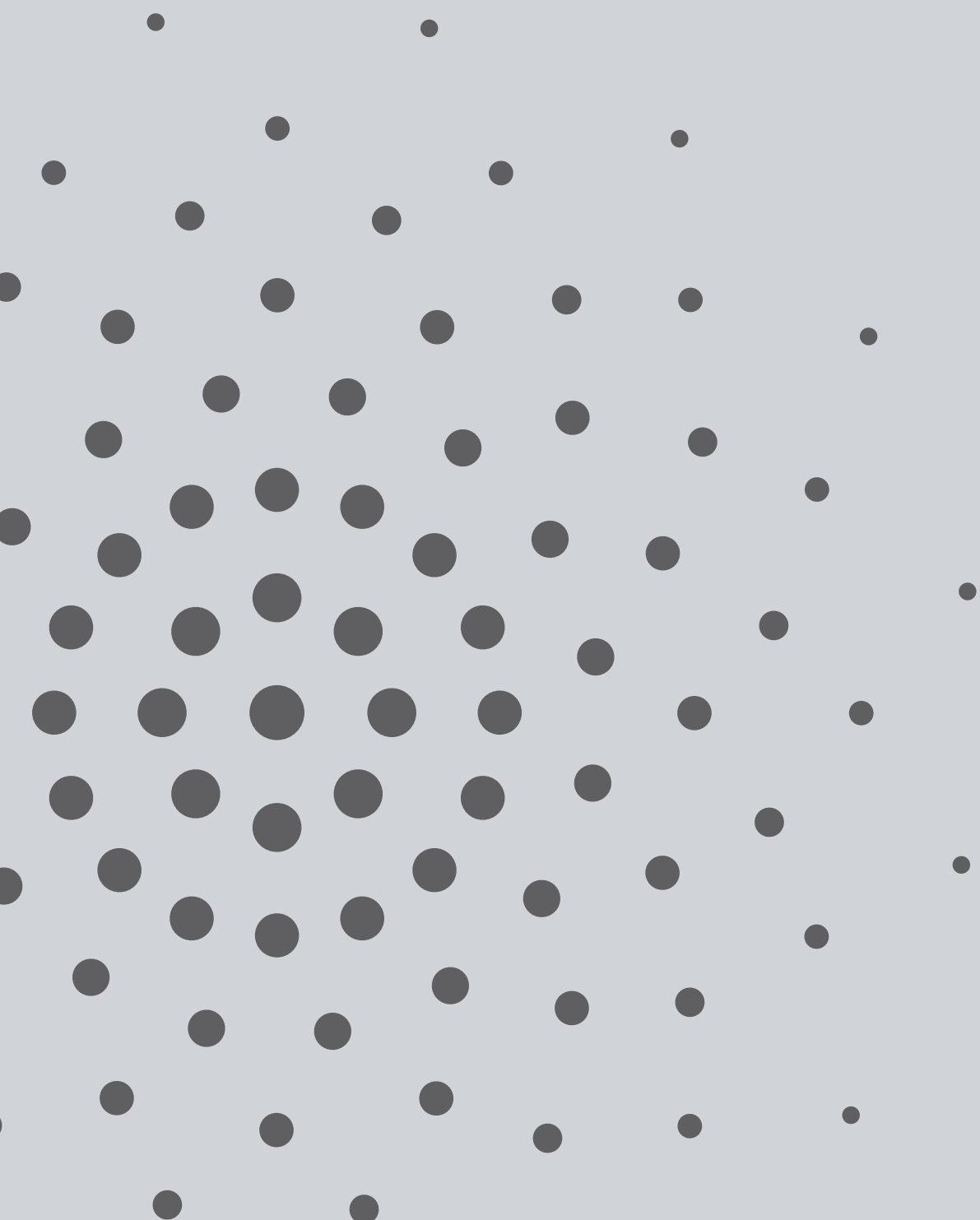


# 11

## Semi-Annual Report

We Enable Energy



Von Roll's order intake increased by 35.2% to CHF 353.7 million at constant exchange rates in the first half of 2011, at current exchange rates orders received rose by 20.8% to CHF 316.0 million. At constant exchange rates, Von Roll was able to increase sales by 10.2% to CHF 315.3 million. However, at current exchange rates sales slightly fell by 1.7% to CHF 281.1 million. EBIT amounted to CHF 8.8 million in the first half of 2011 compared to CHF 11.9 million in the same period in the previous year.

