



## **Interim Report as at 30 June 2007**

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**First six months of 2007:  
16 per cent increase in profits  
Profit contribution by Switzerland  
and Austria: 32 per cent  
Expansion in Luxembourg:  
expectations exceeded**

**fielmann**

# **Fielmann Aktiengesellschaft**

## **Interim Report as at 30 June 2007**

### **Dear Shareholders and Friends of the Company,**

Our expectations for the first half of financial year 2007 have been met. Fielmann achieved an increase in unit sales, sales revenue and income, with profit rising overproportionally.

### **Interim Management Report**

#### **General conditions**

In the first six months of 2007, the German economy recorded growth of 3 per cent, which is in line with the level across the EU. Growth was primarily based on a rise in international demand. The increase in value added tax by three percentage points at the beginning of the year dampened private consumption. Compared with the same period in the previous year, German retailers recorded a decrease in sales revenue of 0.8 per cent for the first six months of 2007. After adjustments for price rises, the deficit in sales revenue amounted to 1.5 per cent.

As at 30 June 2007, the rate of unemployment was 8.8 per cent (3.7 million).

#### **Unit sales and revenue**

#### **Report on earnings, the financial position and assets**

Fielmann increased unit sales in the first half of 2007 to more than 3 million pairs of glasses (previous year: 2.8 million pairs of glasses), achieved a rise in external sales (consolidated sales including VAT) of 9.0 per cent to € 493.6 million and consolidated sales of 6.9 per cent to € 416.8 million. The rise in value added tax to 19 per cent in Germany, implemented on 1 January 2007, has caused the overproportional increase in external sales compared with consolidated sales.

In the second quarter of 2007, Fielmann sold 1.5 million pairs of glasses (previous year: 1.4 million). External sales were up by 10.2 per cent to € 250.6 million and consolidated sales by 8.0 per cent to € 213.2 million.

In the first six months of 2007, pre-tax profits rose by 16.0 per cent to € 55.8 million and profit after tax by 12.9 per cent to € 36.5 million.

Pre-tax profits in the second quarter of 2007 amounted to € 26.5 million (previous year: 23.0 million) and profit after tax to € 17.1 million (previous year: € 15.4 million).

Investments were fully financed from cash flow and amounted to € 18.1 million in the first six months of the year. Of this, € 14.1 million were invested in branches. The number of stores rose to 585 in the first half of the year (previous year: 551).

## Earnings and investments

### Earnings per share

In € '000	June 2007	June 2006	2006
Net income	36,455	32,285	71,769
Income attributable to other shareholders	-1,211	-1,074	-2,707
<b>Period result</b>	<b>35,244</b>	<b>31,211</b>	<b>69,062</b>
<b>Earnings per share in €</b>	<b>0.84</b>	<b>0.74*</b>	<b>1.64</b>

\* Share split with effect from 9 August 2006

The branches in Austria and Switzerland made a contribution of 11 per cent (previous year: 10 per cent) to unit sales and 32 per cent to net income for the year (previous year: 30 per cent). Fielmann is rapidly pushing ahead with its expansion in Germany and the neighbouring countries.

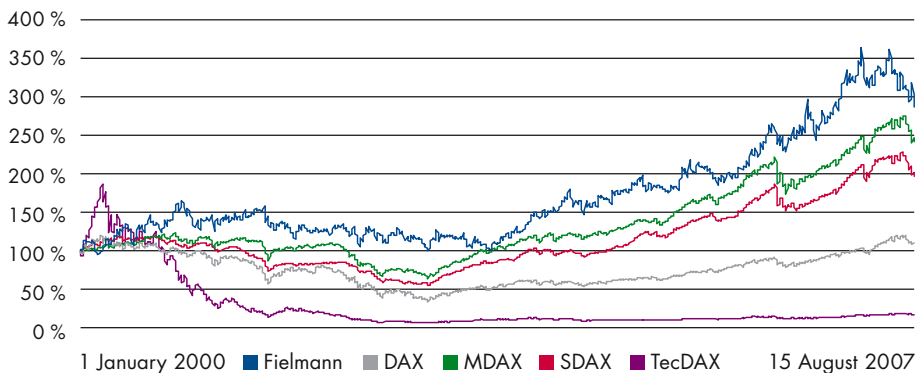
Fielmann launched its presence in Luxembourg at the start of June this year. The first few weeks in this location have exceeded our expectations. We forecast sales revenue in excess of € 6.5 million in the first full financial year.

