

## Letter to Shareholders regarding the First Half Year 2010

Zurich, 1 September 2010

To our valued Shareholders  
Dear Staff Members  
Dear Friends and Partners of Tamedia

During the first half year of 2010, the media group, Tamedia, increased its sales moderately by 2.4 per cent to CHF 386.4 million (previous year CHF 377.3 million). The growth in sales results in particular from the newly acquired media such as *search.ch*, the *Zürcher Unterländer* and the *Zürichsee-Zeitung*. At the same time, the cost reduction measures implemented in the previous year led to a significant decrease in the operating expenses of 8.8 per cent to CHF 320.4 million. The operating income before depreciation and amortisation (EBITDA) showed as a result a significant increase of 154.4 percent to CHF 66.1 million (previous year CHF 26.0 million). The EBITDA margin is now 17.1 percent (previous year 6.9 per cent). At CHF 48.8 million, Tamedia's operating income after depreciation and amortisation (EBIT) is significantly higher than in the previous year (CHF 9.1 million). The EBIT margin amounts to 12.6 per cent (previous year 2.4 per cent).

The result from the continued operations increased to CHF 49.9 million (previous year CHF 5.7 million) in the first half year 2010. The newly acquired participation of 49.9 percent in Presse Publications SR S.A. (PPSR), which encompasses the Swiss media activities of Edipresse, contributed CHF 10.8 million to the result. Excluded from the continued operations are in particular the activities of the *Thurgauer Zeitung*, which was sold to the NZZ media group in mid-April 2010. The overall result including the discontinued operations now amounts to CHF 52.5 million (previous year CHF 0.8 million).

The advertising investments, which had continuously decreased since June 2008, have stabilised in the first half year 2010 at a significantly lower level. Individual months of the first half year show increasing advertising investments as compared to the previous year. The job advertisements, which react with some delay to an upswing in the job market, showed again with -8.8 per cent a decline. The total advertising sales of the Swiss press were, with an increase of 0.4 per cent in the first half year, marginally above the previous year's figure, but were, however, with -18.5 per cent, still significantly below the figure for the first half year 2008. Tamedia expects largely stable advertising investments in the coming months.

<b>Key Data</b> in CHF million	<b>30.06.2010</b>	<b>30.06.2009<sup>1</sup></b>	<b>Change in %</b>
<b>Operating revenues</b>	<b>386.4</b>	<b>377.3</b>	2.4
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>66.1</b>	<b>26.0</b>	154.4
Margin	in % 17.1	6.9	148.4
<b>Operating income (EBIT)</b>	<b>48.8</b>	<b>9.1</b>	438.4
Margin	in % 12.6	2.4	425.6
<b>Result from continued operations</b>	<b>49.9</b>	<b>5.7</b>	768.6
Result from discontinued operations	2.7	(5.0)	(153.4)
<b>Net income</b>	<b>52.5</b>	<b>0.8</b>	n.a.
Margin	in % 13.6	0.2	n.a.
<b>Net income per share</b>	in CHF 5.03	0.06	n.a.
<b>Cash flow from operations</b>	<b>79.4</b>	<b>15.5</b>	412.6
<b>Balance sheet total as of 30.06. / 31.12.</b>	<b>1321.3</b>	<b>1145.0</b>	15.4
<b>Equity ratio</b>	in % 63.2	70.8	(10.3)

<sup>1</sup> The figures for the previous period were adjusted retroactively as a result of the reclassification of the discontinued operations. Additional details can be found in the section Reclassification of discontinued operations.

## Report on Tamedia's Business Operations for the First Half Year 2010

The figures shown in all tables have been rounded. Because the calculations reflect a higher level of numerical accuracy, it is possible that small rounding differences may occur.

