



CREALOGIX GROUP
HALF-YEAR REPORT
2013 / 2014



CREALOGIX CONSOLIDATED FINANCIAL REPORT

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GROUP KEY FIGURES

Amounts in thousands of CHF	July – December 2013	July – December 2012
Sales	23 711	24 458
change in %	-3.1	-0.6
Other operating income	76	149
Operating revenue	23 787	24 607
Operating result before interest, taxes, depreciation and amortisation (EBITDA)	1 697	2 605
in % of operating revenue	7.1	10.6
Depreciation/amortisation	633	552
Operating profit (EBIT)	1 064	2 053
in % of operating revenue	4.5	8.3
Consolidated profit	683	1 416
in % of operating revenue	2.9	5.8
in % of shareholders' equity	1.9	3.9
Net cash flow from operating activities	3 790	545
in % of operating revenue	15.9	2.2
Cash flow from investment activities	-3 282	-2 056
Full-time employees	218.4	203.0
Full-time freelancers	36.8	32.5
Full-time employees (incl. freelancers)	255.2	235.5
Operating revenue per full-time employee (incl. freelancers) ¹⁾	186	209
Personnel expense per full-time employee ¹⁾	141	143
Full-time employees in December	238.4	201.5
Headcount on 31 December	270	246
	31 December 2013	30 June 2013
Balance sheet total	49 089	49 959
Current assets	36 190	43 085
thereof cash, cash equivalents and securities	26 013	26 529
Non-current assets	12 899	6 874
Liabilities	12 876	13 372
Shareholders' equity	36 213	36 587
Equity ratio (in %)	73.8	73.2
	July – December 2013	July 2012 – June 2013
Share prices in CHF		
High	104.10	104.50
Low	95.60	88.50
on record date	98.25	100.00
Market capitalisation (in millions)		
High	111.4	111.8
Low	102.3	94.7
Market capitalisation on record date (in millions)	105.1	107.0
in % of operating revenue	221.0	215.9
in % of shareholders' equity	290.3	292.5
Basic earnings per share in CHF	0.64	2.41
Price-earnings ratio (P/E ratio)	76.9	41.6
Shareholders' equity per share in CHF	34.0	34.7
Price-book value	2.9	2.9
Distribution of share premium per share in CHF	2.00	2.00

¹⁾ Annualised to 12 months

INVESTOR INFORMATION

Overview

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) provide innovative products and advanced services for the digital bank of the future (Bank 2.0 powered by CREALOGIX).

Shareholder structure

Richard Dratva 24.03%, Bruno Richle 23.55%
Daniel Hildebrand 15.46%, Peter Süssstrunk 6.82%,
Noser Management AG 3.99%

Share data

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

Trading platform = SIX Swiss Exchange

Swiss security number = 1 111 570

Ticker symbols:

Telekurs = CLXN

Reuters = CLXZn.S

Bloomberg = CLXN SW

Calendar

25 September 2014

Report on the 2013/2014 financial year

3 November 2014

Annual Shareholder's Meeting

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

Bruno Richle

Chairman of the Board of Directors and CEO

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

REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

In the first half of the 2013/2014 financial year (1 July to 31 December 2013), the CREALOGIX Group was able to see market sentiment improve in the financial industry. Demand for digital banking products is currently rising quickly in Switzerland and abroad. New customers and new contracts with existing customers have strengthened the CREALOGIX Group's position as one of Europe's leading digital banking software providers. Since autumn 2013, we have landed several important and long-awaited business deals in and outside Switzerland with our Bank 2.0 products. There will be a delay before these deals affect sales and profitability. For that reason, sales in the first half of 2013/2014 do not reflect the improved market sentiment. They are down 3 per cent year-on-year. We continued to invest in developing our product portfolio in the period under review and so succeeded in closing the above deals, but, as expected, this had an adverse impact on profitability.

The CREALOGIX Group strengthened its position in personal finance management (PFM) in the first half of 2013/2014 by acquiring an equity interest in Meniga, an Icelandic-Swedish company that specialises in PFM software. Within the framework of a cooperation with NZZ-Mediengruppe, CREALOGIX has taken a minority stake in Qontis AG as its technology supplier. This start-up is building an interbank PFM platform in Switzerland.