## Key figures

in CHF 1,000	H1 2011	H1 2010 (restated)	Variation
Order intake	316,017	261,602	20.8%
Net sales <sup>1</sup>	315,269	286,117	10.2%
Net sales	281,110	286,117	-1.7%
Operating EBIT <sup>2</sup>	8,780	11,881	-26.1%
- In % of net sales	3.1%	4.2%	-1.1 ppt
EBIT	8,782	11,943	-26.5%
- In % of net sales	3.1%	4.2%	-1.1 ppt
Profit before taxes	4,745	12,026	-60.5%
- In % of net sales	1.7%	4.2%	-2.5 ppt
Net income	3,419	9,412	-63.7%
- In % of net sales	1.2%	3.3%	-2.1 ppt
Cash flow from operating activities	-17,919	-12,136	-47.7%
Capital expenditure	7,916	6,358	24.5%
Net liquidity	-3,552	20,203	-117.6%
Equity	295,682	363,578	-18.7%
Equity ratio	63.1%	66.2%	-3.1 ppt
Number of employees (as of reporting date)	2,893	3,030	-4.5%

<sup>1</sup> 2011: Adjusted for currency translation effects

<sup>2</sup> Reconciliation from operating EBIT to EBIT see page 12

## Key figures per share

in CHF	H1 2011	H1 2010
Operating EBIT per share <sup>1</sup>	0.05	0.07
EBIT per share <sup>2</sup>	0.05	0.07
Net income per share <sup>3</sup>	0.02	0.05
Operating cash flow per share <sup>4</sup>	-0.10	-0.07
Equity per share <sup>5</sup>	1.66	2.05
Number of issued shares	184,778,889	184,778,889
Share price (high)	5.23	7.10
Share price (low)	3.20	5.43
Share price (end of period)	3.55	5.43
Market capitalization (in CHF 1,000)	655,965	1,003,349

<sup>1</sup> Operating EBIT/weighted average number of shares outstanding

<sup>2</sup> EBIT/weighted average number of shares outstanding

<sup>3</sup> Net income (excl. non-controlling interests)/weighted average number of shares outstanding

<sup>4</sup> Cash flow from operating activities/weighted average number of shares outstanding

<sup>5</sup> Equity attributable to equity holders of the parent/weighted average number of shares outstanding

# Von Roll in the first half of 2011

Dear Shareholders

In the first half of 2011, Von Roll's operating business developed in line with our expectations. Von Roll was able to increase orders received, at constant exchange rates, by 35.2% to CHF 353.7 million – a clear indication of an upwards trend. Even at current exchange rates, orders received rose by 20.8% to CHF 316.0 million (previous year: CHF 261.6 million). Group sales recorded an increase, at constant exchange rates, of 10.2% to CHF 315.3 million (previous year: CHF 286.1 million). At current exchange rates, Group sales amounted to CHF 281.1 million, which equates to a slight fall of 1.7%.

The strong Swiss franc is a subject which is currently right at the top of the public agenda and is hitting the majority of Swiss exporters hard. As we generate around three quarters of our sales in the euro and US dollar areas, we too are significantly affected by the adverse exchange rate.

The gross profit margin was down slightly in the first half of 2011 to 18.9% (previous year: 20.7%), which is attributable, in particular, to the initial negative business performance of the Von Roll Transformers segment. EBIT amounted to CHF 10.3 million, at constant exchange rates, compared to CHF 11.9 million in the same period in the previous year. At current exchange rates EBIT fell to CHF 8.8 million. This is a reflection of the varying performances of the business units, as well as of the continuing strong Swiss franc. While Von Roll Insulation and Von Roll Composites posted a sharp increase in EBIT despite the impact of the exchange rate, EBIT of Von Roll Transformers decreased and burdened Group EBIT with some CHF 3.7 million (previous year: CHF +4.4 million).

The financial result amounted to CHF –4.0 million compared to CHF 0.1 million in the same period of the previous year. This is essentially a result of foreign currency losses due to the weak US dollar and euro. The tax rate stood at 28.0% as against 21.7% in the previous year. The increase is due to the composition of the pre-tax result. Net income amounted to CHF 3.4 million compared to CHF 9.4 million in the same period of the previous year. Cash flow from operating activities stood at CHF –17.9 million as against CHF –12.1 million in the previous year due to the improvement in operating activities and the related increase in net working capital. With an equity ratio of 63.1% (previous year: 66.2%), Von Roll remains in a stable financial position.

## Mixed performances of the individual business segments

Sales in the traditional core business Von Roll Insulation increased, at constant exchange rates, by 20.0% to CHF 218.0 million (previous year: CHF 181.6 million); at current exchange rates the increase in sales amounted to 6.8%, to CHF 194.1 million. If the effect of changes in exchange rates is excluded, orders received rose by 21.0% to CHF 225.8 million (previous year: CHF 186.7 million); at current exchange rates orders received increased by 8.2% to CHF 201.9 million. Volume-related growth is thus not reflected fully in the figures due to the effect of changes in exchange rates. EBIT rose by 18.5% to CHF 13.5 million (previous year: CHF 11.4 million). The trend in the low-voltage segment was positive. An increase is also expected here in the second half of the year. In contrast, we are not anticipating a significant recovery in the high-voltage segment until next year due to the current strained economic situation and the strong franc. Further developments in the flexible tapes and taped conductor product segment have enabled us to improve adaptability and insulation quality considerably, something which was well received by the market. This secured our market shares and in some segments even increased them. In the resins and varnishes product segment, we have developed new impregnating resins containing considerably less solvents for the low-voltage segment. As a result, these new products are much more environmentally-friendly. Our R&D teams are involved in specific development projects with global market leaders in the electrical machines segment, such as generators and high-voltage motors, to improve insulation systems.