### Information by segment of the continued operations

	Newspapers	Magazines	Electronic media	Services	Eliminations	Total		
<b>As of 30.06.2010</b>								
Revenues third parties	249.6	48.4	50.4	38.1	0.0	<b>386.4</b>	in CHF million	
Revenues intersegment	5.4	0.3	2.4	61.3	(69.3)	<b>0.0</b>		
<b>Operating revenues</b>	<b>255.0</b>	<b>48.7</b>	<b>52.8</b>	<b>99.4</b>	<b>(69.3)</b>	<b>386.4</b>		
Operating expenses	(224.3)	(39.3)	(49.8)	(76.3)	69.3	<b>(320.4)</b>		
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>30.6</b>	<b>9.4</b>	<b>3.0</b>	<b>23.1</b>	<b>0.0</b>	<b>66.1</b>		
Depreciation and amortisation	(2.1)	(0.1)	(2.6)	(12.4)	0.0	<b>(17.2)</b>		
<b>Operating income (EBIT)</b>	<b>28.5</b>	<b>9.2</b>	<b>0.4</b>	<b>10.7</b>	<b>0.0</b>	<b>48.8</b>		
<b>As of 30.06.2009<sup>1</sup></b>								
Revenues third parties	237.0	48.0	41.4	51.0	0.0	<b>377.3</b>		
Revenues intersegment	16.9	0.4	0.6	68.4	(86.2)	<b>0.0</b>		
<b>Operating revenues</b>	<b>253.8</b>	<b>48.4</b>	<b>42.0</b>	<b>119.3</b>	<b>(86.2)</b>	<b>377.3</b>		
Operating expenses	(256.1)	(44.7)	(43.4)	(93.4)	86.2	<b>(351.3)</b>		
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>(2.2)</b>	<b>3.7</b>	<b>(1.4)</b>	<b>25.9</b>	<b>0.0</b>	<b>26.0</b>		
Depreciation and amortisation	(1.5)	(0.1)	(1.7)	(13.6)	0.0	<b>(16.9)</b>		
<b>Operating income (EBIT)</b>	<b>(3.7)</b>	<b>3.6</b>	<b>(3.1)</b>	<b>12.3</b>	<b>0.0</b>	<b>9.1</b>		

<sup>1</sup> The figures for the previous period were adjusted retroactively as a result of the reclassification of the discontinued operations. Additional details can be found in the section Reclassification of discontinued operations.

### Newspapers

The sales (operating revenues) of the Newspapers division increased by 0.4 per cent to CHF 255.0 million. The growth is due in particular to the publications *Zürcher Unterländer* and *Zürichsee-Zeitung*, which are included for the first time for two months, plus *20 Minuten* and the *SonntagsZeitung*. On the other hand, the *Berner Zeitung BZ* and the *Tages-Anzeiger* showed again decreases in sales. Tamedia's regional daily newspapers closed the first half year just with a balanced result. The development of the *Bund*, which shows a balanced result for the first time in more than a decade, is encouraging. The operating income before depreciation and amortisation (EBITDA) of the Newspapers division improved, thanks in particular to the cost reduction measures introduced in the previous year, from CHF -2.2 million to CHF 30.6 million. The operating income (EBIT) increased to CHF 28.5 million (previous year CHF -3.7 million). The EBIT margin of 11.2 per cent is significantly higher than the previous year's figure (-1.5 per cent).

### Magazines

The sales (operating revenues) of the Magazines division increased by 0.6 per cent to CHF 48.7 million. Positive contributions to the operating revenues were made by the *Schweizer Familie*, the specialist media *Mobil* and the people magazine *20 Minuten Friday*, which had been launched at the end of 2008. On the other hand, *annabelle* and *TVtäglich* showed declines in sales in a difficult market environment. The operating income before depreciation and amortisation (EBITDA) of the Magazines division improved across the board from CHF 3.7 million to CHF 9.4 million. The development of the *Schweizer Familie* in particular was again very satisfactory. The operating income (EBIT) increased substantially to CHF 9.2 million (previous year CHF 3.6 million). The EBIT margin is now at 19.0 per cent (previous year 7.4 per cent).

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## Electronic Media

The sales (operating revenues) of the Electronic Media division increased by 25.7 per cent to reach CHF 52.8 million. The growth results exclusively from the online media. Apart from the online platforms *search.ch*, *jobup.ch* and *swissfriends.ch*, which are included for the first time, *20 Minuten Online* and *Newsnetz* also contributed to the growth. The real estate platform *Homegate* continued to develop positively. The radio and TV activities did not meet the expectations and made no contribution to the result. The operating income before depreciation and amortisation (EBITDA) of the Electronic Media division improved by CHF 4.4 million to CHF 3.0 million (previous year CHF -1.4 million). The operating income (EBIT) increased to CHF 0.4 million (previous year CHF -3.1 million). The EBIT margin is now 0.7 per cent (previous year -7.3 per cent).

