

CREALOGIX GROUP
1ST HALF YEAR 2010/2011
(31 DECEMBER 2010)

FINANCIAL REPORT



CONTENTS
FINANCIAL REPORT
1ST HALF YEAR 2010/2011
(31 DECEMBER 2010)

Key Figures	4
Investor Information	5
Report of the Chairman of the Board of Directors	6
Consolidated Balance Sheet	9
Consolidated Income Statement	10
Consolidated Statement of Changes in Shareholders' Equity	11
Consolidated Cash Flow Statement	12
Condensed Notes to the Financial Statements	13

KEY FIGURES

Amounts in thousands of CHF	July – December 2010	July – December 2009
Revenue	28 019	25 250
% change compared to prior year	11.0	-16.2
Operating result before interest, taxes, depreciation and amortisation (EBITDA)	3 565	2 565
in % of revenue	12.7	10.2
Operating profit (EBIT)	2 811	1 668
in % of revenue	10.0	6.6
Consolidated profit	2 890	1 503
in % of revenue	10.3	6.0
in % of shareholders' equity	5.0	2.8
Net cash flow from operating activities	2 703	3 071
in % of revenue	9.6	12.2
Cash flow from investing activities	-1 441	-412
Depreciation/Amortisation	754	897
Full-time employees	234.8	230.4
Full-time freelancers	23.4	21.4
Total full-time employees (incl. freelancers)	258.2	251.8
Revenue per full-time employee (incl. freelancers) ¹⁾	217	201
Personnel expense per full-time employee ¹⁾	145	138
Headcount 31 December	261	261
Total full-time employees in December	229.4	219.3
Share Prices		
High	77.75	69.95
Low	57.00	53.00
On 31 December	76.75	61.50
Market capitalisation (in millions)		
High	83.2	74.8
Low	61.0	56.7
Market capitalisation 31 December (in millions)	82.1	65.8
in % of revenue	146.5	130.3
in % of shareholders' equity	142.5	124.5
Basic earnings per share	2.728	1.440
Price-earnings ratio (P/E)	14.1	21.4
Shareholders' equity per share	54.1	50.2
Price-book value	1.4	1.2
	31 December 2010	31 December 2009
Total Assets	69 074	64 811
Total current assets	60 151	55 246
thereof: Cash, cash equivalents and marketable securities	44 159	42 994
Non-current assets	8 923	9 565
Liabilities	11 431	11 944
Shareholders' equity	57 643	52 867
Equity ratio (in %)	83.5	81.6

¹⁾ annualised to 12 months

INVESTOR INFORMATION

Overview

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) is a leading and independent provider of software and hardware-related products. Its core business is focused on E-Finance, E-Business, Education and Transport & Logistics in Switzerland and Europe.

Shareholder structure

Richard Dratva 23.70%, Bruno Richle 23.07%
 Daniel Hildebrand 15.26%, Peter Süsstrunk 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

30 September 2011

Report on the 2010/2011 financial year

2 November 2011

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

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

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

We are able to look back on a very satisfactory first half of the financial year 2010/2011. In the period between 1 July and 31 December 2010, CREALOGIX managed to increase its profit by more than 90 per cent against the previous year, and achieved an EBIT margin of 10 per cent. This result is attributable to a strengthening of our position on all our target markets – Finance, Education and Transport & Logistics – together with an increase of 11 per cent in the value of our sales. This increase stems from organic growth, most noticeably with our clients in the financial sector. With the new focus on our core business areas we began, in the first half of 2010/2011, to divest the parts of our business which involved implementation of standard ERP solutions; these no longer fitted in with our strategy. This process was completed in January 2011. We now expect our second half (1.1. to 30.6.2011) results to be just as good as they were in the first half.

Trend of sales and earnings

In the first half of 2010/2011, the CREALOGIX Group increased the value of its sales from CHF 25.3 million (first half 2009/2010) to CHF 28.0 million (+11 per cent). We were able to improve our EBIT by 69 per cent from CHF 1.7 million (first half of 2009/2010) to CHF 2.8 million. As a result, our EBIT margin rose from 6.6 to 10.0 per cent. Together with a financial profit of CHF 0.3 million, our half-yearly earnings reached CHF 2.9 million (first half of 2009/2010: CHF 1.5 million) and our profit margin 10.3 per cent (first half of 2009/2010: 6.0 per cent). This is equivalent to a 92 per cent increase in our net profit.

