



Herlitz Aktiengesellschaft, Berlin

Consolidated Interim Report
for the first six months to 30 June 2011

in accordance with section 37w, WpHG [German
securities trading act]

Table of Contents

Unaudited condensed consolidated interim financial statements in accordance with IFRS

Consolidated balance sheet	3
Consolidated income statement	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated cash flow statement	7
Notes to the condensed consolidated interim financial statements	
A. General information	8
B. Bases and accounting policies for the consolidated interim financial statements	
1. Basis of preparation for the financial statements	8
2. Significant accounting and valuation principles	9
3. Consolidated entities	9
C. Seasonal effects on business operations	9
D. Segment revenues and results	9
E. Other explanations	
1. Other financial obligations	10
2. Income taxes	11
3. Workforce	11
4. Information on relationships with associated companies and persons	11
Interim group management report	15
Affirmation of the legal representatives	18

Herlitz Aktiengesellschaft, Berlin
Consolidated balance sheet as of 30 June 2011 (IFRS)

Assets	30 June 2011 EUR	31 December 2010 EUR
Long-term assets		
Intangible assets and tangible assets	18,780,376.22	19,271,625.17
Financial assets, financial instruments and deferred taxes	532,446.71	864,428.79
	19,312,822.93	20,136,053.96
Short-term assets		
Inventories	40,764,335.24	28,640,595.27
Accounts receivable and other short-term assets	32,093,843.01	36,923,437.85
Liquid funds	970,698.15	4,777,272.23
	73,828,876.40	70,341,305.35
Total	93,141,699.33	90,477,359.31
Liabilities	30 June 2011 EUR	31 December 2010 EUR
Equity		
Equity due to shareholders of the parent company	27,351,338.27	33,399,935.73
Minority interests	492,800.88	611,050.81
	27,844,139.15	34,010,986.54
Long-term debt		
Bank loans	393,148.06	0.00
Long-term shareholder loans	20,237,500.00	19,785,000.00
Other long-term liabilities	173,203.59	138,597.28
	20,803,851.65	19,923,597.28
Short-term debt		
Accounts payable	20,754,152.70	18,711,139.88
Other short-term liabilities	13,650,095.83	16,070,469.86
Overdraft facilities, bank loans	9,710,301.58	1,329,472.74
Short-term provisions	379,158.42	431,693.01
	44,493,708.53	36,542,775.49
Total	93,141,699.33	90,477,359.31

Herlitz Aktiengesellschaft, Berlin
Consolidated income statement (IFRS)
for the period 1 January to 30 June 2011

	1 Jan.- 30 June 2011 EUR	1 Jan.- 30 June 2010 EUR
Sales revenues	106,433,653.18	101,096,276.58
Change in inventory	4,950,278.30	3,757,162.74
Other operating income	4,013,105.02	4,875,637.51
Cost of materials	-62,286,524.37	-58,282,026.92
Personnel expenses	-30,945,369.70	-30,915,413.76
Depreciation	-1,657,793.25	-1,710,828.84
Other operating expenses	-25,280,772.90	-25,280,709.75
Earnings before interest and taxes	-4,773,423.72	-6,459,902.44
Financial result	-938,219.77	-855,118.52
Taxes on income	-421,739.49	-229,095.96
Consolidated net loss for the year	-6,133,382.98	-7,544,116.92
Of which attributable to shareholders of the parent company	-6,001,677.16	-7,392,293.69
Of which attributable to minority interests	-131,705.82	-151,823.23
Number of weighted no-par shares [in thousands]	10,908	10,908
Potential number of diluted no-par shares [in thousands]	-	-
Weighted average of all no-par shares [in thousands]	10,908	10,908
Undiluted earnings per no-par share [EUR per share]	-0.55	-0.68
Diluted earnings per no-par share [Euro per share]	-0.55	-0.68

Herlitz Aktiengesellschaft, Berlin
Consolidated statement of comprehensive income (IFRS)
for the period from 1 January to 30 June 2011

