8	–2 492	–8.3
Income from associates	–	0.0	–	0.0
Profit before Taxes	2 120	8.4	553	1.8
Income tax expense	–617	–2.4	49	0.2
Consolidated Profit	1 503	6.0	602	2.0

¹⁾ The previous year's figures were adjusted due to the accounting changeover from IFRS to Swiss GAAP FER.

The condensed Group notes on pages 12 to 16 are an integral part of these consolidated financial statements for the first half of 2009/2010.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in thousands of CHF						Total Share- holders' Equity
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	
At 1 July 2008 IFRS	8 560	40 267	-641	2 717	15 140	66 043
Transition from IFRS to Swiss GAAP FER					-16 485	-16 485
At 1 July 2008 FER	8 560	40 267	-641	2 717	-1 345	49 558
Change in scope of consolidation					38	38
Translation differences				-218		-218
Consolidated profit					602	602
Change in treasury shares		-2	-502			-504
At 31 December 2008	8 560	40 265	-1 143	2 499	-705	49 476
At 1 July 2009	8 560	40 195	-2 119	2 582	1 096	50 314
Netting of Goodwill					-112	-112
Translation differences				-56		-56
Consolidated profit					1 503	1 503
Change in treasury shares		25	1 193			1 218
At 31 December 2009	8 560	40 220	-926	2 526	2 487	52 867

The condensed Group notes on pages 12 to 16 are an integral part of these consolidated financial statements for the first half of 2009/2010.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of CHF	July–December 2009	July–December 2008 ¹⁾
Cash flow from operating activities		
Gross cash flow from operating activities	3 259	7 543
Interest received	89	159
Interest paid	-14	-
Tax received	69	3
Tax paid	-332	-467
Net cash flow from operating activities	3 071	7 238
Cash flow from investing activities		
Purchase of property and equipment	-364	-1 335
Proceeds from sale of property and equipment	16	288
Purchase of intangible assets	-93	-362
Disposal/acquisition of subsidiaries, related net cash considered	29	1 269
Cash flow from investing activities	-412	-140
Free Cash Flow	2 659	7 098
Cash flow from financing activities		
Payment of loans	2	-
Purchase /sale of treasury shares – net	1 218	-504
Cash flow from financing activities	1 220	-504
Net change in cash and cash equivalents	3 879	6 594
Cash and cash equivalents at beginning of period	30 150	18 834
Net foreign exchange difference	-48	-140
Cash and cash equivalents at end of period	33 981	25 288

¹⁾ The previous year's figures were adjusted due to the accounting changeover from IFRS to Swiss GAAP FER.

The condensed Group notes on pages 12 to 16 are an integral part of these consolidated financial statements for the first half of 2009/2010

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

Basic Information

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) form one of the leading service providers for E-Business (Electronic Business) and ERP (Enterprise Resource Planning) in Switzerland, Germany and Austria. The E-Business and ERP segments constitute the core of the business.

The CREALOGIX Group is a stock corporation headquartered in Switzerland. The address of their registered office is Baslerstrasse 60, 8048 Zurich.

The Group's nominal shares are traded on the SIX Swiss Exchange under Swiss security number 1 111 570.

This half-year statement was approved for publication by the Board of Directors on 3 March 2010.

Subsidiaries

The following subsidiaries of CREALOGIX Holding AG are fully consolidated (monetary values in CHF, EUR, and CAD respectively):

Company	Activity	Capital	Interest held	Proportion of voting rights
CREALOGIX E-Business AG, Bubikon, Switzerland	Consultancy and services in information technology and data communication	CHF 100 000	100%	100%
CREALOGIX E-Banking AG, Zurich, Switzerland	Consultancy and services in information technology and data communication	CHF 100 000	100%	100%
CREALOGIX E-Payment AG, Hünenberg, Switzerland	Services in information technology, development of software, trading of hardware and software	CHF 550 000	100%	100%
CREALOGIX E-Banking AG, Zuchwil, Switzerland	Consultancy and services in information technology and data communication. Development/trading of software	CHF 100 000	100%	100%
CREALOGIX ERP AG, Zurich, Switzerland	Development/trading of software	CHF 150 000	100%	100%
CREALOGIX ERP AG, Villingen, Germany	Development/trading of software	EUR 50 000	100%	100%
CREALOGIX ERP AG, Thalheim, Austria	Development/trading of software	EUR 150 000	100%	100%
CREALOGIX AG, Frankfurt, Germany	Consultancy and services in information technology and data communication	EUR 100 000	100%	100%
CREALOGIX Unified Communications GmbH, Cologne, Germany	Design/development of application for office communication server, VoIP integration and other systems	EUR 50 000	100%	100%
CREALOGIX Corp., Toronto, Canada	Consultancy and services in information technology and data communication	CAD 100 000	100%	100%