Development of sales and results

In the first half of 2013/2014, the CREALOGIX Group increased licence revenue by 28 per cent compared to the same period in the previous year. The Group also won significant new customer contracts, which will begin to raise sales in the second half of 2013/2014. Sales of hardware products, by contrast, lagged behind targets. Consequently, sales (operating revenue excluding other operating income) decreased 3.1 per cent to CHF 23.7 million (first half 2012/2013: CHF 24.5 million). Investments in the development of the product portfolio had an adverse effect on profit. EBIT was CHF 1.1 million, down 48 per cent from CHF 2.1 million in the first half of 2012/2013, and the EBIT margin was 4.5 per cent (first half 2012/2013: 8.3 per cent). Net profit also went down considerably to CHF 0.7 million (first half 2012/2013: CHF 1.4 million).

The financial situation of the CREALOGIX Group remains perfectly sound: the equity ratio stood at 73.8 per cent at the end of 2013 (as at 30 June 2013: 73.2 per cent). Despite considerable investments, the result was a positive free cash flow of CHF 0.5 million (first half year 2012/2013: CHF -1.5 million). Noteworthy events included the distribution of a share premium totalling CHF 2.1 million (CHF 2.00 per share) and the release of the conditional appropriation waiver for the employer contribution reserves amounting to CHF 1.3 million. This amount was credited to expenses.

E-banking: latest product generation launched

In the past half year, we have seen clear signs that the banking sector is increasingly realising the extraordinary ability of digitisation to transform its business activities. CREALOGIX's latest flagship product, CLX.E-Banking 2.0, is an open, innovative portal solution for building tomorrow's digital bank. It also addresses bank clients' increased mobile usage with new security solutions. We are obviously on the right track, judging from our customers' strong interest and our first important sales of the E-Banking 2.0 solution to banks in Switzerland. The first private bank launched the new product in late 2013, and so cantonal banks will start to follow suit over the next few months. We have made another important step towards internationalising our business: a major French bank has also decided to deploy the latest CREALOGIX product generation in future. CREALOGIX e-banking portal solutions and security products will then be used in over a dozen countries from Europe to Southeast Asia.

E-payment: focus on the future

Sales of slip scanners were adversely affected by competition from new smartphone apps for scanning in payment slips using smartphone cameras. Our current product portfolio covers a wide range of needs in payment solutions, especially for SMEs and associations. Demand is correspondingly high. We will continue to expand our offering for this target segment. The development of the innovative Swiss cloud solution that we announced in the previous financial report is in high gear, but will require more time than initially planned. The solution will start to be rolled out in summer 2014, first for corporate customers and then for private customers and associations. Investments in this forward-looking platform are also recognised as they are incurred.

Demand for our CLX.FTX communication module remains strong among software partners. It can be integrated with any software and allows data to be exchanged with virtually every bank in Switzerland.

Education: growth in the education sector

Sales of our products and services in the education sector grew further in the first half of 2013/2014. Customers all over the world now successfully use CREALOGIX tools and study modules. Thanks to our high quality standards and innovative teaching ideas, we expanded our customer base in the half year under review and added study modules for Mettler-Toledo and cash zweiplus, just to name a couple. We invested in new product development and the enhancement of established products for creating and distributing study materials, focusing on Swiss cloud solutions. Various companies, such as Walter Meier and Swisstransplant for example, are currently implementing our learning platforms. The time2learn education platform, used by more than 30 000 trainees, has been expanded to include two new apprenticeable occupations: IT professional and retail expert. The strategic alliance with Switzerland's largest universities of applied sciences, initiated about a year ago, is already bearing fruit in campus management systems: the first release of "Evento New Generation" has been delivered.

Outlook

We expect sales in the second half year to be higher than in the first half of 2013/2014. Overall, we thus currently assume that annual sales will be slightly higher than in the previous year. Profitability, however, will be lowered significantly by the ambitious new investment programmes.