	1 Jan.- 30 June 2011 EUR	1 Jan.- 30 June 2010 EUR
Consolidated net loss for the period	<u>-6,133,382.98</u>	<u>-7,544,116.92</u>
Currency conversion of foreign operations	-33,464.41	32,833.42
Comprehensive income after taxes	<u>-6,166,847.39</u>	<u>-7,511,283.50</u>
Thereof attributable to shareholders of the parent company	-6,048,597.46	-7,349,552.72
Thereof attributable to minority interests	-118,249.93	-161,730.78

Herlitz Aktiengesellschaft, Berlin
Statement of changes in equity as of 30 June 2011 (IFRS)

in EUR	Parent company				Equity	Minority interests Equity	Group equity
	Subscribed capital	Capital reserve	Retained earnings	Other equity			
As of 1 Jan. 2011	46,466,951.10	27,493,597.46	-43,495,475.39	2,934,862.55	33,399,935.72	611,050.81	34,010,986.53
Comprehensive income			-6,001,677.16	-46,920.29	-6,048,597.45	-118,249.93	-6,166,847.38
As of 30 June 2011	46,466,951.10	27,493,597.46	-49,497,152.55	2,887,942.26	27,351,338.27	492,800.88	27,844,139.15

in EUR	Parent company				Equity	Minority interests Equity	Group equity
	Subscribed capital	Capital reserve	Retained earnings	Other equity			
As of 1 Jan. 2010	46,466,951.10	27,493,597.46	-39,423,495.67	2,486,913.25	37,023,966.14	689,591.21	37,713,557.35
Distributions						-161,720.74	-161,720.74
Acquisition of minority interests			3.00		3.00	-3.00	0.00
Comprehensive income			-7,392,293.69	42,740.97	-7,349,552.72	-161,730.78	-7,511,283.50
As of 30 June 2010	46,466,951.10	27,493,597.46	-46,815,786.36	2,529,654.22	29,674,416.42	366,136.69	30,040,553.11

Herlitz Aktiengesellschaft, Berlin
Cash flow statement as of 30 June 2011 (IFRS)

	1 Jan. - 30 June 2011 EUR k	1 Jan. - 30 June 2010 EUR k
Cash flow from operating activities		
Consolidated income before taxes	-5,712	-7,315
Adjustment by non-cash items and non-operating transactions	2,537	2,264
Changes to working capital	-7,878	2,056
Other transactions	-591	-771
	-11,644	-3,766
Cash flow from investing activities		
Amounts paid out for investments	-1,677	-1,064
Amounts received from disposals	537	260
	-1,140	-804
Cash flow from financing activities		
Amounts received from taking out loans	8,978	0
Amounts paid out for the repayment of loans granted by banks	0	-458
Amounts received from loans to affiliated companies	0	3,945
Other transactions	0	158
	8,978	3,645
Liquid funds at the end of the period		
Change to liquidity	-3,806	-925
Changes due to exchange rates, company group and valuation	0	18
Liquid funds at the start of the period	4,777	2,916
	971	2,009

Herlitz Aktiengesellschaft, Berlin

Notes to the condensed consolidated interim financial statements for the first six months to 30 June 2011

A. General information

Herlitz Aktiengesellschaft ("Herlitz AG") is the parent company of the group and has its registered office in Berlin. Herlitz Group is one of the leading manufacturers of and dealers in the stationery (PBS) and greeting card, napkin and gift wrap division (papeterie) in Europe. Herlitz AG is a limited liability company established in the Federal Republic of Germany and its shares are traded publicly.

Jan von Schuckmann resigned from the Management Board with effect from 30 June 2011. Thomas Hübner took over as Chairman of the Management Board as from 1 July 2011 on top of his existing duties. In addition, Cheong Seng Ng was appointed as the member of the Management Board responsible for business administration.

The condensed consolidated interim financial statements for the period 1 January to 30 June 2011 have been released for publication on 26 August 2011 by a resolution of the Management Board.

B. Bases and accounting policies for the consolidated interim financial statements

1. Basis of preparation for the financial statements

The condensed consolidated interim financial statements as of 30 June 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as they are to be applied in the EU.

