

Income statement of Von Roll Holding AG for the year 2008

in CHF 1,000	Note	2008	2007
Operating income		–	–
Personnel expenses		-2,202	- 898
Operating expense	1	-18,173	-23,621
Net operating income		-20,374	-24,519
Income from investment		8,380	8,225
Other financial income		3,822	7,302
Other income	2	171,000	29,030
Other financial expense	4	-21,849	-1,444
Net operating income before tax		140,978	18,594
Exceptional income		5,637	950
Exceptional expense		-4	-397
Profit/loss before tax		146,611	19,147
Income tax		–	–
Profit (loss) after tax		146,611	19,147

Balance sheet of Von Roll Holding AG as of December 31, 2008

Assets

in CHF 1,000	Note	2008	2007
Long-term assets			
Loans and long-term receivables with group companies		166,180	111,275
Investments in group companies	2 / 3	379,403	70,376
Long-term securities		270	270
Own shares	4	47,961	8,672
Long-term assets		593,814	190,593
Current assets			
Cash and cash equivalents		23,994	292,155
Receivables from group companies		42,993	59,105
Receivables from third parties		1,492	295
Accrued income		1,642	1,465
Current assets		70,122	353,020
Total assets		663,936	543,613

Equity and liabilities

in CHF 1,000	Note	2008	2007
Equity			
Share capital	5	18,478	18,478
Legal reserves		20,882	81,655
Share premium		320,226	320,226
Reserve for own shares		69,446	8,672
Net profit shown in the balance sheet			
– Accumulated profit		41,441	40,663
– Profit after tax		146,611	19,147
Equity		617,083	488,841
Liabilities			
Financial liabilities to third parties		–	26,683
Long-term provisions		8,129	9,452
Payables to group companies		23,561	11,138
Payables to third parties		3,458	2,501
Short-term provisions		78	4,288
Accrual for purchase price consideration		10,577	–
Deferred income		1,050	710
Liabilities		46,852	54,772
Total equity and liabilities		663,936	543,613

Notes to the statutory financial statements 2008 of Von Roll Holding AG

1. Operating expenses

The operating expenses in 2008 consist mainly of due diligence costs for acquisitions that have not yet been completed (CHF 6.0 million) and Group-internal invoicing of CHF 9.2 million.

2. Other income

Both in financial year 2007 and in financial year 2008, other income consists solely of the reversal of a former impairment on an investment by Von Roll Schweiz AG.

3. List of subsidiaries

Name and registered office	Percentage of shareholding	Country	Share capital currency	Share capital amount (in 1,000)	Principal activity
Von Roll Schweiz AG, Breitenbach	99.99 %	CH	CHF	16,000	Prod. and sales
Von Roll Solar AG, Breitenbach	31.00 %	CH	CHF	100	Prod. and sales
Von Roll Immobilien AG, Breitenbach	100.00 %	CH	CHF	1,000	Real Estate Management
Von Roll Management AG, Au/Wädenswil	100.00 %	CH	CHF	1,500	Management
Von Roll Finanz AG, Au/Wädenswil	100.00 %	CH	CHF	100	Financing
Von Roll Hong Kong Holding Ltd., Hong Kong	100.00 %	CN	HKD	10	Holding
Von Roll USA Holding Inc., Wilmington/Delaware	100.00 %	US	USD	–	Holding
Von Roll USA, Inc., Schenectady/New York	100.00 %	US	USD	250	Prod. and sales
Pearl Insulations Pvt. Ltd, Bangalore	36.75 %	IN	INR	23,126	Prod. and sales
Pearl Metal Products (Bangalore) Pvt. Ltd, Bangalore	36.75 %	IN	INR	26,828	Prod. and sales
Von Roll Transformers Ltd., Ramat Ha'Sharon	100.00 %	IL	ILS	7,200	Prod. and sales

4. Treasury shares

As of the reporting date, Von Roll Holding AG held 6,261,249 treasury shares (2007: 1,080,000), which were valued at the balance sheet price of CHF 7.66 (2007: CHF 8.08). The valuation at the balance sheet price resulted in a loss of TCHF 21,484, which is included in other financial expense. In financial year 2008, Von Roll Holding AG acquired 8,399,105 (2007: 1,080,000) treasury shares at an average price of CHF 11.60 (2007: CHF 8.03). The highest price for the purchased shares was CHF 13.00 (2007: CHF 10.30), while the lowest price at which treasury shares were acquired was CHF 6.30 (2007: CHF 7.31). In 2008, 3,217,856 treasury shares were sold at an average price of CHF 11.62. This figure includes sales at a high of CHF 12.19 and a low of CHF 7.05. No treasury shares were sold in financial year 2007.