Growing demand for our products and several attractive contracts outside of Switzerland have prompted us to push forward with the internationalisation of our Group with all our energy as part of a strategic initiative. Now that we are well-established in Germany with offices in Stuttgart and Munich, we will set up offices in London and Singapore in order to actively cultivate these markets. We believe that our innovative product portfolio for the digital bank of the future offers outstanding growth opportunities for us. It will be a demanding journey that requires considerable investment. This will significantly reduce profitability in the coming years. However, we are determined to seize this opportunity and establish CREALOGIX as a leading international provider of digital banking solutions.

Acknowledgements

On behalf of the Board of Directors and the Group Executive Management, I wish to thank all our staff members for their hard work in the first half of the 2013/2014 financial year. We are also grateful to our customers for their confidence in our performance and for their close cooperation. We would also like to sincerely thank you, as a valued shareholder, for your confidence in the CREALOGIX Group.



Bruno Richle

Chairman of the Board of Directors and CEO

CONSOLIDATED BALANCE SHEET

Amounts in thousands of CHF	31 December 2013	in %	30 June 2013	in %
A S S E T S				
Current assets				
Cash and cash equivalents	23 528		24 101	
Securities	2 485		2 428	
Trade receivables	6 197		9 674	
Other current receivables	239		2 084	
Prepaid expenses and accrued income	712		468	
Work in progress/inventories	3 029		4 330	
Total current assets	36 190	73.7	43 085	86.2
Non-current assets				
Financial assets	4 125		-	
Investments in associates	298		46	
Property, plant and equipment	1 979		1 951	
Intangible fixed assets	1 040		1 169	
Deferred tax assets	1 649		1 219	
Asset from employer contribution reserve	3 808		2 489	
Total non-current assets	12 899	26.3	6 874	13.8
Total A S S E T S	49 089	100.0	49 959	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade payables	1 474		800	
Other current liabilities	1 076		773	
Deferred income and accrued expenses	8 460		10 325	
Current provisions	212		279	
Income tax liabilities	321		38	
Total current liabilities	11 543	23.5	12 215	24.5
Non-current liabilities				
Deferred tax liabilities	1 333		1 157	
Total non-current liabilities	1 333	2.7	1 157	2.3
Total liabilities	12 876	26.2	13 372	26.8
Shareholders' equity				
Share capital	8 560		8 560	
Treasury shares	-374		-1 414	
Premium	17 277		19 396	
Other capital reserves	4 859		746	
Capital reserves	22 136		20 142	
Retained earnings	5 891		9 299	
Total shareholders' equity	36 213	73.8	36 587	73.2
Total LIABILITIES AND SHAREHOLDERS' EQUITY	49 089	100.0	49 959	100.0

The condensed notes to the consolidated financial statements on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2013/2014.

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of CHF	July – December 2013		July – December 2012	
		in %		in %
Sales	23 711	99.7	24 458	99.4
Other operating income	76	0.3	149	0.6
Operating revenue	23 787	100.0	24 607	100.0
Cost of goods sold	–3 833	–16.1	–6 099	–24.7
Change in inventories	333	1.4	1 091	4.4
Personnel expense	–15 451	–65.0	–14 515	–59.0
Depreciation of property, plant and equipment	–336	–1.4	–321	–1.3
Amortisation on intangible fixed assets	–297	–1.2	–231	–0.9
Marketing expenses	–680	–2.9	–539	–2.2
Rent, maintenance and repairs	–936	–3.9	–904	–3.7
General and administration expenses	–1 523	–6.4	–1 036	–4.2
Operating profit (EBIT)	1 064	4.5	2 053	8.3
Financial income	137	0.6	129	0.5
Financial expenses	–43	–0.2	–18	–0.1
Financial result	94	0.4	111	0.5
Prorated income from associates	–362	–1.5	–	0.0
Ordinary earnings before tax	796	3.3	2 164	8.8
Income tax	–113	–0.5	–748	–3.0
Consolidated profit	683	2.9	1 416	5.8

The condensed notes to the consolidated financial statements on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2013/2014.