## Foreign countries

On 13 July 2007, the DAX stood at 8,152 points, exceeding the record level achieved in 2000. Following the mortgage crisis in the USA, all of the major national and international stock market indices lost significantly in value. In mid August, the DAX was 7,265 points, having lost approximately 11 per cent of its value in just a few weeks. The current Fielmann share price is € 46.

## Share

### Comparison of Fielmann share price performance, DAX, MDAX, SDAX and TecDAX



### Dividend

The Annual General Meeting of Fielmann AG on 12 July 2007 resolved a dividend of € 1.20 per share for financial year 2006 (+26.3 per cent on the previous year). Fielmann distributed € 50.4 million to its shareholders, which represents a ratio of 73.0 per cent.

### Staff

Fielmann is the biggest employer and trainer in the optical industry. As at 30 June 2007, the Company employed a staff of 11,259 (previous year: 10,501), of whom 1,610 are trainees (previous year: 1,364). This year, an additional 650 young people will start their training at Fielmann.

### Information on the bodies of the Company

In its meeting on 19 April 2007, the Supervisory Board of Fielmann AG appointed Dr Stefan Thies (38) as ordinary member of the Management Board with responsibility for Controlling/IT.

With effect from 12 July 2007, Ms Eva Schleifenbaum took over from Holger Glawe as representative of the ver.di union on the Fielmann AG Supervisory Board.

## Forecast, risks and opportunities

The Company has no information that would result in a change in the material forecasts and other statements provided in its last consolidated Management Report regarding the Group's development during the financial year. The statements provided in the Annual Report 2006 on the opportunities and risks of the business model remain unchanged.

## Notes

The Interim Report as at 30 June 2007 is based on the same accounting and valuation principles that were applied to the consolidated annual accounts as at 31 December 2006, which were prepared in accordance with the International Financial Reporting Standards (IFRS incorporating IAS).

Ten companies were included for the first time in the scope of consolidation as at 31 March 2007 and five as at 30 June 2007. These are new branches, in which Fielmann Aktiengesellschaft holds a direct or indirect majority of the voting rights and over which it has uniform control. At the time of preparing this interim report, they had no significant impact on the financial position of the Group. The Company has opted to not have the interim report audited.

Financial resources of T€ 107,222 correspond to the balance sheet item "cash and cash equivalents". They comprise liquid funds, money market funds that can be liquidated at any time and securities held until maturity with a remaining term of one month.

## Accounting and valuation principles

## Explanatory notes on the cash flow statement

€ '000	June 2007	June 2006
Liquid funds	41.617	37.787
Money market funds	50.246	
Securities held until maturity	15.359	17.998
<b>Financial resources</b>	<b>107.222</b>	<b>55.785</b>

### **Explanatory notes on the segment report**

The item "Other" takes into account the run-up costs for the opening of the two new locations in Luxembourg.

The "Of which balances with banks and securities" item (T€ 167,664) results from the following items: "Cash and cash equivalents" (T€ 107,222) and "Financial assets" (T€ 54,346) as well as "Other financial assets" (T€ 6,096).

Value impairments on securities and goodwill as well as unscheduled depreciation relating to tangible assets were not required in the period under review.

### **Information on related parties (IAS 24)**

The contractual relationships with related parties explained in Annual Report 2006 continue to be in place to a virtually unchanged extent.

They are carried out at customary market prices and terms and are of minor importance to Fielmann Aktiengesellschaft. In the first six months of 2007, income amounted to T€ 336 and expenses to T€ 1,680.

### **Significant events after 30 June 2007**

On 25 May 2007, the German government resolved the Unternehmensteuerreformgesetz 2008 (2008 Corporation Tax Act), which was passed by the Bundesrat in its meeting on 6 July 2007. For the current financial year, we expect an increase in the Group tax ratio as a result of various tax-related matters, particularly in connection with the revaluation of deferred tax. This will produce a one-off additional non-cash tax expense. From financial year 2008 onwards, the tax ratio will decrease significantly as a result of our corporate structure and the high level of equity available.