As of 2 November 2009 CREALOGIX E-Banking AG took over 100 percent of the shares in BVIconult AG in Zuchwil. The company will continue to be run as an independent entity under the name CREALOGIX E-Banking AG, Zuchwil. BVIconult AG, which has been successfully established on the Swiss E-Banking market for around 20 years, ideally complements the product portfolio of the CREALOGIX Group with its four standard products BVItb-server, BVIsb-server, Office-Wings and FTX.

Summary of Significant Accounting and Valuation Policies

These unaudited consolidated interim financial statements for the first half of 2009/2010 as of 31 December 2009 have been prepared in accordance with Swiss GAAP FER 12 Interim Financial Reporting.

The half-yearly report does not contain all the information and disclosures required for a full annual report. The group prepares its consolidated half-yearly and annual financial statements according to Swiss GAAP FER with retroactive effect from 1 July 2009. The financial statements as of 30 June 2009 were still presented in accordance with IFRS (International Financial Reporting Standards). With the exception of the items mentioned in the section "Effect of the conversion to Swiss GAAP FER on the accounting policies", the accounting standards applied to the half-yearly report are the same as those used for the consolidated annual report as of 30 June 2009.

These consolidated financial statements have been prepared in Swiss francs (CHF). Unless otherwise mentioned, monetary values are presented in the tables in thousands of CHF.

CREALOGIX operates in areas which are not subject to marked seasonal fluctuations.

Property, Plant and Equipment

Depreciation/amortisation of property, plant and equipment is calculated on a straight-line basis, whereby the purchase costs are written down to the residual book value over the anticipated useful lifetime of the assets as follows:

	Years
Furniture and fixed installations	10
Office equipment, IT and communications systems	2
Other office equipment	5
Vehicles	5
Real estate	40

The residual book values and useful economic lifetimes are reviewed at each balance sheet date and adjusted if necessary.

Intangible Assets

Amortisation on intangible assets is calculated on a straight-line basis whereby the purchase costs are written down to the residual book value over the anticipated useful lifetime of the assets as stated below in the item "Amortisation":

	Years
Software licences acquired	4
Capitalised software development costs	5
Trademarks and licences	5

Effect of the conversion to Swiss GAAP FER on the accounting policies

The Board of Directors of CREALOGIX Holding AG has resolved to change its accounting policy from IFRS to Swiss GAAP FER. The transition took place with retroactive effect from 1 July 2009.

The development of the IFRS accounting standard is resulting in an ever greater degree of complexity and the time spent on preparation and therefore the costs are rocketing without creating any additional transparency. This trend is likely to become more pronounced in future and will therefore lead to continuously rising costs.

The modular concept of the Swiss GAAP FER is gaining in popularity. For medium-sized entities like the CREALOGIX Group it can be applied at a sensible cost. Under Swiss GAAP FER we will still be able to provide meaningful and informative accounting that gives a true and fair view of the assets, the financial position and the earnings of the company.

The changeover from IFRS to Swiss GAAP FER led to adjustments regarding the handling of goodwill, the valuation of share-based payment and defined benefit obligations in terms of the Group's accounting policies.

Goodwill arising from the acquisition of a company is assigned to intangible assets under IFRS. The goodwill is subjected to an annual impairment test and valued at its original acquisition costs minus accumulated depreciation. According to Swiss GAAP FER, goodwill must be entered under intangible assets and systematically depreciated. Offset of acquired goodwill against equity is admissible at the time of acquisition or upon initial application. In this case the effects of theoretical capitalisation (acquisition value, residual value, useful life, depreciation) as well as any impairment must be described in the notes. The Group has decided to offset the hitherto capitalised goodwill against equity and thus ensure comparability with the previous periods established according to IFRS.

Based on FER 30 Consolidated Financial Statements, the effects of theoretical capitalisation (acquisition value, residual value, useful life, depreciation) as well as any impairment must be described in the notes.