## Services


In the first six months of the year, the sales (operating revenues) of the Services division amounted to CHF 99.4 million, representing a decrease of 18.4 per cent in comparison to the previous year's figure of CHF 119.3 million. The sales of the printing facility DZO Druck Oetwil, which prints the Zurich regional newspapers, are included in the Services division for the first time. The again lower volumes in newspaper printing led, however, to significantly reduced sales in both the printing facilities and the pre-printing services. The operating income before depreciation and amortisation (EBITDA) decreased in consequence by 10.8 per cent to CHF 23.1 million (previous year CHF 25.9 million). On the other hand, the margin increased modestly from 21.7 to 23.2 per cent. The operating income (EBIT) decreased by 12.7 per cent to CHF 10.7 million (previous year CHF 12.3 million), which led to an increase in the EBIT margin by 0.5 per cent to 10.8 per cent (previous year 10.3 per cent).

Presse Publications SR S.A. (PPSR), which encompasses the significant Swiss media activities of Edipresse, fulfilled the high expectations in the first half year 2010. With sales of CHF 176.7 million, PPSR achieved an operating income after depreciation and amortisation (EBIT) of CHF 24.8 million. The EBIT margin was then at 14.0 per cent. The jointly operated commuter newspaper *20 minutes* and the also already merged online market places developed particularly satisfactorily. Since Tamedia holds, until the beginning of 2011, only a minority interest of 49.9 per cent in PPSR, its sales are not included in the half year figures of Tamedia. Based on the participation of 49.9 per cent, CHF 10.8 million, or almost half of the net income of CHF 21.6 million, nevertheless flowed into the net income of Tamedia.

Apart from the merger with the Swiss media activities of Edipresse, Tamedia's attention will be centred on the future of the Zurich regional newspapers in the coming months. Together with the partners, Ziegler Druck und Verlags-AG (*Der Landbote*) and Zürcher Oberland Medien AG (*Zürcher Oberländer*), possible forms of cooperation are currently being examined. The partners have already decided to operate their advertising business jointly as from 2011. Further projects should be concluded by the end of 2010.

We will inform you of the progress on these and other projects on Tuesday, 12 April 2011, on the occasion of the announcement of the results of the year 2010.

Yours sincerely,



Dr. Pietro Supino  
Chairman of the Board of Directors



Martin Kall  
Chairman of the Management Board

## Financial Report of Tamedia for the First Half Year 2010

<b>Consolidated Income Statement</b>	<b>30.06.2010</b>	<b>30.06.2009<sup>1</sup></b>	
<b>Operating revenues</b>	<b>386.4</b>	<b>377.3</b>	in CHF million
<b>Operating expenses</b>	<b>(320.4)</b>	<b>(351.3)</b>	
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>66.1</b>	<b>26.0</b>	
Depreciation and amortisation	(17.2)	(16.9)	
<b>Operating income (EBIT)</b>	<b>48.8</b>	<b>9.1</b>	
Share in earnings of associated companies	10.8	(0.1)	
Other financial income	3.9	(1.6)	
<b>Income before taxes</b>	<b>63.5</b>	<b>7.4</b>	
Income taxes	(13.6)	(1.6)	
<b>Income from continued operations</b>	<b>49.9</b>	<b>5.7</b>	
Income (loss) from discontinued operations	2.7	(5.0)	
<b>Net income</b>	<b>52.5</b>	<b>0.8</b>	
Attributable to			
Tamedia equity shareholders	52.4	0.6	
Minority interests	0.1	0.2	
<b>Net income per share (diluted and undiluted)</b>			in CHF
Net income per share (diluted and undiluted)	5.03	0.06	
Net income from continued operations per share (diluted and undiluted)	4.79	0.55	

<b>Consolidated statement of comprehensive income</b>	<b>30.06.2010</b>	<b>30.06.2009<sup>1</sup></b>	
<b>Net income</b>	<b>52.5</b>	<b>0.8</b>	in CHF million
Share in income of associated companies recognised directly in equity	(6.1)	0.0	
Value fluctuation of financial investments	(1.9)	0.4	
Actuarial gains/(losses) IAS 19	0.4	42.1	
Currency translation differences	0.3	(0.1)	
<b>Income recognised directly in equity (net of tax)</b>	<b>(7.3)</b>	<b>42.4</b>	
<b>Total comprehensive income recognised in equity</b>	<b>45.2</b>	<b>43.1</b>	
Attributable to			
Tamedia equity shareholders	45.1	42.9	
Minority interests	0.1	0.2	

<sup>1</sup> The figures for the previous period were adjusted retroactively as a result of the reclassification of the discontinued operations. Additional details can be found in the section Reclassification of discontinued operations.