The portfolio of 23,473 own shares has been deducted from the item "Securities". The book value as at 30 June 2007 amounted to T€ 888.3. The reported Fielmann shares were acquired within the meaning of § 71 para. 1 no. 2 AktG to offer them to staff of Fielmann Aktiengesellschaft and its affiliated companies as employee shares. In addition, staff in branches receive shares upon achieving specified targets. The item has been included in the half-year accounts.

#### **Other details**

For financial year 2007, Fielmann expects an increase in unit sales, sales revenue and profits. We are planning to open 35 new branches during the year as a whole, set up additional acoustic technology centres and create more than 400 new jobs.

#### **Outlook**

We declare that to the best of our knowledge and in accordance with the applied principles of proper consolidated interim reporting, the consolidated interim accounts give a true and fair view of the assets, financial position and earnings of the Group, the Group Interim Management Report portrays the business trend including the results and position of the Group in such a way that a true and fair view is conveyed and the material risks and opportunities associated with the expected development of the Group throughout the remaining months of the financial year are described.

#### **Affidavit**

Hamburg, August 2007

Fielmann Aktiengesellschaft  
The Management Board

## Segments by region, June 2007

Brackets indicate the previous year's figure.

€ million	Germany	Switzerland	Austria	Other	Consolidation	Group
Sales revenue	355.0 (334.9)	44.4 (41.1)	22.8 (19.5)	10.6 (9.0)	-16.0 (-14.7)	416.8 (389.8)
Sales revenue from other segments	14.2 (12.3)	1.0 (1.1)		0.8 (1.3)		
<b>Outside sales revenue</b>	<b>340.8 (322.6)</b>	<b>43.4 (40.0)</b>	<b>22.8 (19.5)</b>	<b>9.8 (7.7)</b>		<b>416.8 (389.8)</b>
Result from ordinary activities <sup>1</sup>	40.9 (36.1)	11.3 (9.6)	4.0 (2.3)	-0.3 (0.2)	-0.1 (-0.1)	55.8 (48.1)
of which interest income	1.6 (0.4)	0.6 (1.1)	0.2 (0.1)	0.0 (0.1)		2.4 (1.7)
<b>Result from ordinary activities<sup>2</sup></b>	<b>39.3 (35.7)</b>	<b>10.7 (8.5)</b>	<b>3.8 (2.2)</b>	<b>-0.3 (0.1)</b>	<b>-0.1 (-0.1)</b>	<b>53.4 (46.4)</b>
Investments	15.2 (20.8)	1.3 (1.3)	0.4 (0.6)	1.2 (0.2)		18.1 (22.9)
Cash flow <sup>3</sup>	42.5 (40.0)	9.2 (8.0)	3.9 (3.0)	0.3 (0.6)	-4.5 (-3.9)	51.4 (47.7)
Scheduled depreciation	13.3 (13.6)	1.2 (1.3)	0.9 (0.9)	0.5 (0.5)		15.9 (16.3)
Segment assets	488.3 (451.9)	39.6 (32.0)	17.9 (14.1)	20.2 (12.7)		566.0 (510.7)
of which balances with banks and securities	142.8 (96.7)	17.4 (17.3)	1.7 (1.4)	5.8 (2.4)		167.7 (117.8)
	<b>345.5 (355.2)</b>	<b>22.2 (14.7)</b>	<b>16.2 (12.7)</b>	<b>14.4 (10.3)</b>		<b>398.3 (392.9)</b>
Segment debts	123.6 (117.0)	9.3 (3.8)	6.1 (2.9)	3.3 (3.7)		142.3 (127.4)
of which amounts due to banks	18.8 (18.1)	0.1 (0.2)		0.2 (0.3)		19.1 (18.6)
	<b>104.8 (98.9)</b>	<b>9.2 (3.6)</b>	<b>6.1 (2.9)</b>	<b>3.1 (3.4)</b>		<b>123.2 (108.8)</b>

<sup>1</sup> In the segments excl. income from participations <sup>2</sup> Excl. interest <sup>3</sup> In the segments excl. income from participations, adjusted for tax

## Movement of equity, June 2007

Brackets indicate the previous year's figure.