The condensed consolidated interim financial statements for the period 1 January to 30 June 2011 have been presented in accordance with IAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial statements do not contain all the information and explanations stipulated for the consolidated annual financial statements and should be read in the context of the consolidated annual financial statements as of 31 December 2010.

2. Significant accounting and valuation principles

The currency in which the condensed consolidated interim financial statements are prepared is the euro. The income statement has been prepared according to the total cost method. The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU as of 30 June 2011. The notes on the essential accounting and valuation principles of the group financial statements as of 31 December 2010 apply accordingly.

3. Consolidated entities

The point of sale service of eCom Logistik GmbH & Co. KG was integrated in the newly established POS Servicegesellschaft mbH, a subsidiary of Herlitz PBS AG, and started operations with effect from 1 January 2011. Apart from Herlitz AG (parent company), 11 domestic and 9 foreign companies are now included in the Herlitz Group.

C. Seasonal effects on business operations

Due to the seasonal nature of the stationery and papeterie business, the essential profit contributions are always generated in the second half of the year during back-to-school business and Christmas trade.

D. Segment revenues and results

For the purpose of business management, the group is divided into the "product business" and "services" segments. These can be differentiated as follows:

The "*product business*" segment includes all production and sales activities.

The "*services*" segment includes all logistics and merchandising services.

In order to form these segments, the respective companies have been combined. The segments constitute important reporting units for group management and therefore provide information that is relevant for monitoring and control. The operating result, which is very important in assessing profitability and is used for taking decisions on allocating resources to each company, is the key performance figure.

Internal transfer prices between the operating segments are determined at market terms and conditions identical to those that would apply between

external third parties.

The following segment revenues and results are presented after consolidation:

	Segment revenues EUR k	Segment results EUR k
1 Jan. - 30 June 2011		
Product business	84,735	-4,152
<u>Service</u>	<u>21,699</u>	<u>-621</u>
Segments total	106,434	-4,773
Other	-	-
Financial result	-	-938
<u>Taxes</u>	<u>-</u>	<u>-422</u>
<u>Herlitz Group</u>	<u>106,434</u>	<u>-6,133</u>
1 Jan. - 30 June 2010		
Product business	81,460	-3,910
<u>Service</u>	<u>19,636</u>	<u>-2,550</u>
Total segments	101,096	-6,460
Other	-	-
Financial result	-	-855
<u>Taxes</u>	<u>-</u>	<u>-229</u>
<u>Herlitz Group</u>	<u>101,096</u>	<u>-7,544</u>

E. Other explanations

1. Other financial obligations

Herlitz PBS AG and Susy Card GmbH have rented building spaces at the "Logistikzentrum Falkensee" property from MOLKARI Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG. Herlitz PBS AG has rented spaces in the administration building in Berlin-Tegel from Dock 100 GmbH & Co. KG (formerly: MOLKARI Vermietungsgesellschaft mbH & Co. Objekt Tegel KG). Other financial obligations for periods of up to one year currently amounting to EUR 572 k per month result from the tenancies specified above.

2. Income taxes

The main components of taxes on income reported in the consolidated income statement break down as follows:

	1 January to 30 June 2011 EUR	1 January to 30 June 2010 EUR
Actual income taxes		
Actual income tax expense	-91,793.91	-214,104.43
Deferred income taxes		
New and reversal of existing temporary differences	<u>-329,945.58</u>	<u>-14,991.53</u>
Taxes on income	<u>-421,739.49</u>	<u>-229,095.96</u>

3. Workforce

The average number of employees (excluding trainees) has dropped by 39 to 1,663 compared to December 2010.

4. Information on relationships with associated companies and persons

The total amounts resulting from transactions with associated companies and persons for the period 1 January to 30 June 2011 or as of the reference date 30 June 2011, respectively, are shown below. For explanations on the individual circumstances see the consolidated annual financial statements as of 31 December 2010.