<b>Consolidated balance sheet</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	
<b>Current assets</b>	<b>223.6</b>	<b>271.9</b>	in CHF million
Assets held for sale	19.5	32.0	
<b>Non-current assets</b>	<b>1078.1</b>	<b>841.1</b>	
<b>Assets</b>	<b>1321.3</b>	<b>1145.0</b>	
<b>Current liabilities</b>	<b>352.7</b>	<b>265.0</b>	
Liabilities associated with assets held for sale	2.3	4.2	
<b>Long-term liabilities</b>	<b>131.0</b>	<b>65.4</b>	
<b>Liabilities</b>	<b>485.9</b>	<b>334.6</b>	
<b>Equity. Tamedia shareholders' equity</b>	<b>830.1</b>	<b>804.6</b>	
Minority interests	5.3	5.7	
<b>Equity</b>	<b>835.4</b>	<b>810.3</b>	
<b>Liabilities and equity</b>	<b>1321.3</b>	<b>1145.0</b>	

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## Consolidated cash flow statement

	30.06.2010	30.06.2009	
<b>Cash flow from operations</b>	<b>82.6</b>	<b>37.8</b>	in CHF million
Cash flow from (for) other operating activities	(3.2)	(22.3)	
<b>Cash flow from operating activities</b>	<b>79.4</b>	<b>15.5</b>	
<b>Cash flow from (for) investing activities</b>	<b>(233.3)</b>	<b>(6.2)</b>	
<b>Cash flow after investing activities</b>	<b>(153.9)</b>	<b>9.3</b>	
<b>Cash flow from (for) financing activities</b>	<b>67.6</b>	<b>(38.9)</b>	
<b>Cash flow from (for) discontinued operations</b>	<b>14.5</b>	<b>(6.0)</b>	
Impact of foreign currency exchange	0.3	(0.1)	
<b>Change in cash and cash equivalents</b>	<b>(71.5)</b>	<b>(35.6)</b>	
Cash and cash equivalents as of 1 January	113.6	88.3	
Cash and cash equivalents as of 30 June	42.1	52.7	
<b>Change in cash and cash equivalents</b>	<b>(71.5)</b>	<b>(35.6)</b>	

## Change in equity

	Share capital	Treasury shares	Currency translation differences	Reserves	Equity, Tamedia shareholders' equity	Minority interests in equity	Equity	
<b>Balance as of 31.12.2008</b>	<b>106.0</b>	<b>(0.7)</b>	<b>0.3</b>	<b>642.7</b>	<b>748.0</b>	<b>(0.5)</b>	<b>747.5</b>	in CHF million
Dividends paid	0.0	0.0	0.0	(31.5)	(31.5)	0.0	(31.5)	
Net income	0.0	0.0	0.0	0.6	0.6	0.2	0.8	
Value fluctuation financial investments	0.0	0.0	0.0	0.4	0.4	0.0	0.4	
Actuarial gains/(losses) IAS 19	0.0	0.0	0.0	42.1	42.1	0.0	42.1	
Currency translation differences	0.0	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	
<b>Total comprehensive income, net of tax</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>43.0</b>	<b>42.9</b>	<b>0.2</b>	<b>43.1</b>	
Change in the scope of the consolidation	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	
(Purchase)/sale of treasury shares	0.0	(5.7)	0.0	0.0	(5.7)	0.0	(5.7)	
<b>Balance as of 30.06.2009</b>	<b>106.0</b>	<b>(6.4)</b>	<b>0.2</b>	<b>654.1</b>	<b>753.7</b>	<b>(0.4)</b>	<b>753.3</b>	
<b>Balance as of 31.12.2009</b>	<b>106.0</b>	<b>(8.2)</b>	<b>0.3</b>	<b>706.5</b>	<b>804.6</b>	<b>5.7</b>	<b>810.3</b>	
Dividends paid	0.0	0.0	0.0	(15.9)	(15.9)	0.0	(15.9)	
Net income	0.0	0.0	0.0	52.4	52.4	0.1	52.5	
Share in income of associated companies recognised directly in equity	0.0	0.0	0.0	(6.1)	(6.1)	0.0	(6.1)	
Value fluctuation financial investments	0.0	0.0	0.0	(1.9)	(1.9)	0.0	(1.9)	
Actuarial gains/(losses) IAS 19	0.0	0.0	0.0	0.4	0.4	0.0	0.4	
Currency translation differences	0.0	0.0	0.3	0.0	0.3	0.0	0.3	
<b>Total comprehensive income, net of tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>44.8</b>	<b>45.1</b>	<b>0.1</b>	<b>45.2</b>	
Change in the scope of the consolidation	0.0	0.0	0.0	0.0	0.0	(0.5)	(0.5)	
(Purchase)/sale of treasury shares	0.0	(3.7)	0.0	0.0	(3.7)	0.0	(3.7)	
<b>Balance as of 30.06.2010</b>	<b>106.0</b>	<b>(11.9)</b>	<b>0.6</b>	<b>735.4</b>	<b>830.1</b>	<b>5.3</b>	<b>835.4</b>	