Our Group enjoys excellent financial health: the value of shareholders' equity rose by CHF 3.1 million to CHF 57.6 million at end 2010 (end June 2010: CHF 54.5 million). Our equity ratio accordingly improved from 80 per cent to 84 per cent. At the same time, cash and cash equivalents increased to CHF 44.2 million. The January 2011 payout of CHF 2 per share (total: CHF 2 million) from capital contribution reserves, decided on 3 November 2010, will therefore not dilute our capital base.

Intensified focus on product business

Because of our intention to focus increasingly on the growing business in software products developed in-house, at the end of 2010 we divested the CREALOGIX ERP AG, Thalheim (Austria), and CREALOGIX Unified Communications GmbH, Cologne (Germany) business units which were no longer consistent with our business strategy. These disposals have no significant impact on our 2010/2011 half-yearly results. In all probability, we will be able to offset the resulting loss of sales in the second half of the year by the organic growth of the other Group member companies.

Welcome trend in the E-banking sector

Development of our business in the e-banking sector proved highly satisfactory. We achieved an important strategic objective with the successful implementation of our e-banking solution at a first foreign bank at the beginning of 2011.

Accompanied by extensive reports in the media, the stock exchange trading platform, launched by the Cantonal Bank of Aargau in mid-December 2010 under the "5trade" designation, was very well received by the market. In the period under review, our development department worked hard on a mobile banking application for the latest generation of smartphones. The first such application will be introduced on schedule in the first quarter of the year 2011.

Our CLX.Sentinel high-end security product also contributed to our success in e-banking. After the introductory phase had been completed, many of our bank clients placed follow-on orders in the first half of the financial year 2010/2011. The pace of development in this particular area is exceptionally fast. CREALOGIX is now able to offer a wide range of security solutions. Our future flagship, the CLX.SentinelDisplay, will be launched on the market in the spring of 2011. Orders have already been taken.

Strong demand for our products in the payment transactions sector

Demand for CREALOGIX products in the payment transactions sector remains as strong as ever. We enjoy an excellent position in this particular business area, even though results in this sector were adversely affected in the first half of 2010/2011 by two factors: the supply shortages which, until August, continued to dog the semiconductor components used in the CLX.PayPen payment slip readers, and the delayed development of the new CLX.PayMaker version, which therefore only went on sale towards the end of 2010.

Energetic concentration on the educational market

The focussing of our energies on the newly created CREALOGIX Education activity is yielding its first successes. In the first half of 2010/2011, we were able to increase both the value of our sales and our profitability.

Demand for products and services on the educational market is rising all the time. This is reflected in a growing number of new clients for CREALOGIX.

Conventional E-business with individual software solutions

CREALOGIX is also able to report satisfactory results with solutions involving individual software applications for our big clients. The sustained pressure on the cost of billable development hours has made it essential for us to move ahead with the transformation process, put in hand three years ago, with a focus on in-house products.

CREALOGIX Transport & Logistics AG

In the first half of 2010/2011, the CREALOGIX Transport & Logistics AG company, which was founded in early August 2010, continued to invest in the development of this new market and is right on track. It provided intensive training for implementation partners, and now expects the first new contracts to be signed in the second half of 2010/2011.

Investment in our own products pays dividends

Our strategy of developing software products in-house and then marketing them ourselves at home and abroad is proving successful. Licence royalties and recurring revenues from maintenance and support contracts are both growing constantly. That is why our Group is investing heavily in product development. CREALOGIX currently employs more than 50 staff members in the area of applied research and development alone.

Prospects

Allowing for the business areas which were divested at the end of 2010, we do not yet anticipate further sales growth in the second half of 2010/2011. However, we do expect to equal in the second half of 2010/2011 the profitability reported in the first half. We are maintaining our medium-term growth target of annual sales worth around CHF 100 million. With that end in view, we continue to look into opportunities for profitable business acquisitions, both in Switzerland and elsewhere.

Acknowledgements

On behalf of the Board of Directors and Group Management, I wish to thank all our employees for their hard work in the first half of 2010/2011. We are grateful to our clients for their confidence in our performance and for their close cooperation. We also owe a debt of gratitude to you, our shareholders, for placing your trust in our Group.