5. Share capital

	2008	2007
Number of issued shares	184,778,889	184,778,889
Nominal value in CHF	0.10	0.10
Share capital in CHF	18,477,889	18,477,889

The share capital as of December 31, 2008 consists of 184,778,889 bearer shares. The par value per share is CHF 0.10. No authorised or conditional capital is outstanding.

6. Major shareholders (pursuant to Article 663c of the Swiss Code of Obligations)

According to the latest available information, the major shareholders are:

Shareholders	2008	2007
August von Finck, Munich (Germany)		
Francine von Finck, Munich (Germany)		
August François von Finck, Freienbach (Switzerland)		
Maximilian von Finck, Freienbach (Switzerland)		
Maria Theresia von Finck, Munich (Germany)		
Von Roll Holding AG, Au/Wädenswil (Switzerland)	66.98 %	
The above-mentioned figure include:		
Von Roll Holding AG, Au/Wädenswil (Switzerland)	3.39 %	
August von Finck, Munich (Germany)		
August François von Finck, Pfäffikon (Switzerland)		
Francine von Finck, Munich (Germany)		
Maximilian von Finck, Bäch (Switzerland)		
Maria Theresia von Finck, Munich (Germany)		43.75 %
Deutsche Bank AG, Frankfurt (Germany)		
DWS Investment GmbH, Frankfurt (Germany)		3.55 %

7. Contingent liabilities to third parties

in CHF 1,000	2008	2007
Guarantees	23,962	121,590

The guarantee for a project carried out by Von Roll Inova (a former business segment of Von Roll) totalling TUSD 75,768, which was included in guarantees last year, was returned in financial year 2008. The additional bank guarantee issued by Von Roll Inova in favour of Von Roll Holding AG was therefore not extended.

The physical return of the final bank guarantee for the purchase of the Shenzhen Mica Group (approximately CHF 4.3 million) should be completed shortly.

Von Roll Holding AG has issued letters of comfort to various subsidiaries for existing bank loans. None of these loans was drawn down on December 31, 2008.

8. Unreported lease commitments

As of December 31, 2008, the total figure for unreported lease commitments amounted to TCHF 111 (2007: TCHF 153).

9. Board of Directors and management remuneration

Board of Directors for 2008:

	Guido Egli Vice-Chairman active 2008	Gerd Amtstätter Member active 2008	Gerd Peskes Member active 2008	Peter Kalantzis Member active 2008	total 2008
Benefits					
Fixed benefits (incl. pension contributions)	151	93	97	97	438
Other benefits	–	7	–	–	7
Total	151	100	97	97	445

Board of Directors for 2007:

	Guido Egli Vice-Chairman active 2007	Gerd Amtstätter Member active 2007	Gerd Peskes Member active 2007	Peter Kalantzis Member active 2007	Oskar K. Ronner Member resigned 2007	Alfred M. Niederer Member resigned 2007	Thierry Lalive d'Epinau Member resigned 2007	Thomas Straumann Member resigned 2007	total 2007
Benefits									
Fixed benefits (incl. pension contributions)	49	26	79	27	216	121	48	49	615
Consulting fees	–	–	–	–	–	60	35	–	95
Total	49	26	79	27	216	181	83	49	710

The compensation for the Chairman of the Board of Directors Thomas Limberger is included in the compensation for the Management due to his dual function as Chairman of the Board of Directors and CEO.

Management:

	Thomas Limberger CEO 2008	Key management total 2008	Thomas Limberger CEO from August 2007 2007	Walter T. Vogel CEO until August 2007 2007	Key management total 2007
Benefits					
Fix benefits	1,496	2,836	563	293	1,833
Variable benefits	296	521	225	672	1,474
Shares/options					
Options	128	194	224	–	332
Other benefits					
Termination benefits	–	–	–	121	435
Pension contributions	155	399	62	83	397
Health and accident insurance contributions	3	13	2	2	20
Other Compensation	70	228	25	15	128
Total	2,149	4,190	1,101	1,186	4,619

Details of options:

in CHF 1,000	2008	2007
Thomas Limberger Chairman of the Board and Chief Executive Officer (300,000 options)	128	224
Jürgen Bremer Chief Legal and HR Officer (100,000 options)	33	54
Andreas Harting Chief Marketing Officer (100,000 options)	33	54
Total	194	332

In 2007, a stock option plan for the Executive Management was introduced. Non-transferable stock options may be granted free of charge each year; however, there is no obligation to grant any options. The options may be exercised at any time for a period of three years for a price determined at the grant date, if at the time of exercise, the executive officer is still employed by the company. A maximum of 50% of the options granted may be exercised each year. The options can only be settled in shares (equity settlement). The potential commitment to provide shares for options will be covered solely by the purchase of shares on the stock exchange.

In 2007, 500,000 options to acquire 500,000 shares were granted to the Executive Management. The exercise price was fixed at CHF 20. The issued options may be exercised from the grant date until December 31, 2010; however, only 50% may be exercised in 2007 and 2008, and 50% in 2009.