## General comments

The unaudited consolidated semi-annual financial statements as of 30 June 2010 were prepared in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting. The same accounting principles as those in the Annual Report 2009 were applied and the standards and interpretations that were newly introduced as of 1 January 2010 were taken into account. The consolidated semi-annual financial statements were approved by the Board of Directors of Tamedia AG on 20 August 2010.

The financial reporting requires that the management and the Board of Directors make estimates and assumptions, which can have an impact on the amounts of the assets and liabilities, contingent liabilities, as well as the expenses and income shown in the financial statements for the reporting period. These estimates and assumptions not only take into account past experiences, but also developments in the state of the economy and are mentioned where relevant in notes. They are subject to risks and uncertainties. The actual results can differ from these estimates.

## Accounting principles

In the period under review, various new and revised standards (IFRS) and interpretations (IFRIC) became applicable for the first time. The most significant impacts are explained below:

- The revised version of IFRS 3 "Business Combinations" includes significant changes for the disclosure of transactions which occur after 1 January 2010. Under these, there exists for every business combination the option of valuing the majority interest acquired at fair value or at the proportionate share of the assets acquired. For businesses, the acquisition of which takes place in a number of steps, the participation already held is to be measured at the fair value at the time of the transfer of control. Gains or losses arising in this connection are to be taken to the income statement. Costs arising in connection with the acquisition are taken directly to the income statement. The revised standard has further an influence on the values which are to be recognised on the first consolidation and therefore also in the amount of the goodwill and the future results. The revision of this standard does not have any influence on these consolidated semi-annual financial statements.
- The revised standard IAS 27 "Consolidated and Separate Financial Statements under IFRS" addresses the acquisition or disposal of participations with or without a loss of control. According to this, changes in the ownership proportions are not to be reflected as an adjustment to the goodwill or in the income statement, but directly in the equity. The adaptation of this standard does not have any influence on these consolidated semi-annual financial statements.

Tamedia has further implemented the following standards and interpretations. Their first time application did not lead to any significant changes in the consolidation and valuation principles or in the financial position or results of operations.

- IAS 39 "Financial Instruments – Recognition and Measurement: Eligible Hedged Items" (amendments)
- IFRS 2 "Group Cash-settled Share-based Payment Transactions" (supplemented)
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- IFRS (2009) "Improvements to International Financial Reporting Standards"

The new and revised standards (IFRS) and interpretations (IFRIC) coming into effect at later dates will not be applied early.

## Reclassification of discontinued operations

Various activities, such as the *Thurgauer Zeitung* in particular, are disclosed both in the financial statements for the first half year 2010 and also retroactively as discontinued operations. This restatement affects the income statement, the cash flow statement and the segment information. The prior year figures of these components have therefore been restated.