Bruno Richle

Chairman of the Board of Directors and CEO

CONSOLIDATED BALANCE SHEET

Amounts in thousands of CHF	31 December 2010	in %	30 June 2010	in %
A S S E T S				
Current Assets				
Cash and cash equivalents	36 111		34 484	
Marketable securities	8 048		7 789	
Trade receivables	7 867		9 499	
Other receivables	1 347		2 976	
Accrued income	817		310	
Work in progress/inventory	5 961		3 802	
Total Current Assets	60 151	87.1	58 860	86.6
Non-Current Assets				
Financial assets	375		200	
Property, plant and equipment	4 593		4 768	
Intangible assets	553		831	
Deferred tax assets	1 442		1 363	
Prepaid pension assets	1 960		1 960	
Total Non-Current Assets	8 923	12.9	9 122	13.4
Total A S S E T S	69 074	100.0	67 982	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade payables	2 528		1 948	
Other short-term payables	245		1 189	
Accrued liabilities	6 985		9 437	
Current income tax liabilities	105		131	
Total Current Liabilities	9 863	14.2	12 705	18.7
Non-Current Liabilities				
Financial liabilities	75		181	
Deferred purchase price obligations	600		0	
Deferred tax liabilities	893		595	
Total Non-Current Liabilities	1 568	2.3	776	1.1
Total Liabilities	11 431	16.5	13 481	19.8
Shareholders' Equity				
Share capital	8 560		8 560	
Treasury shares	-263		-655	
Share premium	39 684		39 684	
Retained earnings	9 662		6 912	
Total Shareholders' Equity	57 643	83.5	54 501	80.2
Total LIABILITIES AND SHAREHOLDERS' EQUITY	69 074	100.0	67 982	100.0

The condensed Group notes on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2010/2011.

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of CHF	July – December 2010	in %	July – December 2009	in %
Revenue	28 019	100.0	25 250	100.0
Cost of goods sold	-6 427	-22.9	-4 285	-17.0
Change in inventory	1 783	6.4	92	0.4
Personnel expense	-16 968	-60.6	-15 901	-63.0
Depreciation expense	-389	-1.4	-541	-2.1
Amortisation expense	-365	-1.3	-356	-1.4
Marketing expense	-672	-2.4	-407	-1.6
Rent, maintenance and repairs	-920	-3.3	-951	-3.8
General and administration expenses	-1 250	-4.5	-1 233	-4.9
Operating Profit	2 811	10.0	1 668	6.6
Result from divestments	122	0.4	0	0.0
Financial income	709	2.5	643	2.6
Financial expenses	-487	-1.7	-191	-0.8
Financial Result	222	0.8	452	1.8
Profit before Taxes	3 155	11.2	2 120	8.4
Income tax expense	-265	-0.9	-617	-2.4
Consolidated Profit	2 890	10.3	1 503	6.0

The condensed Group notes on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2010/2011.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in thousands of CHF	Share capital	Treasury shares	Share premium	Retained earnings	Translation adjustments	Total Shareholders' Equity
At 1 July 2009	8 560	-2 119	40 195	3 876	-198	50 314
Netting of goodwill				-112		-112
Translation differences					-56	-56
Consolidated profit				1 503		1 503
Change in treasury shares		1 193	25			1 218
At 31 December 2009	8 560	-926	40 220	5 267	-254	52 867
At 1 July 2010	8 560	-655	39 684	7 561	-649	54 501
Netting of goodwill				-600 ²⁾		-600
Goodwill netted at acquisition date				521 ³⁾		521
Translation differences					-78	-78
Consolidated profit				2 890		2 890
Change in treasury shares		392		17		409
At 31 December 2010	8 560	-263	39 684 ¹⁾	10 389	-727	57 643

¹⁾ comprises the distribution of share premium of CHF 2.14 million, due on 10 January 2011, as per resolution of the general meeting held on 2 November 2010

²⁾ represents the netting of the deferred contingent purchase price obligation (goodwill) for the acquisition CREALOGIX E-Banking AG, Zuchwil (formerly BVI Consult AG) with the equity

³⁾ as a consequence of the divestment of the subsidiaries CREALOGIX ERP AG, Thalheim, Austria and CREALOGIX Unified Communications GmbH, Cologne, Germany, the goodwill previously netted with the equity had to be recycled at its original value through the income statement

The condensed Group notes on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2010/2011.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of CHF	July – December 2010	July – December 2009
Consolidated profit	2 890	1 503
Income tax expense	265	617
Depreciation/amortisation	754	897
Impairment of trade receivables	-27	-27
Financial result	-344	-452
Trade and other receivables	3 649	3 298
Work in progress/inventory	-2 197	253
Other financial assets	-67	995
Trade and other payables, incl. tax liabilities	-2 322	-3 825
Gross cash flow from operating activities	2 601	3 259
Interest received	112	89
Interest paid	-4	-14
Tax received	172	69
Tax paid	-178	-332
Net cash flow from operating activities	2 703	3 071
Cash flow from investing activities		
Purchase of property and equipment	-376	-364
Proceeds from sale of property and equipment	78	16
Purchase of intangible assets	-113	-93
Grant/repayment of loans	-150	0
Disposal of subsidiaries, net of cash disposed	-880	0
Acquisition of subsidiaries/minority interest, net of cash acquired	0	29
Cash flow from investing activities	-1 441	-412
Free Cash Flow	1 262	2 659
Cash flow from financing activities		
Repayment of loans	-24	2
Purchase/sale of treasury shares – net	409	1 218
Cash flow from financing activities	385	1 220
Net change in cash and cash equivalents	1 647	3 879
Cash and cash equivalents at beginning of period	34 484	30 150
Net foreign exchange difference	-20	-48
Cash and cash equivalents at end of period	36 111	33 981