Von Roll Composites saw growth in sales, at constant exchange rates, of 18.2% to CHF 65.4 million (previous year: CHF 55.4 million); at current exchange rates, the increase amounted to 5.9%, to CHF 58.6 million. If the effect of changes in exchange rates is excluded, orders received rose by 20.0%, amounting to CHF 70.0 million (previous year: CHF 58.3 million); at current exchange rates, they increased by 7.5% to CHF 62.7 million. EBIT rose sharply from CHF –0.4 million to CHF 2.8 million. The large generator business continued to underperform in the first half of 2011. On the other hand, the small generator and large electric motor business experienced a positive trend. Viewed regionally, sales in Europe, in particular, are increasing at present, primarily in the industrial market segment. The growing machine business in Germany had a positive impact on the sales performance of our Composites products for the mechanical engineering industry. In the first half of 2011, Von Roll

Composites continued to press ahead with the development of plastics for ballistic protection and set up cooperation projects. The main focus here is on the automotive segment.

The development of the Von Roll Transformers business segment, which is characterised by large-scale projects, was significantly affected by the product mix and negative exchange rate effects. The previous low volume of orders received (first half of 2010: CHF 15.7 million, second half of 2010: CHF 37.7 million) was felt in sales due to the typically long delivery times. Accordingly, sales fell by 37.7% to CHF 30.0 million (previous year: CHF 48.2 million) when the effect of changes in exchange rates is excluded; at current exchange rates, the decrease amounted to 44.4%, to CHF 26.8 million. By contrast, orders received saw an increase of over 200% to CHF 56.4 million (previous year: CHF 15.7 million), at constant exchange rates, and to CHF 50.1 million at current exchange rates. This positive trend is continuing. Von Roll Transformers has in turn acquired new clients in North America and Europe. The fall in sales resulting from the low order intake in the previous year, coupled with a low level of capacity utilisation and increased material and transport costs led to a negative EBIT of CHF 3.7 million in the first half of 2011 (previous year: CHF +4.4 million). We expect positive EBIT in the Transformers segment in the second half of the year due to the current orders in hand and a good level of capacity utilisation. Increasing sales of newly developed special transformers in the wind energy segment give us reason to expect that Von Roll Transformers will benefit in the future from the trend towards renewable energies.

We continued to press ahead with projects in the Von Roll Water segment during the first half of 2011. The strong position in the local German market was strengthened through numerous projects. In addition, Von Roll Water pressed ahead vigorously with global expansion in emerging markets, such as India, China, Russia and North Africa. Von Roll continued its research and development work aimed at developing a new solar cell.

#### **Regional differences and higher raw material prices**

Viewed regionally, Von Roll Group sales were characterised by currency effects as well as by varying performances in the business segments. While there was an increase in the Asian (+4.8%) and Americas (+17.3%) regions, sales in the EMEA region fell overall due to the negative sales performance of the transformer business, amounting to -12.0% (excluding Von Roll Transformers +0.5%).

Furthermore, in the first half of 2011, significantly higher prices of raw materials impacted on the result. The main drivers were the fibreglass, resin, varnish and solvent product groups. We cannot pass on the full increases in raw material prices to our clients. However, we are expecting raw material prices to stagnate in the second half of the year.

#### **Positive upward trend**

Over the past few months, the Von Roll management team has been restructured. In future co-ordinated development projects can be set in motion more quickly than has been the case to date within the framework of a worldwide matrix organisation. The management is working hard to rework the corporate strategy.

In general, there is a discernible mood of optimism in the energy sector. The demand for new forms of energy brings with it possibilities of new transmission capacity, from which Von Roll will benefit in the long-term with all its business segments. Based on the assumption that general economic conditions will not deteriorate significantly, we expect the second half of 2011 to develop along the same lines as the first half. We view the future with confidence and expect to finish 2011 with a positive net income.

On behalf of the Board of Directors and the Management we would like to thank you, our shareholders, for the loyalty that you have shown to our company and the confidence that you have placed in us. We would also like to extend our heartfelt thanks to our employees for their excellent commitment, willingness to change and many new ideas which are moving our business forward successfully.