## Changes in the consolidation scope

In the first half year 2010 the following changes in the consolidation scope have arisen:

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<b>Comfriends SA JobUp SA</b>	<p>As of 1 January 2010, Tamedia has increased its participation in Comfriends SA by a further 30 per cent to 50 per cent and has acquired a 50 per cent participation in Jobup SA. Edipresse and Tamedia combined their online market places for partnerships and jobs in these two companies.</p> <p>The costs of the transaction amounted to CHF 15.7 million in cash.</p> <p>In the first consolidation, assets of CHF 21.8 million and liabilities of CHF 4.8 million were provisionally taken over. The assets comprise, apart from cash and cash equivalents of CHF 0.04 million, also brands, customer base, platform and goodwill in the amount of CHF 17.5 million. The result recognised since 1 January 2010 (EBITDA) amounts to CHF 2.1 million.</p>
<b>Conradio AG</b>	<p>The company was merged into Espace Media AG retroactively as of 1 January 2010.</p>
<b>Huber &amp; Co. AG</b>	<p>As of 1 May 2010, Tamedia sold its 100 per cent participation in Huber &amp; Co. AG, which publishes the <i>Thurgauer Zeitung</i>, to FPH Freie Presse Holding AG.</p> <p>Through the deconsolidation of Huber &amp; Co. AG, assets of CHF 50.7 million (including cash and cash equivalents in the amount of CHF 8.7 million) and liabilities of CHF 14.6 million were derecognised. The sale price amounted to CHF 33.2 million and was settled through exchange for the shares in the Zurich regional newspapers acquired from FPH Freie Presse Holding AG.</p>
<b>Espace Media Radio AG</b>	<p>The company was merged into Espace Media AG retroactively as of 1 January 2010.</p>
<b>Zürichsee Presse AG Zürcher Unterland Medien AG</b>	<p>On 1 May 2010, Tamedia acquired 40 per cent of Zürichsee Presse AG, 100 per cent of Zürcher Unterland Medien AG and 37.6 per cent of Zürcher Oberland Medien AG from FPH Freie Presse Holding AG and 60 per cent of Zürichsee Presse AG from Zürichsee Medien AG. The registration of the participation in Zürcher Oberland Medien AG is subject to the approval of the company's board of directors. The companies publish the Zurich regional newspapers plus a number of advertising publications and operate jointly the printing facility, DZO Druck Oetwil am See.</p> <p>These companies, over which Tamedia has acquired direct or indirect control, were included by full consolidation. Zürcher Oberland Medien AG was included at equity as an investment in an associated company and is not included in the following information.</p> <p>The costs of the entire transaction amounted to CHF 48.2 million, of which CHF 18.5 million was paid in cash and CHF 29.7 million in settlement for Huber &amp; Co. AG, which was taken over by FPH Freie Presse Holding AG in exchange (see also below).</p> <p>In the first consolidation, assets of CHF 77.9 million and liabilities of CHF 38.7 million were provisionally taken over. The assets comprise, apart from cash and cash equivalents of CHF 6.7 million, also brands, customer base and goodwill in the amount of CHF 39.6 million. The result (EBITDA) recognised since 1 May 2010 amounts to CHF 1.4 million. Had the acquisition taken place as of 1 January 2010, the sales reported in the first half year 2010 would have been ca. CHF 21.4 million higher and the EBITDA ca. CHF 2.6 million higher.</p>

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## Acquisition Presse Publication SR S.A. (PPSR)

In a first step, Tamedia has taken over, as of 1 January 2010 for CHF 206.3 million in cash, a total of 49.9 per cent of the share capital of Presse Publications SR S.A. (PPSR), which encompasses the significant Swiss media activities of Edipresse. Of this, CHF 30.7 million is allocated to the directly held investments in the commuter newspaper *20 minutes* and the online jobmarket for intangible assets and synergies which arise through the combination of the activities.

In a second step, Tamedia will increase its investment by a further 0.2 per cent of the share capital as of the beginning of 2011 and thus take over control of PPSR. The company will be fully consolidated as from this date (full goodwill accounting). The outstanding 49.9 per cent, which will be acquired in 2013, will thereby be recognised as a long-term financial commitment in the amount of the cash value of the expected purchase price and the participation already held will be measured at the fair value at the time of the transfer of control. Tamedia has recognised the 49.9 per cent participation in PPSR at equity as an investment in an associated company since 1 January 2010. In the first half year, PPSR achieved sales of CHF 176.7 million and an EBIT in the amount of CHF 24.8 million. The share in the result of PPSR allocable to 49.9 per cent of the shares, amounting to CHF 10.8 million, is disclosed under the heading "Share in earnings of associated companies".