€ '000	As at 1 January	Dividend paid/profit shares*	Consolidated net income for the period	Other changes	As at 30 June
<b>Subscribed capital</b>	<b>54,600 (54,600)</b>				<b>54,600 (54,600)</b>
<b>Capital reserves</b>	<b>92,652 (92,652)</b>				<b>92,652 (92,652)</b>
<b>Group equity generated</b>	<b>236,723 (209,235)</b>		<b>35,244 (30,681)</b>	<b>-1,369 (-2,335)</b>	<b>270,598 (237,581)</b>
of which: securities held for sale	94 (993)			0 (-993)	94 (0)
of which: currency equalisation item	-1,142 (0)			-187 (-383)	-1,329 (-383)
of which: own shares	388 (589)			500 (610)	888 (1,199)
of which: share-based remuneration**	443 (149)				443 (149)
<b>Minority interests</b>	<b>16 (-29)</b>	<b>-1,210 (-1,244)</b>	<b>1,211 (1,074)</b>	<b>-188 (93)</b>	<b>-171 (-106)</b>
<b>Group equity</b>	<b>383,991 (356,458)</b>	<b>-1,210 (-1,244)</b>	<b>36,455 (31,755)</b>	<b>-1,557 (-2,242)</b>	<b>417,679 (384,727)</b>

\* Dividends distributed and profit shares allocated to other shareholders

\*\* For employee shares; cf. Note 28 in Annual Report 2006

## Segments by division, June 2007

Brackets indicate the previous year's figure.

€ million	Wholesale/ Service		Production/ Logistics		Retail		Consolidation		Group	
Sales revenue	142.8	(135.4)	28.4	(21.5)	411.2	(385.1)	-165.6	(-152.2)	416.8	(389.8)
Sales revenue from other segments	139.8	(132.4)	25.7	(19.5)	0.1	(0.3)				
<b>Outside sales revenue</b>	<b>3.0</b>	<b>(3.0)</b>	<b>2.7</b>	<b>(2.0)</b>	<b>411.1</b>	<b>(384.8)</b>			<b>416.8</b>	<b>(389.8)</b>
Result from ordinary activities <sup>1</sup>	27.3	(22.7)	8.8	(5.6)	19.9	(20.5)	-0.2	(-0.7)	55.8	(48.1)
of which interest income	5.5	(5.2)	1.2	(0.6)	-4.3	(-4.1)			2.4	(1.7)
<b>Result from ordinary activity<sup>2</sup></b>	<b>21.8</b>	<b>(17.5)</b>	<b>7.6</b>	<b>(5.0)</b>	<b>24.2</b>	<b>(24.6)</b>	<b>-0.2</b>	<b>(-0.7)</b>	<b>53.4</b>	<b>(46.4)</b>
Investments	3.3	(7.0)	0.7	(0.9)	14.1	(15.0)			18.1	(22.9)
Cash flow <sup>3</sup>	22.3	(19.0)	7.3	(6.3)	26.4	(27.8)	-4.6	(-5.4)	51.4	(47.7)
Scheduled depreciation	4.5	(4.9)	1.0	(1.3)	10.4	(10.1)			15.9	(16.3)
Segment assets	325.0	(284.7)	20.3	(21.9)	220.7	(204.1)			566.0	(510.7)
of which balances with banks and securities	164.0	(113.1)	0.2	(0.2)	3.5	(4.5)			167.7	(117.8)
	<b>161.0</b>	<b>(171.6)</b>	<b>20.1</b>	<b>(21.7)</b>	<b>217.2</b>	<b>(199.6)</b>			<b>398.3</b>	<b>(392.9)</b>
Segment debts	86.5	(79.2)	4.9	(4.8)	50.9	(43.4)			142.3	(127.4)
of which amounts due to banks	15.0	(14.1)	0.1	(0.3)	4.0	(4.2)			19.1	(18.6)
	<b>71.5</b>	<b>(65.1)</b>	<b>4.8</b>	<b>(4.5)</b>	<b>46.9</b>	<b>(39.2)</b>			<b>123.2</b>	<b>(108.8)</b>