Au/Wädenswil, August 2011

*P. Kalantzis*

Dr. Peter Kalantzis  
Chairman of the Board of Directors

*M. Oppermann*

Matthias Oppermann  
Chief Executive Officer (CEO)

# Financial report

## Condensed, consolidated statement of comprehensive income for the first half of 2011 (unaudited)

in CHF 1,000	Note	Jan–June 2011	Jan–June 2010
Gross sales	5	283,651	288,343
Sales deductions		-2,541	-2,226
<b>Net sales</b>	7	<b>281,110</b>	<b>286,117</b>
Cost of goods sold		-227,956	-226,924
<b>Gross profit</b>		<b>53,154</b>	<b>59,193</b>
Research and development expense		-4,879	-4,896
Sales and distribution expense		-18,081	-18,171
Administrative expense		-22,091	-24,742
Other operating expense/income		677	497
<b>Operating EBIT</b>	7	<b>8,780</b>	<b>11,881</b>
Non operating expense/income	6	2	62
<b>EBIT</b>	7	<b>8,782</b>	<b>11,943</b>
Financial income		3,640	20,806
Financial expense		-7,677	-20,723
<b>Profit before tax</b>		<b>4,745</b>	<b>12,026</b>
Income tax		-1,326	-2,614
<b>Net income for the period</b>	6	<b>3,419</b>	<b>9,412</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		-24,153	1,424
Actuarial loss on defined benefit plans		-10,202	-1,875
Income tax on other comprehensive income		4,058	503
<b>Other comprehensive income for the period, net of tax</b>		<b>-30,297</b>	<b>52</b>
<b>Total comprehensive income for the period</b>		<b>-26,878</b>	<b>9,464</b>
<b>Net income attributable to:</b>			
Shareholders of the parent company		3,493	9,442
Non-controlling interests		-74	-30
<b>Net income for the period</b>		<b>3,419</b>	<b>9,412</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the parent company		-26,799	9,494
Non-controlling interests		-79	-30
<b>Total comprehensive income for the period</b>		<b>-26,878</b>	<b>9,464</b>
<b>Earnings per share</b>			
Weighted average number of shares outstanding (no. of shares)		177,711,435	177,726,741
Basic earnings per share in CHF		0.02	0.05
Diluted earnings per share in CHF		0.02	0.05

## Condensed, consolidated statement of financial position as of 30 June 2011 (unaudited)

### Assets

in CHF 1,000	Note	30 June 2011	in %	31 Dec 2010 <sup>2</sup>	in %	1 Jan 2010 <sup>1</sup>	in %
<b>Current assets</b>							
Cash and cash equivalents		43,457		61,142		62,416	
Trade accounts receivable		95,611		93,285		90,020	
Inventories		105,235		95,172		99,239	
Other accounts receivable and prepaid expense		20,100		17,805		31,006	
<b>Total current assets</b>		<b>264,403</b>	<b>56.4 %</b>	<b>267,404</b>	<b>54.5 %</b>	<b>282,681</b>	<b>53.9 %</b>
<b>Non-current assets</b>							
Property, plant and equipment		87,618		94,853		103,265	
Goodwill		38,487		42,835		43,679	
Other intangible assets		42,631		43,899		47,338	
Financial assets		7,860		9,155		8,373	
Pension plan assets		8,109		17,470		17,875	
Deferred tax assets		19,376		15,229		20,787	
<b>Total non-current assets</b>		<b>204,081</b>	<b>43.6 %</b>	<b>223,441</b>	<b>45.5 %</b>	<b>241,317</b>	<b>46.1 %</b>
<b>Total assets</b>		<b>468,484</b>	<b>100.0 %</b>	<b>490,845</b>	<b>100.0 %</b>	<b>523,998</b>	<b>100.0 %</b>

### Liabilities

in CHF 1,000	Note	30 June 2011	in %	31 Dec 2010 <sup>2</sup>	in %	1 Jan 2010 <sup>1</sup>	in %
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade accounts payable		39,520		40,167		40,352	
Current financial liabilities		45,685		33,518		1,229	
Current provisions		4,698		4,447		3,890	
Current tax payable		3,367		1,342		1,310	
Other current liabilities and accruals		39,561		41,808		56,341	
<b>Total current liabilities</b>		<b>132,831</b>	<b>28.3 %</b>	<b>121,282</b>	<b>24.7 %</b>	<b>103,122</b>	<b>19.7 %</b>
<b>Non-current liabilities</b>							
Non-current financial liabilities		1,324		1,095		87	
Post-employment benefit obligations		18,527		22,026		23,347	
Deferred tax liabilities		8,228		10,763		12,898	
Non-current provisions		11,892		13,150		11,849	
<b>Total non-current liabilities</b>		<b>39,971</b>	<b>8.6 %</b>	<b>47,034</b>	<b>9.6 %</b>	<b>48,181</b>	<b>9.2 %</b>
<b>Total liabilities</b>		<b>172,802</b>	<b>36.9 %</b>	<b>168,316</b>	<b>34.3 %</b>	<b>151,303</b>	<b>28.9 %</b>

### Equity

Share capital	8	18,479		18,479		18,479	
Group reserves		277,048		303,816		354,216	
<b>Equity attributable to</b>							
<b>shareholders of the parent company</b>		<b>295,527</b>	<b>63.1 %</b>	<b>322,295</b>	<b>65.7 %</b>	<b>372,695</b>	<b>71.1 %</b>
Non-controlling interests		155	0.0 %	234	0.0 %	-	0.0 %
<b>Total equity</b>		<b>295,682</b>	<b>63.1 %</b>	<b>322,529</b>	<b>65.7 %</b>	<b>372,695</b>	<b>71.1 %</b>
<b>Total equity and liabilities</b>		<b>468,484</b>	<b>100.0 %</b>	<b>490,845</b>	<b>100.0 %</b>	<b>523,998</b>	<b>100.0 %</b>

<sup>1</sup> The figures correspond to the figures as of 1 January 2010 as disclosed in the annual report 2010. Deviations from the figures published in the semi-annual report 2010 are based on the restatement, which was retrospective as of 1 January 2009. Detailed information has been published in the note 2 and in the annual report 2010.