## Discontinued operations

The products and investments listed below are classified in the income statement and in the balance sheet as discontinued operations. The bases for the decisions to designate these activities as discontinued operations or as assets held for sale are the resolutions of the Board of Directors and the evaluation that the necessary criteria are fulfilled. Should assets held for sale exist for these operations as at the balance sheet date, these will be disclosed separately as such in the balance sheet. The prior year figures in the income statement and in the segment reporting are duly restated. No retroactive restatement takes place in the balance sheet.

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<b>Thurgauer Zeitung</b>	In April 2010, FPH Freie Presse Holding AG and Tamedia AG signed the contract for the transfer of the <i>Thurgauer Zeitung</i> . The <i>Thurgauer Zeitung</i> was then deconsolidated as of 1 May 2010.
<b>Der Murtenbieter and Anzeiger von Kerzers</b>	Freiburger Nachrichten AG took over as of 1 April 2010 the two subscribed local newspapers, <i>Der Murtenbieter</i> and <i>Anzeiger von Kerzers</i> , from Espace Media AG.
<b>Further Operations</b>	In the previous year, the early delivery activities, the commuter newspaper, <i>News</i> , and the motor cycle magazines, <i>Moto Sport Schweiz</i> and <i>Moto Sport Suisse</i> , were disclosed under the discontinued operations.

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The net assets held for sale decreased by a total of CHF 10.5 million from CHF 27.8 million to CHF 17.3 million. The sale of two properties in Frauenfeld and Wabern for CHF 21.3 million contributed to the change in the amount of assets held for sale. The decision to plan to sell two further properties led at the same time to an increase of CHF 10.8 million in the net assets held for sale.



Key figures of the discontinued operations	30.06.2010	30.06.2009	
Operating revenues	9.7	43.0	in CHF million
Operating expenses	(6.4)	(47.1)	
Depreciation and amortisation	(0.1)	(0.3)	
<b>Operating income (EBIT)</b>	<b>3.2</b>	<b>(4.4)</b>	
Financial income, net	0.0	(0.0)	
<b>Income before taxes</b>	<b>3.2</b>	<b>(4.4)</b>	
Income taxes	(0.5)	1.0	
<b>Income (loss) from the valuation of assets</b>	<b>0.0</b>	<b>(2.0)</b>	
Taxes on valuation	0.0	0.4	
<b>Income (loss)</b>	<b>2.7</b>	<b>(5.0)</b>	
Cash flow from operating activities	0.5	(4.7)	
Cash flow from investing activities	14.0	(1.3)	
Cash flow from financing activities	0.0	0.0	
<b>Change in cash and cash equivalents</b>	<b>14.5</b>	<b>(6.0)</b>	
Income (loss) per share <sup>1</sup>	0.26	(0.48)	in CHF
	<b>30.06.2010</b>	<b>31.12.2009</b>	
Current assets	0.0	0.0	in CHF million
Fixed assets	19.5	32.0	
<b>Assets</b>	<b>19.5</b>	<b>32.0</b>	
Current liabilities	(0.5)	0.0	
Long-term liabilities	(1.8)	(4.2)	
<b>Liabilities</b>	<b>(2.3)</b>	<b>(4.2)</b>	
<b>Net assets</b>	<b>17.3</b>	<b>27.8</b>	

<sup>1</sup> Both diluted and undiluted

## Income statement

Information on sales, EBITDA and EBIT for each division as well as for selected media is given in the segment information in the report on the business operations.

The current depreciation and amortisation increased slightly by CHF 0.3 million to CHF 17.2 million as compared to the first half year 2009.

The share in earnings of associated companies increased in the first half year 2010 by CHF 10.9 million to CHF 10.8 million. This increase came almost entirely from Presse Publications SR S.A. (PPSR), which encompasses the significant Swiss media activities of Edipresse. The other financial income improved by CHF 5.5 million to reach CHF 3.9 million. The influence from IAS 19 was the principal component. A positive effect of CHF 5.5 million resulted as compared with the negative effect of CHF -3.6 million in the first half year 2009.

The effective tax rate of the continued operations increased from 21.1 to 21.5 per cent.