<sup>1</sup>In the segments excl. income from participations <sup>2</sup>Excl. interest <sup>3</sup>In the segments excl. income from participations, adjusted for tax

## Financial calendar 2007/2008

Analysts' conference	31 August
Quarterly report	8 November
Preliminary figures for 2007	February 2008
Quarterly report	April 2008
Bloomberg code	FIE
Reuters code	FIEG.DE
ISIN	DE0005772206

## Further information:

Fielmann AG · Investor Relations  
Ulrich Brockmann  
Weidestraße 118 a · D-22083 Hamburg  
Telephone + 49 (0) 40 / 27076-442  
Fax + 49 (0) 40 / 27076-150  
E-mail: investorrelations@fielmann.com  
Internet: www.fielmann.com

## Cash flow statement

for the period from 1 January to 30 June	2007 € '000	2006 € '000	Change € '000
Result before interest and tax (EBIT)	53,357	46,421	6,936
Interest expenses	-895	-786	-109
Interest income	3,340	2,479	861
<b>Result from ordinary activities</b>	<b>55,802</b>	<b>48,114</b>	<b>7,688</b>
Taxes on income	-19,347	-16,359	-2,988
<b>Profit for the period (including shares of minority interests)</b>	<b>36,455</b>	<b>31,755</b>	<b>4,700</b>
+/- Write-downs/write-ups on fixed assets	15,948	16,297	-349
+/- Increase/decrease in long-term accruals	-63	230	-293
+/- Other non-cash income/expenditure	-923	-565	-358
<b>= Cash flow</b>	<b>51,417</b>	<b>47,717</b>	<b>3,700</b>
+/- Increase/decrease in current accruals	-1,489	-105	-1,384
-/+ Profit/loss on disposal of fixed assets	-133	-190	57
-/+ Increase/decrease in inventories, trade debtors as well as other assets not attributable to investment and financial operations	-16,169	-34,154	17,985
+/- Increase/decrease in financial assets held for trading purposes	-40,177	-23,242	-16,935
+/- Increase/decrease in trade creditors as well as other liabilities not attributable to investment and financial operations	28,949	22,583	6,366
<b>= Cash flow from current business activities</b>	<b>22,398</b>	<b>12,609</b>	<b>9,789</b>
Receipts from disposal of tangible assets	714	832	-118
- Payments for investments in tangible assets	-16,617	-19,547	2,930
+ Receipts from the sale of intangible assets	4	18	-14
- Payments for investments in intangible assets	-1,382	-3,056	1,674
+ Receipts from disposal of financial assets	81	181	-100
- Payments for investments in financial assets	0	-230	230
- Payments for the acquisition of consolidated companies and other business units after deduction of acquired cash resources	-91	0	-91
<b>= Cash flow from investment activities</b>	<b>-17,291</b>	<b>-21,802</b>	<b>4,511</b>
- Payments to company owners and minority shareholders	-1,210	-1,478	268
- Payments for the redemption of loans and (finance) loans	-336	-7,947	7,611
<b>= Cash flow from financial activities</b>	<b>-1,546</b>	<b>-9,425</b>	<b>7,879</b>
Cash changes in financial resources	3,561	-18,618	22,179
+/- Changes in financial resources due to exchange rates, scope of consolidation and valuation	-384	-37	-347
+ Financial resources at the beginning of the period	104,045	74,440	29,605
<b>= Financial resources at the end of the period</b>	<b>107,222</b>	<b>55,785</b>	<b>51,437</b>