<sup>2</sup> Deviations from the figures published in the semi-annual report 2010 are based on the restatement, which was retrospective as of 1 January 2009, and due to the completion of the process of determine the fair values of identifiable assets, liabilities and contingent liabilities from the acquisition of Von Roll BHU Umwelttechnik GmbH. Detailed information related to the restatement has been published in the note 2 and in the annual report 2010, whereas note 3 contains detailed information about the changes of the values related to the acquisition.

## Condensed, consolidated statement of cash flows for the first half of 2011 (unaudited)

in CHF 1,000	Note	Jan – June 2011	Jan – June 2010 (restated)
<b>Operating activities</b>			
Profit before tax		4,745	12,026
Financial result		4,037	– 83
Depreciation, amortisation and (reversal of) impairment		7,962	9,399
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>16,744</b>	<b>21,342</b>
Gain from the sale of non-current assets		– 2	– 62
Changes in non-current provisions		– 2,703	747
<b>Cash flow before changes in net working capital</b>		<b>14,039</b>	<b>22,027</b>
Changes in net working capital		– 29,413	– 21,249
Change in other assets and liabilities		– 466	– 11,935
<b>Cash generated from operating activities</b>		<b>– 15,840</b>	<b>– 11,157</b>
Income tax paid		– 2,079	– 979
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>– 17,919</b>	<b>– 12,136</b>
<b>Investing activities</b>			
Capital expenditure for property, plant and equipment and intangible assets		– 7,916	– 6,358
Cash outflow/inflow from acquisitions	3	–	– 2,278
Interest received		208	268
Other cash flow from investing activities		– 53	– 928
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>– 7,761</b>	<b>– 9,296</b>
<b>Financing activities</b>			
Additions/Repayment of financial liabilities		12,476	19,735
Purchase/sale of treasury shares		– 2	– 326
Purchase of non-controlling interests in a subsidiary that does not involve a change in control		–	– 750
Interest paid		– 975	– 982
Dividends paid		–	– 17,771
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>11,499</b>	<b>– 94</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>– 14,181</b>	<b>– 21,526</b>
Cash and cash equivalents at 1 January		61,142	62,416
Effects of changes in foreign exchange rates		– 3,504	866
Change in cash and cash equivalents		– 14,181	– 21,526
<b>Cash and cash equivalents at 30 June</b>		<b>43,457</b>	<b>41,756</b>

## Consolidated statement of changes in equity for the first half of 2011 (unaudited)

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2010	18,479	396,688	-72,290	-61,870	91,688	372,695	-	372,695
<b>Net income for the period</b>	-	-	-	-	<b>9,442</b>	<b>9,442</b>	<b>-30</b>	<b>9,412</b>
Exchange differences arising on translation of foreign operations	-	-	-	1,424	-	1,424	-	1,424
Actuarial loss on defined benefit plans	-	-	-	-	-1,875	-1,875	-	-1,875
Income tax on other comprehensive income	-	-	-	-	503	503	-	503
<b>Other comprehensive income for the period</b>	-	-	-	<b>1,424</b>	<b>-1,372</b>	<b>52</b>	-	<b>52</b>
Share based payments	-	-	-	-	197	197	-	197
Purchase/Sale of treasury shares	-	-	1,757	-	-2,083	-326	-	-326
Consideration paid in treasury shares due to business combination	-	-	101	-	-32	69	-	69
Dividends	-	-	-	-	-17,771	-17,771	-	-17,771
Acquisition of non-controlling interests	-	-	-	-	-780	-780	30	-750
<b>Total transactions with owners</b>	-	-	<b>1,858</b>	-	<b>-20,469</b>	<b>-18,611</b>	<b>30</b>	<b>-18,581</b>
<b>Balance at 30 June 2010</b>	<b>18,479</b>	<b>396,688</b>	<b>-70,432</b>	<b>-60,446</b>	<b>79,289</b>	<b>363,578</b>	-	<b>363,578</b>