Transactions with indirectly associated companies

Transactions from the delivery of goods and services:

– MOLKARI Falkensee KG

	<u>1 January to 30 June 2011 EUR k</u>	<u>1 January to 30 June 2010 EUR k</u>
Rental income of MOLKARI Falkensee KG	3,092	2,901
Other income of MOLKARI Falkensee KG	382	0
Expenses of MOLKARI Falkensee KG	-95	-753
	<u>3,379</u>	<u>2,148</u>

	<u>30 June 2011 EUR k</u>	<u>31 Dec. 2010 EUR k</u>
Liabilities to MOLKARI Falkensee KG	188	56
Receivables from MOLKARI Falkensee KG	1	7

– Pelikan Group companies

	<u>1 January to 30 June 2011 EUR k</u>	<u>1 January to 30 June 2010 EUR k</u>
Sales revenues from Pelikan Group companies at		
eCom Logistik GmbH & Co. KG	4,167	221
Herlitz PBS AG	1,194	389
	<u>5,361</u>	<u>610</u>

The business activities with Pelikan group companies were initiated in April 2010.

	<u>30 June 2011</u> EUR k	<u>31 Dec. 2010</u> EUR k
Receivables from Pelikan Group companies	1,658	1,043
Liabilities to Pelikan Group companies	705	4

Transactions from loans granted

	<u>1 January to</u> <u>30 June 2011</u> EUR k	<u>1 January to</u> <u>30 June 2010</u> EUR k
<u>PICB* shareholder loan</u>		
Interest expense in the reporting period	453	228
Remaining loan repayments at the end of the period	20,238	19,325
<u>Stationery Products Sarl shareholder loan</u>		
Interest expense in the reporting period	0	225
<u>Loan granted to MOLKARI Falkensee KG</u>		
Interest income in the reporting period	0	91
Loan repayments in the reporting period	0	3,000
Interest payments in the reporting period	0	1,036

* PICB = Pelikan International Corporation Berhad, Malaysia

Transactions from the provision of guarantees

PICB provided a credit guarantee of EUR 10 million via a business bank in Malaysia.

Transactions with other associated companies and persons

No transactions were concluded with Management Board members and other top managers in key positions in the first six months of 2011 (nor in the previous year's period).

Herlitz Aktiengesellschaft, Berlin

Interim group management report for the first six months to 30 June 2011

1. General conditions

The general economic situation in Germany developed positively as a whole in the first half of 2011. The stationery industry also recovered after recording weak sales revenues in the aftermath of the economic crisis. It has to be pointed out however that especially commercial consumption has not yet reached pre-crisis levels again. A detailed look shows that manufacturers of high-quality brand stationery products and companies with strong sales in the Asia/Pacific and Latin American regions profited in particular. It is generally becoming increasingly difficult to pass on rising raw material prices to customers, and results can therefore not always grow at the same pace as sales revenues. Particularly the prices for the raw materials paper, plastic, metal and wood have increased. The international commercial office supplies business remains difficult and is faced with stagnating or sometimes even dropping demand.

2. Business development

Sales revenues within Herlitz Group in the period January to June 2011 were around 5% up compared to the previous year. This rise was also due to the positive development of the domestic and foreign brand business. Expenses were at the same level as in the first half of 2010. Earnings before interest and taxes (EBIT) were negative on account of seasonal influences but up on the comparative value for the previous year.

3. Assets, financial and profit position

As far as the assets position is concerned, inventories are higher compared to 31 December 2010 due to the usual seasonal advance production for the back-to-school business.

In the context of other financial obligations there are tenancy expenses for the buildings in Berlin-Tegel and Falkensee totalling EUR 4,087 k for the respective residual terms.

The financial position compared to the end of the previous financial year was also characterised by the seasonal effect resulting from the increased financing requirements for the back-to-school business, as is the case every year in June.