## Consolidated profit and loss account

for the period from 1 April to 30 June	2007 € '000	2006 € '000	Change
1. Consolidated sales	213,220	197,507	8.0 %
2. Changes in finished goods and work in progress	39	23	
<b>Total consolidated revenues</b>	<b>213,259</b>	<b>197,530</b>	<b>8.0 %</b>
3. Other operating income	13,490	13,309	1.4 %
4. Costs of materials	-68,560	-59,303	15.6 %
5. Personnel costs	-76,845	-72,097	6.6 %
6. Depreciation	-8,014	-8,335	-3.9 %
7. Other operating expenses	-48,391	-48,393	0.0 %
8. Interest result	1,514	302	401.3 %
<b>9. Result from ordinary activities</b>	<b>26,453</b>	<b>23,013</b>	<b>14.9 %</b>
10. Income taxes	-9,327	-7,581 <sup>1</sup>	23.0 %
<b>11. Net income for the quarter</b>	<b>17,126</b>	<b>15,432</b>	<b>11.0 %</b>
12. Income attributable to other shareholders	-678	-496	
<b>13. Results for the period</b>	<b>16,448</b>	<b>14,936</b>	<b>10.1 %</b>
 Earnings per share in €	 <b>0.39</b>	 <b>0.36<sup>2</sup></b>	

## Profit and loss account

for the period 1 January to 30 June	2007 € '000	2006 € '000	Change
1. Consolidated sales	416,833	389,829	6.9 %
2. Changes in finished goods and work in progress	3,629	3,999	
<b>Total consolidated revenues</b>	<b>420,462</b>	<b>393,828</b>	<b>6.8 %</b>
3. Other operating income	25,990	25,083	3.6 %
4. Costs of materials	-131,589	-115,653	13.8 %
5. Personnel costs	-152,787	-144,725	5.6 %
6. Depreciation	-15,948	-16,297	-2.1 %
7. Other operating expenses	-92,771	-95,815	-3.2 %
8. Interest result	2,445	1,693	44.4 %
<b>9. Result from ordinary activities</b>	<b>55,802</b>	<b>48,114</b>	<b>16.0 %</b>
10. Income taxes	-19,347	-15,829 <sup>1</sup>	22.2 %
<b>11. Net income as at 30 June</b>	<b>36,455</b>	<b>32,285</b>	<b>12.9 %</b>
12. Income attributable to other shareholders	-1,211	-1,074	
<b>13. Results for the period</b>	<b>35,244</b>	<b>31,211</b>	<b>12.9 %</b>
 Earnings per share in €	 <b>0.84</b>	 <b>0.74<sup>2</sup></b>	

<sup>1</sup> The item has been adjusted in line with the ACTUAL tax rate for 2006.

<sup>2</sup> Share split with effect from 9 August 2006

## Consolidated balance sheet

Assets	As at 30 June 2007 € '000	As at 31 December 2006 € '000
<b>A. Long-term fixed assets</b>		
I. Intangible assets	7,490	7,466
II. Goodwill	41,146	40,870
III. Tangible assets	186,608	185,369
IV. Investment property	9,810	10,001
V. Financial assets	1,559	1,575
VI. Deferred tax assets	21,544	21,904
VII. Tax assets	2,799	2,799
VIII. Other financial assets	6,096	6,081
	<b>277,052</b>	<b>276,065</b>
<b>B. Current assets</b>		
I. Inventories	91,946	86,085
II. Receivables and other assets	50,016	40,833
III. Tax assets	4,482	6,963
IV. Prepaid expenses	9,802	5,125
V. Financial assets	54,346	14,169
VI. Cash and cash equivalents	107,222	104,045
	<b>317,814</b>	<b>257,220</b>
	<b>594,866</b>	<b>533,285</b>
<b>Equity and liabilities</b>	<b>As at 30 June 2007 € '000</b>	<b>As at 31 December 2006 € '000</b>
<b>A. Equity capital</b>		
I. Subscribed capital	54,600	54,600
II. Capital reserves	92,652	92,652
III. Profit reserves	235,354	186,323
IV. Balance sheet profit	0	50,400
V. Result for the period	35,244	0
VI. Minority shares of third parties	-171	16
	<b>417,679</b>	<b>383,991</b>
<b>B. Long-term liabilities</b>		
I. Long-term accruals	6,282	6,344
II. Long-term financial liabilities	12,903	13,832
III. Deferred tax liabilities	6,841	7,670
	<b>26,026</b>	<b>27,846</b>
<b>C. Current liabilities</b>		
I. Current accruals	29,076	30,565
II. Current financial liabilities	7,787	7,195
III. Trade creditors and other liabilities	86,215	59,525
IV. Tax liabilities	28,083	24,163
	<b>151,161</b>	<b>121,448</b>
	<b>594,866</b>	<b>533,285</b>