The options granted are valued on the basis of the Black-Scholes option pricing model and have an average fair value of CHF 1.05. The volatility rate of 46.12% is based on historically observed stock prices. The risk-free interest rate of 3.25% is based on Swiss government bonds with similar maturities. The underlying dividend yield is expected to be 1.06%.

No options were exercised in the reporting period, neither have any lapsed.

On 31 December 2008, members of the Board of Directors, members of the management team and parties related to them held the following shares:

Number	2008	2007
Thomas Limberger Chairman of the Board and Chief Executive Officer	100	100
Guido Egli Vice Chairman of the Board of Directors	1,067	1,067
Gerd Amtstätter Member of the Board of Directors	466,667	466,667
Peter Kalantzis Member of the Board of Directors	1,333	1,333
Jürgen Bremer Chief Legal and HR Officer	7,666	7,666
Andreas Harting Chief Marketing Officer	100	100
Total	476,933	476,933

10. Risk assessment

The Board of Directors and Executive Management attach a great deal of importance to dealing carefully with risk and extended their risk management systems in the reporting year. In addition to ensuring that comprehensive and effective insurance cover is in place, risk management involves the systematic identification, assessment and reporting of strategic, operational and financial risk. Strategic risk is primarily assessed by the Board of Directors, while financial and operational risk is the responsibility of Executive Management. The Risk Officer reports to Executive Management on risk management every six months. The Board of Directors is immediately advised of risks entailing a gross exposure in excess of CHF 25 million.

Risk management is not only limited to the Group's finances but includes all business segments and companies. Integration of Von Roll Transformers Ltd. in the risk management system will be implemented in the next financial year. Suitable management tools were assigned to identified risks. Risks were distinguished in accordance with their significance in the key processes procurement, production and sales and in accordance with risks in support processes such as IT, communications technology and Human Resources.

In 2008, the Board of Directors and the management introduced a six-monthly risk assessment and risk management process. The risk assessment carried out every six months is based on information obtained in interviews with key staff. Risks are categorised in accordance with the same framework as that used in the internal control system. For the top ten risks (including those which can lead to incorrect or fraudulent reporting), a detailed analysis of the probability of their occurring and their impact was carried out, which constitutes the basis for the introduction of a proportionate risk management system.

Risk management activities are focused on hedging currency and metal price risks and in managing receivables. New risks were also identified via direct contact between departments and the risk management team.

11. Significant events after the balance sheet date

The basis for Bank von Roll AG (previously Von Roll Finanz AG) starting operations was provided by the banking licence issued by Swiss Federal Banking Commission at the end of 2008. Bank Von Roll AG's operations are focused on traditional asset management and investment consultancy services for private and institutional clients. Bank Von Roll AG is a joint stock company incorporated under Swiss law and based in Zurich. The company was established on December 19, 2008 under the name Von Roll Finanz AG and was registered in the Commercial Register of the Canton of Zurich on December 21, 2007. Following a resolution by the Extraordinary General Meeting on January 19, 2009, the company was renamed Bank von Roll AG. The Extraordinary General Meeting of Bank Von Roll on January 19, 2009 approved the increase in the ordinary nominal share capital of TCHF 17,900 to TCHF 18,000 by issuing 35,800 new registered shares each with a nominal value of CHF 500. Following this capital increase, shareholders in Von Roll Holding AG were offered shares in Bank Von Roll AG in proportion to their existing holding in Von Roll Holding AG.

Von Roll Holding AG waived its right to subscribe to the new registered shares; however, it has acquired a 3% holding in Bank Von Roll AG because of its holding of treasury shares.

Proposed appropriation of accumulated profits

The Board of Directors' proposal to the 186th Annual General Meeting to use accumulated profits is as follows:

in CHF 1,000	2008	2007
Profit carried forward from previous years	41,441	40,663
Profit after tax	146,611	19,147
Accumulated profit	188,052	59,810
Proposal:		
Distribution of dividend (maximum)	36,956	18,369
Profit carry forward	151,096	41,441

The Board of Directors proposes the payment of a dividend of CHF 0.20 per share to a maximum of 184,778,889 bearer shares.

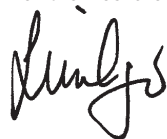
Shares owned by the company do not carry a dividend, which is why the dividend paid out may differ from the maximum figure shown.

After the appropriation of the accumulated profit the equity reconciles as follows:

in CHF 1,000	2008	2007
Share capital	18,478	18,478
Legal reserves	20,882	81,655
Share premium	320,226	320,226
Reserve for own shares	69,446	8,672
Net income shown in the balance sheet	151,096	41,332
Equity	580,128	470,363

Breitenbach, March 5, 2009

Von Roll Holding AG
For the Board of Directors:



Thomas Limberger
Chairman of the Board of Directors