Amounts in thousands CHF	
Goodwill as of acquisition date	16 561
Accumulated theoretical amortisations at 31 December 2009	-14 543
Amortisations for the first half of 2009/2010	-916
Goodwill at 31 December 2009	1 102

Under the IFRS accounting standard, the fair value of employee stock options was measured and the work performances rendered by employees as counter-performance for the granting of stock options was recognised as expense. Swiss GAAP FER does not have any rules on this topic and the expense was entered upon exercise of the option. To counteract unscheduled fluctuations in expense through the exercise of options an accrual is formed within the scope of FER 23 Provisions in conjunction with FER 23.4 based on the options available in cash and exercisable as of the balance sheet date.

The Group has a number of pension plans which are organised as contributory schemes in accordance with IFRS whose assets are held in legally independent trusts and managed autonomously. Although the pension schemes were set up in Switzerland according to the Swiss contributory principle, they do not meet all the criteria for a contribution-based pension scheme pursuant to IAS 19. For this reason the pension plans were disclosed as performance-based pension schemes and carried in the balance sheet in accordance with IAS 19. In accordance with Swiss GAAP FER it is determined annually whether – from the Group's point of view – an economic benefit or an economic obligation arises from the pension schemes. In the past employer's contribution reserves were paid into two pension schemes, which are recognised in the balance sheet reduced by any existing waiver of usage according to their economic benefit.

The impact of the above-mentioned adjustments on the equity and on the income statement are summarised in the following table:

Shareholders' Equity

Amounts in thousands CHF	Shareholders' equity per IFRS	Transition goodwill	Transition employee benefits	Transition share based payment	Transition employee options	Shareholders' equity per Swiss GAAP FER
1 July 2008	66 043	–16 285	749	–	–949	49 558
31 December 2008	65 657	–16 285	749	–	–645	49 476

Consolidated Profit

Amounts in thousands CHF	Consolidated profit per IFRS	Transition goodwill	Transition employee benefits	Transition share based payment	Transition employee options	Consolidated profit per Swiss GAAP FER
July to December 2008	203	–	–	95	304	602

Segment Reporting

As of 31 December 2009, the Group was organised into two main business segments:

1) E-Business (Electronic Business)

E-business includes IT products and services in which communication, collaboration, service and retail processes, as well as information are transacted, both internally and externally, across distributed systems and locations using web technologies. The main fields are e-finance, e-learning and mobile business.

2) ERP (Enterprise Resource Planning)

ERP systems are IT solutions in which complex, standardised application software is implemented for an entire organisation. With these systems, goods and production equipment are managed and the business processes of different company units are integrated into one shared system. ERP systems form the administrative backbone of most large companies. Their main areas of expertise are business solutions for the transport/logistics field, commerce as well as for higher education institutions.

Segment results for the period 1 July to 31 December 2009 are as follows (figures for the previous year given for comparison purposes):

Amounts in thousands CHF July–December 2009	E-Business	ERP	Other	Eliminations	Total Group
Segment sales from external customers	17 017	8 240	–	–	25 257
Other operating segment income from external customers	44	–51	–	–	–7
Inter-segment revenue	288	2	–	–290	–
Revenue	17 349	8 191	–	–290	25 250

Amounts in thousands CHF July–December 2008	E-Business	ERP	Other	Eliminations	Total Group
Segment sales from external customers	19 989	8 805	–	–	28 794
Other operating segment income from external customers ¹⁾	134	1 216	–	–	1 350
Inter-segment revenue	563	108	–	–671	–
Revenue	20 686	10 129	–	–671	30 144

¹⁾ The other operating segment revenue includes the income from the sale of the disposal group Circon in the amount of TCHF 1220 as presented in the annual report 2007/2008. This income is offset by restructuring costs in comparable amounts.

Share Capital

There are a total of 1 070 000 outstanding registered shares (previous year: 1 070 000).

Since 1 March 2007, each share has a par value of CHF 8.

Since 5 September 2000, the Company's conditional share capital consisted of 250 000 nominal shares with a par value of CHF 8 per share for employee option plans.

Since 2 November 2009, the authorised capital consisted of 300 000 nominal shares with a par value of CHF 8 per share for the acquisition of organisations.

Contingent Liabilities and Contingent Assets

In connection with the acquisition of BVIconsult AG, Zuchwil (see above), depending on defined profitability targets, the company has deferred conditional purchase price obligations totalling a maximum of CHF 0.8 million.

Events after the Balance Sheet Date

Since 31 December 2009 (balance sheet date), no events occurred that would have a material impact on the presentation of the half-year financial statements as approved by the Board of Directors on 3 March 2010.

The English version is a translation of the German Version. The German version is legally binding.