The profit position improved compared to the first six months of the previous year, with sales revenues rising by 5.3%. Both the additional sales revenues generated by the "Herlitz" brand and the increase in sales of goods and services to Pelikan companies contributed to this positive development. Sales revenues from the commercial office supplies business went up slightly year-on-year. Although the rise in brand sales revenues had a positive impact on the margin, strong competitive pressure, which made it almost impossible to pass on increased purchasing prices to customers, had a negative effect on the margin. Excess capacity in some product ranges led to some extremely low competitive prices. As a result, individual orders included in planning were cancelled as prices were insufficient. The margin dropped slightly compared to the first half of 2010. Other operating income fell year-on-year due to one-off effects. Personnel expenses included one-off expenses in June this year that offset the savings generated by the reduction of the workforce. Total personnel expenses therefore were at the same level as in the previous year. In other operating expenses, performance-related items rose while other expenses, particularly for administration, dropped. Despite the slight increase in interest and tax expenses, the loss was less than in the previous year's period.

In the stationery industry, positive profit contributions are usually achieved in the second half of the year during back-to-school business and Christmas trade.

4. Risk and opportunity report

Competitive pressure remains high, making it particularly difficult for the commercial office supplies business to pass on increased raw material prices to sales prices. This is proving to be the greatest risk to Herlitz Group's income development in the current financial year. The international Herlitz companies are less impacted by this situation, as the majority of their business is conducted with retailers which are not affected to the same extent by drops in demand. The main opportunities for stabilising sales revenues and results arise from the development and marketing of less price-sensitive – in other words innovative brand – products, the acquisition of additional sales revenues and increasing cooperation with the Pelikan companies, primarily in other European countries.

Apart from this, the explanations regarding the opportunities and risks of Herlitz Group's anticipated development given in the group management report as of 31 December 2010 still apply to the remaining months of 2011 with regard to the essential issues.

5. Forecast report

The forecast for the full financial year 2011 currently anticipates sales revenues to remain at the same level as in the previous year. One major requirement for meeting these expectations is that the back-to-school business and Christmas

trade will generate the estimated figures. However, it cannot be predicted at present if the economy and therefore consumer spending will cool down again in the second half of the year due to the global debt crisis, which is worsening again at the moment, and would have a negative impact on the business of the Herlitz Group. The income development also depends on the extent to which it will be possible to buffer the effects of rising prices, which are hard to implement in the current situation, with measures on the sales revenues and cost side. Further short-term increases in raw material prices are not to be expected at present.

The foreign Herlitz companies are not experiencing this difficult situation to the same extent. According to information available at this time, these companies' sales revenues and income developments in 2011 are likely to be stable due to local market trends. The future development of currency exchange rates in Europe, which could have a major impact on business developments, remains uncertain.

Any future activities clearly have to focus on improving Herlitz Group's profitability. The implementation of additional structural changes is planned for the remainder of the current year. These are necessary for the ongoing strategic realignment of the group. The future cooperation with the Pelikan companies also has to be taken into consideration in this context.

In the past, the group created a sufficient financial basis for the planned sales and structural measures aimed at improving income, which it can now use in a targeted manner.

With regard to the other key statements made in the group management report for the financial year 2010, there is no new knowledge for the current financial year that would considerably change the forecast.

6. Events of special importance after the balance sheet date

With exception of the changes to the Management Board already mentioned in section A of the notes, there have been no events of special importance after the balance sheet date 30 June 2011.

Herlitz Aktiengesellschaft, Berlin

**Affirmation of the legal representatives
for the first six months to 30 June 2011**

To the best of our knowledge and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities and financial position of the group, and the interim group management report includes a fair reflection of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining period of the financial year.

Berlin, 26 August 2011

Thomas Hübner

Cheong Seng Ng

Herlitz Aktiengesellschaft

Review Report

To the Herlitz Aktiengesellschaft,

We have reviewed the condensed interim consolidated financial statements of the Herlitz AG, comprising the condensed balance sheet, the condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes, together with the interim group management report of the Herlitz Aktiengesellschaft for the period from 1 January 2011 to 30 June 2011, that are part of the semi annual financial report pursuant to Article 37w WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Berlin, 24 August 2011

BDO AG
Wirtschaftsprüfungsgesellschaft

Schulz	ppa. Weisner
Wirtschaftsprüfer	Wirtschaftsprüferi