Total Group reserves at the end of June 2010 345,099

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2011	18,479	396,688	-68,451	-81,837	57,416	322,295	234	322,529
<b>Net income for the period</b>	-	-	-	-	<b>3,493</b>	<b>3,493</b>	<b>-74</b>	<b>3,419</b>
Exchange differences arising on translation of foreign operations	-	-	-	-24,153	-	-24,153	-5	-24,158
Actuarial loss on defined benefit plans	-	-	-	-	-10,202	-10,202	-	-10,202
Income tax on other comprehensive income	-	-	-	1,850	2,208	4,058	-	4,058
<b>Other comprehensive income for the period</b>	-	-	-	<b>-22,303</b>	<b>-7,994</b>	<b>-30,297</b>	<b>-5</b>	<b>-30,302</b>
Share based payments	-	-	-	-	38	38	-	38
Purchase/Sale of treasury shares	-	-	1,777	-	-1,779	-2	-	-2
<b>Total transactions with owners</b>	-	-	<b>1,777</b>	-	<b>-1,741</b>	<b>36</b>	-	<b>36</b>
<b>Balance at 30 June 2011</b>	<b>18,479</b>	<b>396,688</b>	<b>-66,674</b>	<b>-104,140</b>	<b>51,174</b>	<b>295,527</b>	<b>155</b>	<b>295,682</b>

Total Group reserves at the end of June 2011

277,048

# Condensed notes to the consolidated semi-annual report as of 30 June 2011 (unaudited)

## 1. | Significant accounting policies

### General information

The present report concerns the unaudited, consolidated semi-annual financial statements as of 30 June 2011 of Von Roll Holding AG. The report was produced in compliance with the International Accounting Standard IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated annual financial statements prepared for the financial year that closed on 31 December 2010.

Von Roll Holding AG with its subsidiaries (collectively referred to as Von Roll) is an international manufacturing and service company. Its major activities are presented in the segment reporting (note 7). It is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). The address of its registered office is Passwangstrasse 20, 4226 Breitenbach, Switzerland.

### Summary of significant accounting policies

The semi-annual report 2011 is based on the accounting policies presented in the annual report 2010, which apply unchanged with the exception of the changes described below. The income tax expense for the interim reporting period was calculated with the anticipated tax rate for the whole financial year 2011 and accrued.

The consolidated semi-annual financial statements are issued in Swiss francs (CHF) because the main Von Roll companies are operative in and financed out of Switzerland. The semi-annual financial statements are presented in thousands of CHF (TCHF). Due to the chosen presentation, immaterial rounding differences can occur.

### Adoption of new accounting policies

Apart from the standards described below, the same accounting policies of the International Accounting Standards Board (IASB) were adopted for the consolidated semi-annual financial statements as of 30 June 2011 for the Group as for the financial statements as of 31 December 2010.

The following amendments or enhancements to the standards and interpretations of the IASB are to be adopted for the first time for the financial year beginning on 1 July 2010 or on 1 January 2011, but are currently not relevant to Von Roll:

- » IFRS 1 "First-time Adoption of International Financial Reporting Standards"
- » IFRS 7 "Financial Instruments: Disclosures"
- » IAS 1 "Presentation of Financial Statements"
- » IAS 24 "Related Party Disclosures"
- » IAS 27 "Consolidated and Separate Financial Statements"
- » IAS 34 "Interim Financial Reporting"
- » IFRIC 13 "Customer Loyalty Programmes"
- » IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- » IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

## 2. | Changes in accounting policies (restatement)

### Retrospective change to previous year's figures (restatement)

The retrospective change to the previous year's figures mentioned in the annual report 2010 impacts the previous year's figures as at 30 June 2010. Deferred taxes on a reported customer relationship relating to Von Roll Transformers Ltd. acquired in 2008 were recognised retrospectively as of 1 January 2009. Corrections are made due to an error in the previous year in accordance with IAS 8 and IAS 1, whereby an additional balance sheet is presented at the beginning of the comparative period. Overall, this resulted in the following changes to equity as of 30 June 2010:

in CHF 1,000	
Increase in goodwill	3,848
Increase in deferred tax liabilities	- 3,848
<b>Change in equity (retained earnings)</b>	<b>0</b>

There was no effect on either the net income or the other items of the total comprehensive income for the period as of 30 June 2010, resulting in the total comprehensive income remaining unchanged. The adjustment has no effect on the basic earnings and diluted earnings per share.

The above adjustment had no effect on balance on the statement of cash flows as of 30 June 2010. However, a correction is made due to a presentation error in the previous year in accordance with IAS 8 and IAS 1. As part of the acquisition of non-controlling interests in Von Roll Solar AG to the amount of TCHF 750, where control in the subsidiary remained unchanged, payment of the purchase price was reported as cash outflow from acquisitions in cash flow from investing activities as of 30 June 2010. This payment was reclassified retrospectively as of 30 June 2010 in accordance with IFRS 3 (2008) as the acquisition of non-controlling interests in a subsidiary that does not involve a change in control, in cash flow from financing activities. Overall, this resulted in the following changes to the statement of cash flows as of 30 June 2010:

in CHF 1,000	
Increase in cash flow from investing activities	750
Decrease in cash flow from financing activities	- 750
<b>Change in cash and cash equivalents</b>	<b>0</b>