The condensed Group notes on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2010/2011.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

Basic Information

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) is a leading and independent provider of software and hardware-related products. Its core business is focused on E-Finance, E-Business, Education and Transport & Logistics in Switzerland and Europe.

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 22 February 2011.

Subsidiaries

As of 31 December 2010 the following subsidiaries were fully consolidated:

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-Banking AG, Zuchwil, Switzerland	Consultancy and services in information technology and data communication. Development/trading of software	CHF 200 000	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 Transport & Logistics AG, Zurich, Switzerland	Consultancy and services in the area for solutions in the transport and logistics industrie	CHF100 000	100%	100%
CREALOGIX ERP AG, Villingen, Germany ¹⁾	Development/trading of software	EUR 50 000	100%	100%
CREALOGIX AG, Frankfurt, Germany	Consultancy and services in information technology and data communication	EUR 100 000	100%	100%
CREALOGIX Corp., Toronto, Canada	Consultancy and services in information technology and data communication	CAD 100 000	100%	100%

¹⁾ also refer to subsequent events

As of 29 December 2010 CREALOGIX Holding AG divested the subsidiary CREALOGIX Unified Communications GmbH, Cologne, Germany to one of its former holders, and as of 30 December 2010 CREALOGIX ERP AG, Thalheim, Austria was sold to WIKA Systems Schweiz AG.

Summary of Significant Accounting and Valuation Policies

These unaudited consolidated interim financial statements for the first half of 2010/2011 as of 31 December 2010 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.

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.

Exchange Rates

	Year-end rates (Balance Sheet)		Average rates (P&L statement)	
	31 December 2010	31 December 2009	July – December 2010	July – December 2009
EUR	1.25	1.49	1.34	1.52
CAD	0.94	0.99	0.97	0.96
USD	0.94	1.03	1.01	1.04

Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis, where the purchase costs are written off over the anticipated useful economic 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

Intangible assets are amortised on a straight-line basis where the purchase costs are written off over the anticipated useful economic lifetime of the assets as follows:

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

Segment Reporting

Geographical Segments

The Group is primarily active in two geographical areas: Switzerland, the Group's home country, where also the main activities are executed, and in the rest of Europe.

	Revenue	July – December 2010	July – December 2009
Switzerland		23 903	21 173
Rest of Europe		3 768	3 917
Other countries		348	160
Total Group		28 019	25 250

Revenue by Categories

	Revenue	July – December 2010	July – December 2009
Net sales from services		17 274	14 812
Net sales of goods		4 442	3 343
Net revenue from licensing fees		6 139	7 102
Other operating income		164	-7
Total Revenue		28 019	25 250

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.

Goodwill

	31 December 2010	31 December 2009
Net result, as reported	2 890	1 503
Planned amortisations of goodwill (5 years)	-731	-916
Impairment	0	0
Portion of netted goodwill at result from divestment	410	0
Net result with capitalised goodwill on 31 December	2 569	587
Cost value of goodwill on 1 July	16 561	16 469
Additions/disposals	79	92
Cost value of goodwill on 31 December	16 640	16 561
Value adjustments on 1 July	-15 856	-14 543
Planned amortisations	-731	-916
Additions/disposals	410	0
Impairment	0	0
Value adjustments on 31 December	-16 177	-15 459
Net value with capitalised goodwill on 31 December	463	1 102
Equity, as reported	57 643	52 867
Effect of capitalised goodwill in balance sheet on 1 July	705	1 926
Additions/disposals	489	92
Effect of capitalised goodwill in the income statement	-731	-916
Equity with capitalised goodwill on 31 December	58 106	53 969

Contingent Liabilities and Contingent Assets

The contingent liability related to the acquisition of BVI Consult AG, Zuchwil in November 2009 has ceased to exist. As a result of the better than anticipated course of business, the existing deferred contingent purchase price obligation of maximum CHF 0.6 million that is based on defined profitability targets, was accrued in full.

Events after the Balance Sheet Date

As of 1 February 2011, the activity of the subsidiary CREALOGIX ERP AG, Villingen, Germany was sold in an asset deal to terna GmbH.