

## **Group management interim report within the second half of 2010 for Herlitz AG pursuant to sec. 37x WpHG (Securities Trading Act)**

Sales revenues at Herlitz Group in the period from 1 January to 30 September 2010 fell short of the previous year's figures. In addition to the still lacking increase in demand on the back of the overall economic recovery, reasons specific to Herlitz Group also contributed to declining sales revenues. This was mainly driven by the strategic decision to drop the soft plastic business and other low-margin item categories, structural problems in food retail, which is an important sales channel, as well as price competition in some key product ranges. The share of sales revenues generated from brand products improved yet again, consequently increasing the gross profit margin.

As a result of the disposal of the proOFFICE s.r.o. subsidiary in 2009, other operating income saw a significant year-on-year decline.

Compared to the same period in the previous year, savings were achieved on the cost side. This was mainly due to personnel expenses, which were reduced by making structural changes as well as introducing further supporting measures. Other cost positions also declined as they were adjusted to correspond to changed sales levels.

The operating result (EBIT) for the period from January to September 2010 is negative and is lower compared to the first nine months of the previous year.

After deducting the improved financial result and the tax expenses which have remained largely unchanged, the result for the period is negative.

The developments described in sales revenues and earnings for the first nine months of the year have continued in October and in the first half of November.

Improvements in operating results largely depend on the sustained increase of sales levels. Herlitz Group is therefore intensifying its efforts to evolve into a brand company with a broader international footing. Cooperation between the Pelikan and Herlitz groups will be important to achieving this target. The continued recovery of the economic environment relevant for Herlitz Group is however of even greater significance for the development of results. This also includes in how far efforts being undertaken by Eastern European governments will prove suitable to overcoming the crisis.

As far as the financial position is concerned, Herlitz Group did not have any net liabilities to financial institutions effective the reporting date, which means that the funding situation remains positive and is largely unchanged compared to 30

September and 31 December 2009. The asset position is also generally at the level reported at the end of 2009.

The stable asset and financial position is a necessary requirement for the further development of Herlitz Group.

Berlin, 15 November 2010

Herlitz Aktiengesellschaft, Berlin  
The Management Board