## 3. | Changes in the scope of consolidation

### Von Roll BHU Umwelttechnik GmbH

On 18 March 2010, Von Roll purchased all the shares in BHU Umwelttechnik GmbH (renamed Von Roll BHU Umwelttechnik GmbH on 17 January 2011) with its registered office in Bietigheim-Bissingen, Germany. Von Roll BHU Umwelttechnik GmbH is active in the field of water and wastewater treatment and serves both the industrial and municipal water markets. The purchase price for the shares, which was paid in cash, amounts to TCHF 2,542. In addition, the selling party received 10,000 shares in Von Roll Holding AG at a market value of TCHF 69 at the time of acquisition. Further payments of the purchase price are dependent on targets being met. These targets primarily relate to future gains. The accrued purchase consideration is based on the management's current estimate and has been reduced by TCHF 889 since last year's annual report. This reduction has an impact on the reported goodwill in the previous period. The net cash outflow in connection with the purchase price amounted in total to TCHF 2,278. The determination of the fair values of identifiable assets, liabilities and contingencies of Von Roll BHU Umwelttechnik GmbH was completed in the financial year 2011. The final net assets of the acquired company are shown in the table below:

in CHF 1,000	Fair value
Cash and cash equivalents	264
Trade accounts receivable	609
Inventories	3,139
Other current assets	406
Tangible and other non-current assets	78
Intangible assets	1,340
Non-current assets	374
Deferred tax assets	107
<b>Total assets</b>	<b>6,317</b>
Trade accounts payable	- 722
Financial liabilities	- 1,148
Other liabilities and deferred income	- 2,466
Deferred tax liabilities	- 225
<b>Total liabilities</b>	<b>- 4,561</b>
<b>Net assets</b>	<b>1,756</b>
<b>Goodwill</b>	<b>1,611</b>
Accrued acquisition consideration	756
Consideration paid in equity shares	69
Consideration paid in cash	2,542
<b>Total acquisition consideration</b>	<b>3,367</b>
Consideration paid in cash	2,542
Cash and cash equivalents acquired	- 264
<b>Net cash outflow</b>	<b>2,278</b>

The inventories identified include the margin on open orders for construction contracts pending at the time of acquisition in the amount of TCHF 124. Other current assets were increased by open orders at the time of acquisition in the amount of TCHF 339. The intangible assets identified include an adjustment by the fair value of a patent for water treatment to the value of TCHF 1,216, which differs from the value published in last year's annual report. Other liabilities and deferred income were increased by TCHF 192. Deferred tax liabilities include deferred taxes on the above adjustments. The goodwill was reduced in accordance with the changes to the values published in last year's annual report. This definitive allocation of the purchase price results in a goodwill of TCHF 1,611. The goodwill from this transaction comprises most notably the expected potential for synergy effects and market entry, workforce and other non-separable intangible assets.

Von Roll incurred acquisition-related costs of TCHF 25 for Von Roll BHU Umwelttechnik GmbH. Essentially, these costs consisted of due diligence costs and are included in the administrative expense reported in the consolidated statement of comprehensive income for the financial year 2010.

## 4. | Foreign currencies

The following exchange rates were used for translation of foreign currencies into Swiss francs (CHF):

	Average rates		Period end rates	
	Jan–June 2011	Jan–June 2010	30 June 2011	31 Dec 2010
1 EUR	1.272	1.441	1.192	1.253
1 USD	0.909	1.082	0.835	0.946
1 GBP	1.467	1.652	1.330	1.459
1 ILS	0.258	0.288	0.242	0.265
1 INR	0.020	0.024	0.019	0.021
1 BRL	0.556	0.605	0.524	0.562
1 CNY	0.139	0.159	0.129	0.143

## 5. | Gross sales

In the first half of 2011, gross sales are CHF 4.7 million down on the first half of 2010. This equates to a decrease of 1.6%.

Gross sales have been extremely adversely affected by changes in exchange rates. Current sales would have been CHF 34.4 million higher at the previous year's exchange rates. Accordingly, if the effect of changes in exchange rates was excluded, there would have been an increase in sales of 10.3% (CHF 29.7 million) compared with the previous year.

## 6. | Net income for the period

Net income decreased from CHF 9.4 million for the first half of 2010 to CHF 3.4 million during the period under review. EBIT also fell from CHF 11.9 million in the same period in the previous year to CHF 8.8 million in the period under review. This is a reduction in the EBIT margin from 4.2% to 3.1%.

### Employee benefits

In the first half of 2011, expenses relating to defined benefit plans amounted to CHF 1.9 million (first half of 2010: CHF 1.7 million), of which CHF 1.6 million (first half of 2010: CHF 1.4 million) was recognised as personnel expense and CHF 0.3 million (first half of 2010: CHF 0.3 million) as interest expense.