CHANGES IN CONSOLIDATED SHAREHOLDER'S EQUITY

Amounts in thousands of CHF	Share capital	Treasury shares	Capital reserve	Retained earnings	Translation differences	Total shareholders' equity
on 30 June 2012	8 560	-721	22 222	8 552	-613	38 000
Netting of goodwill				-587		-587
Distribution of share premium			-2 121			-2 121
Exchange differences due to reclassification				-371	371	-
Currency translation differences					-2	-2
Consolidated profit				1 416		1 416
Change in treasury shares		163	41			204
on 31 December 2012	8 560	-558	20 142	9 010	-244	36 910
on 30 June 2013	8 560	-1 414	20 142	9 549	-250	36 587
Distribution of share premium			-2 118			-2 118
Transfer from retained earnings to capital reserves			4 092	-4 092		-
Currency translation differences					1	1
Consolidated profit				683		683
Change in treasury shares		1 040	20			1 060
on 31 December 2013	8 560	-374	22 136	6 140	-249	36 213

The condensed notes to the consolidated financial statements on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2013/2014.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of CHF	July – December 2013	July – December 2012
Consolidated profit	683	1 416
Income tax	113	748
Depreciation/amortisation	633	552
Impairment of trade receivables	29	2
Defined-benefit pension plans	-1 319	-
Gain/loss on sale of non-current assets	-	7
Financial result	-94	-111
Share of profit of associates	362	-
Trade and other receivables	3 049	3 343
Work in progress/inventories	1 301	-1 247
Trade and other payables, incl. tax liabilities	-956	-4 003
Gross cash flow from operating activities	3 801	707
Interest received	75	39
Interest paid	-3	-4
Tax received	465	-
Tax paid	-548	-187
Net cash flow from operating activities	3 790	555
Cash flow from investing activities		
Purchase of property, plant and equipment	-415	-379
Disposal of property, plant and equipment	52	78
Purchase of intangible fixed assets	-168	-260
Purchase of associates	-298	-
Extension of loans	-1 827	-
Other financial assets	-626	-10
Disposal of organisations, net of cash disposed	-	-26
Acquisition of organisations, net of cash acquired	-	-1 469
Cash flow from investing activities	-3 282	-2 066
Free cash flow	508	-1 511
Cash flow from financing activities		
Distribution of share premium	-2 118	-2 121
Purchase/sale of treasury shares – net	1 060	204
Cash flow from financing activities	-1 058	-1 917
Net change in cash and cash equivalents	-550	-3 428
Cash and cash equivalents at beginning of period	24 101	29 297
Effects of exchange rates changes	-23	20
Cash and cash equivalents at end of period	23 528	25 889

The condensed notes to the consolidated financial statements on pages 13 to 16 are an integral part of these consolidated financial statements for the first half of 2013/2014.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information

CREALOGIX Holding AG (the Company) and its subsidiaries (together the CREALOGIX Group) provide innovative products and advanced services for the digital bank of the future (Bank 2.0 powered by CREALOGIX).

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

The Group's registered shares (CLXN) are traded on the SIX Swiss Exchange under Swiss security number 1 111 570.

This half-year statement was approved for issue by the Board of Directors on 11 March 2014.

Subsidiaries

As of 31 December 2013, the following companies were included in the Group's scope of consolidation:

Company	Activity	Capital	Ownership interest	Proportion of voting rights
CREALOGIX AG, Zurich, Switzerland (formerly CREALOGIX E-Business AG, Bubikon, Switzerland)	Consultancy and services in information technology and data communication	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany (formerly CREALOGIX AG, Stuttgart, Germany)	Consultancy and services in information technology and data communication	EUR 100 000	100%	100%
CREALOGIX International AG, Stuttgart, Germany	Development/trading of/with software	EUR 50 000	100%	100%
CREALOGIX Corp., Toronto, Canada	Consultancy and services in information technology and data communication	CAD 100 000	100%	100%
3logix AG, Altendorf, Switzerland	Development, distribution, and licensing of software and information technology services of every kind for the financial industry	CHF 100 000	49%	49%
Qontis AG, Zurich, Switzerland	Establishment and operation of a highly automated independent multibank Personal Finance Management (PFM) platform	CHF 800 000	37%	37%

Summary of significant accounting and valuation policies

These unaudited consolidated interim financial statements for the first half of 2013/2014 for the period ending 31 December 2013 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 consolidated financial statements are reported in Swiss francs (CHF), the Company's reporting currency. In tables, money values are presented in thousands of CHF, if not mentioned otherwise.