## Balance sheet

In the first half of the year 2010, the balance sheet total increased by CHF 176.3 million from CHF 1,145.0 million to CHF 1,321.3 million. The equity increased by CHF 25.1 million to CHF 835.4 million. The equity ratio is now 63 per cent. The application of IFRIC 14 resulted in significantly lower fluctuations than in the previous year because of the weak performance of the plan assets, both in relation to the plan assets and benefit obligations to be included in the balance sheet as well as to the actuarial changes taken directly to the equity. As a result of the application of IFRIC 14, an amount of CHF 0.4 million (after deferred taxes) was shown as an increase in equity in 2010, whereas in the previous year an increase of CHF 42.9 million resulted. The informative value of the equity ratio as such, but also of its changes, becomes less significant through IFRIC 14. Dividends of CHF 15.9 million (CHF 1.50 CHF per share) were distributed to the shareholders of Tamedia AG. In addition, treasury shares in the value of CHF 3.7 million were purchased during the first six months of 2010. These are to be used in settling the purchase price of the third step

of the investment in Presse Publications SR S.A. which is to be paid in part in shares of Tamedia AG.

On the assets side of the balance sheet, the current assets of the continued operations decreased by CHF 48.3 million to CHF 223.6 million. At the same time, the fixed assets increased by CHF 237.0 million to CHF 1,078.1 million. The separately disclosed assets held for sale decreased by CHF 12.4 million to CHF 19.5 million. The largest changes in the current assets resulted from the decrease in the cash and cash equivalents by CHF 71.5 million and the increase of CHF 30.5 million in the other accounts receivable. These latter increased primarily due to the dividend receivable from the sold investment in Huber & Co. AG, the publisher of the *Thurgauer Zeitung*. The current liabilities contain a loan from Huber & Co. AG in the same amount. These two items will be set off when the dividend falls due in autumn 2010.

The increases due to the first time inclusion of the Zurich regional newspapers and the joint ventures as well as the investments of CHF 102.6 million in property, plant and equipment and intangible assets were compensated by the disposal of Huber & Co. AG in the amount of CHF 33.3 million and depreciation and amortisation of CHF 17.2 million. Two properties destined for sale with a net book value of CHF 12.7 million were reclassified from the fixed assets to the assets held for sale. The investments in associated companies increased by a net figure of CHF 192.6 million to CHF 219.7 million. This increase is due principally to the acquisition of 49.9 per cent of PPSR (see also the section Acquisition Presse Publication SR S.A.). Tamedia further acquired investments of 20 per cent in Olmero AG as of 23 February 2010 in a first step, of 15 per cent in Car4you Schweiz AG as of 5 March 2010 in a first step and of 37.6 per cent in Zürcher Oberland Medien AG as of 1 May.

The tests for obvious impairment of the carrying value of the goodwill did not indicate any necessity for write-downs.

The current liabilities showed an increase of CHF 87.7 million to CHF 352.7 million. This increase results in particular from the financing of the investment in PPSR. The financing arranged with a consortium of banks provides for longer term loans plus a short-term credit. There is also a loan from Huber & Co. AG which was eliminated as an internal relationship within the group until the disposal. This loan will in autumn 2010 be set off against a dividend receivable in the same amount, which is shown under the current assets. The accrued liabilities show, for seasonal reasons, a significant increase of CHF 15.6 million. The existing short-term provisions for social compensation plan benefits decreased by CHF 2.9 million during the first half year, whereas CHF 1.4 million was provided for at the same time for new commitments for social compensation plan benefits.

The long-term liabilities increased by CHF 65.5 million to CHF 131.0 million. The main components of this were the long-term financial liabilities from the financing of the acquisition of 49.9 per cent of the share capital of PPSR which increased by CHF 61.7 million to CHF 68.5 million. The long-term provisions decreased by CHF 1.2 million to CHF 5.6 million through the falling away of risks of legal proceedings.

#### **Events after the balance sheet date, respectively events not reflected in the financial statements**

No events after the balance sheet date are known which would need to be disclosed according to IAS 10. The communication of any events, in respect of which no conclusive decisions have been made up to the release of the financial reporting for the first half year 2010, will be made separately from this Letter to Shareholders.

#### **Financial calendar**

The orientation as to the results for the entire year 2010 is tentatively scheduled for Tuesday, 12 April 2011.

#### **Investor Relations**

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