### Reconciliation of operating EBIT to EBIT

The reconciliation is as follows:

in CHF 1,000	Jan–June 2011	Jan–June 2010
<b>Operating EBIT</b>	<b>8,780</b>	<b>11,881</b>
Gain from sale of fixed assets	2	62
<b>EBIT</b>	<b>8,782</b>	<b>11,943</b>

## 7. | Segment reporting

The definition of the operating segments subject to reporting requirements is based on the management approach. Accordingly, external segment reporting takes place on the basis of the Group's internal organisational and management structure and internal financial reporting to the chief operating decision making body. The chief operating decision making body at Von Roll is the Board of Directors of Von Roll Holding AG.

### Business segments

The principal operating activities of Von Roll are divided into three business segments: Von Roll Insulation, Von Roll Composites and Von Roll Transformers. The segments are organised in accordance with business applications in sales markets defined by customers. They form the basis for segment reporting.

Principal activities break down as follows:

- » Von Roll Insulation – production and sales of electrical insulation materials and winding wire
- » Von Roll Composites – production and sales of composites and cable insulation materials
- » Von Roll Transformers – production and sales of energy transmission and distribution solutions

Other activities include income and expense of holding companies and of companies not categorised as part of the operating business as well as net income from investment property. For reasons of materiality, income and expenditures from solar activities and water activities are also allocated to the “Other activities” segment.

The adjustments for the first half of 2010 in connection with the reporting of the deferred taxes on a reported customer relationship relating to Von Roll Transformers Ltd. acquired in 2008 (see note 2) and the adjustments of values as part of the completion of the determination of the fair values of identifiable assets, liabilities and contingencies from the acquisition of Von Roll BHU Umwelttechnik GmbH (see note 3) have no impact on the following segment information.

The segment information on the business units is as follows in the first half of 2011:

Jan–June 2011					
in CHF 1,000	Von Roll Insulation	Von Roll Composites	Von Roll Transformers	Other activities	Von Roll
Net Sales	194,066	58,642	26,812	1,590	281,110
Operating EBIT	13,492	2,828	– 3,669	– 3,871	8,780
EBIT	13,495	2,827	– 3,669	– 3,871	8,782
Financial result					– 4,037
Income tax					– 1,326
Net income					3,419

The segment information on the business units was as follows in the first half of 2010:

Jan–June 2010					
in CHF 1,000	Von Roll Insulation	Von Roll Composites	Von Roll Transformers	Other activities	Von Roll
Net Sales	181,638	55,350	48,210	919	286,117
Operating EBIT	11,327	– 440	4,370	– 3,376	11,881
EBIT	11,389	– 440	4,370	– 3,376	11,943
Financial result					83
Income tax					– 2,614
Net income					9,412

## 8. | Share capital, treasury shares and dividends

As of 30 June 2011, the share capital is unchanged compared to the figure as of 31 December 2010 and consists of 184,778,889 bearer shares. The par value per share is CHF 0.10. No authorised or conditional capital or convertible bonds are outstanding.

As of 30 June 2011, Von Roll Holding AG holds 7,073,266 treasury shares at an average price of CHF 9.43. This represents shareholding carrying voting rights of 3.83%.

The Annual General Meeting on 4 May 2011 resolved not to pay a dividend for the financial year 2010.

## 9. | Contingent liabilities and guarantees

As of 30 June 2011, contingent liabilities and guarantees amounted to a total of CHF 22.8 million. This is a reduction of CHF 1.9 million compared with 31 December 2010. The reduction is essentially attributable to the reduction in Von Rolls' traditional project business and in the project business of the Von Roll Transformers segment.

## 10. | Significant events after the reporting date

No significant events which could have a material effect on the consolidated semi-annual financial statements 2011 occurred between the reporting date and authorisation of the report by the Board of Directors.

The consolidated semi-annual financial statement was released for publication by the Board of Directors on 17 August 2011.

**Business address**

Von Roll Holding AG  
Steinacherstrasse 101  
8804 Au/Wädenswil  
Switzerland  
Phone +41 44 204 30 00  
Fax +41 44 204 30 10  
[www.vonroll.com](http://www.vonroll.com)

**Registered office**

Passwangstrasse 20  
4226 Breitenbach SO

**Stock exchange listing**

SIX Swiss Exchange (Symbol: ROL)  
Security number: 324.535  
ISIN: CH0003245351

**For publications and further information,  
please contact**

Susanne Berger  
Phone +41 44 204 30 34  
Fax +41 44 204 30 39  
[investor@vonroll.com](mailto:investor@vonroll.com)

Von Roll Holding AG  
Steinacherstrasse 101  
8804 Au/Wädenswil  
Switzerland

**Imprint**

Publisher: Von Roll Holding AG, Au/Wädenswil, Switzerland  
Realisation: gateB, Communication Engineering, Steinhausen,  
Switzerland  
Print: Victor Hotz AG, Corporate Publishing & Print, Steinhausen,  
Switzerland

Created and printed in Switzerland

© Von Roll Holding AG, 2011

The Von Roll semi-annual report is originally prepared in German  
and translated into English.

In the event of any discrepancy, the printed German version prevails.

The semi-annual report is available on the Internet at  
[www.vonroll.com](http://www.vonroll.com).