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

Exchange rates

	Year-end rates (balance sheet)		Average rates (income statement)	
	31 December 2013	30 June 2013	July – December 2013	July – December 2012
EUR	1.23	1.21	1.23	1.21
CAD	0.85	0.93	0.85	0.95
USD	0.90	0.92	0.90	0.95

Trade receivables

Trade receivables declined compared to 30 June 2013 because June 2013 was an extraordinary high revenue month.

Other current receivables

Other current receivables declined significantly compared to 30 June 2013 because an entire year's worth of advance payments for social insurance (pension fund, etc.) were made at the beginning of the calendar year. The receivables will decline steadily in the course of calendar year.

Financial assets

Subordinated loans of CHF 3385 thousand were extended to associates. The CREALOGIX Group also acquired a stake of CHF 615 thousand in Meniga, an Icelandic software company. The remaining CHF 125 thousand are comprised of various items.

Investments in associates

Within the framework of a cooperation, CREALOGIX has taken a minority stake in Qontis AG as its technology supplier. This results in an increase of investments in associates

Property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis, where the purchasing costs are written off against the residual book values over the anticipated useful economic lifetime of the assets as follows:

	Years
Furniture and fixed installations	10
IT and communications system	2
Office Machines and other office equipment	5
Vehicles	5
Property	40

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

Intangible fixed assets

Intangible fixed assets are amortised under the item using the straight line method, with the purchasing costs being depreciated to the residual book value over the expected useful economic life of the asset, as follows:

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

Asset from employer contribution reserve

The plan assets of the pension funds are held in separate legally independent foundations. In order to cover the insurance benefits for the risks death, disability and longevity, reinsurance cover has been taken out with a collective insurer.

The information about the financial situation of the pension funds is always based on the foundation's statements as at 31 December of the financial year.

Since the obligatory pension fund was overfunded, the conditional appropriation waiver of CHF –1319 thousand was released and recognised in profit and loss as at 31 December 2013.

Deferred income and accrued expenses

Deferred income and accrued expenses declined compared to 30 June 2013 primarily because maintenance for our products is charged for the entire period in advance on 1 January and recognised as deferred income on 30 June. In addition, the payment of earnings-dependent compensation is made to employees in the second half of the calendar year.

Segment information

Geographical segments

The Group's main activity is in two geographical segments: Switzerland, the home country of the Group, where the main activities also take place, and in Europe.

Sales	July – December 2013	July – December 2012
Switzerland	19 061	20 136
Europe	4 587	4 332
Other countries	63	-10
Total Group	23 711	24 458

Sales by category

Sales	July – December 2013	July – December 2012
Net sales from services	10 689	12 255
Net sales of goods	1 987	3 567
Net sales from licensing fees	11 035	8 636
Total sales	23 711	24 458

Share capital

The total number of issued registered shares is 1 070 000 (previous year: 1 070 000).

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

Since 4 November 2013, the authorised capital consisted of 300 000 registered shares with a par value of CHF 8 per share for the acquisition of organisations.

Since 15 November 2012, the Company's conditional share capital consisted of 250 000 registered shares with a par value of CHF 8 per share in connection with the issuance of convertible bonds, warrant-linked bonds or other financial market instruments.

Goodwill

	July–December 2013	July–December 2012
Consolidated profit, as reported	683	1 416
Planned amortisation of goodwill (5 years)	-805	-714
Impairment	0	0
Consolidated profit with capitalised goodwill	-122	702
Cost value of goodwill at start of period	23 994	22 810
Additions	0	587
Cost value of goodwill at end of period	23 994	23 397
Value adjustments at start of period	-19 163	-17 616
Planned amortisations	-805	-714
Impairment	0	0
Value adjustments at end of period	-19 968	-18 330
31 December 2013		
Net value with capitalised goodwill at start of period	4 831	5 194
Net value with capitalised goodwill at end of period	4 026	5 067
Shareholders' equity, as reported	36 213	36 910
Effect of capitalised goodwill in balance sheet at start of period	4 831	5 194
Additions	0	587
Effect of capitalised goodwill in the income statement	-805	-714
Equity with capitalised goodwill	40 239	41 977

Events after the balance sheet date

Since 31 December 2013 (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 11 March 2014.