

# 09

## Semi-Annual Report

We Enable Energy



## Key figures

in CHF 1,000	H1 2009	H1 2008 (restated)
Order intake	259,333	382,384
Net sales	290,583	349,150
Operating EBIT <sup>1</sup>	4,094	34,947
– In % of net sales	1.4 %	10.0 %
EBIT	– 699	35,227
– In % of net sales	– 0.2 %	10.1 %
Net income	498	28,849
– In % of net sales	0.2 %	8.3 %
Cash flow from operating activities	14,695	16,236
Capital expenditure	9,579	13,495
Net liquidity	68,765	273,517
Equity	395,626	518,107
Equity ratio <sup>2</sup>	71 %	69 %
Number of employees (as at reporting date) <sup>2</sup>	3,085	3,448

<sup>1</sup> Reconciliation from operating EBIT to EBIT see page 17, note 6

<sup>2</sup> Prior year comparison as of 31.12.2008

## Key figures per share

in CHF	H1 2009	H1 2008 (restated)
Operating EBIT per share <sup>1</sup>	0.02	0.19
EBIT per share <sup>2</sup>	0.00	0.19
Basic earnings per share <sup>3</sup>	0.00	0.15
Operating cash flow per share <sup>4</sup>	0.08	0.09
Equity per share <sup>5</sup>	2.15	2.29
Number of issued shares	184,778,889	184,778,889
Share price (high)	8.30	11.50
Share price (low)	5.83	8.30
Share price (end of period)	6.05	10.75
Market capitalization (in 1,000)	1,117,912	1,986,373

<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. minority 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: Semi-Annual Report 2009

---

## **First half of 2009 overshadowed by global recession – restructuring programme beginning to take effect**

In the first half of 2009, the world economy was completely in the grip of the global recession. In practically all markets, the deterioration of macroeconomic conditions continued. Only the Asian economies provided the first signs of renewed growth impetus around the middle of the year, though whether or not this indicates that overall the economy is bottoming out cannot be judged with sufficient certainty. This development affected almost all of Von Roll's customer segments, which in turn had negative effects on the order intake and the Group's sales.

Von Roll reacted at an early stage to the onset of recession by introducing a restructuring programme throughout the Group, which also envisages a significant reduction in staff. In order to adapt cost structures to the changing market conditions, manufacturing and administration costs will be sustainably reduced by the end of the year 2010 by at least CHF 15 million. In addition, Von Roll will increase efficiency by means of the ongoing initiatives of the Operational Excellence programme, with the aim of ensuring the profitability of the Group in the long term.

## **Downturn in sales and order intake in the first half of 2009**

Group's sales decreased by 17% to CHF 291 million compared with the high level of the first half of 2008. Adjusted for currency translation and copper price effects, however, gross sales were reduced by only 5% to CHF 332 million, thus achieving nearly the same level as in the first half of 2008. The fall of the global market price of copper by half<sup>1</sup>, from USD 8,034 to USD 4,091, has, on its own, been responsible for a downturn in sales amounting to CHF 32 million.

On a regional basis, sales could be increased by 6% to CHF 82 million in the region Americas (North and South America) as a result of increased investments by supply companies in the modernisation of energy networks. However, in the regions Europe, the Middle East and Africa (region EMEA), recession brought a 24% decline in Group's sales, reaching CHF 154 million. In Asia, gross sales fell by 21% to CHF 55 million. The decrease in sales partially fell short in comparison with the general market development.

While the pleasantly large volume of orders contributed to the stabilisation of sales, order intake declined to CHF 259 million as a result of the worldwide recessive trends. The general uncertainty of the markets also found expression in a persistent tendency for potentially new orders to be postponed. In the second quarter, order intake stabilised slightly. The book-to-bill ratio, that is the ratio of order intake to sales, improved considerably compared with the first three months of 2009 to stand at 1.1.

<sup>1</sup> Source: Bloomberg

### Positive results – high equity ratio – solid cash flow

The main reason for the decrease in the EBIT and the EBIT margin was the decline in sales coupled with reduced capacity utilisation in the low-voltage and composites business units, both areas highly sensitive to economic pressures.

Adjusted for restructuring costs, operating EBIT amounted to CHF 4 million. Currency translation adjustments and copper price effects had an additional impact on earnings, accounting for CHF 5 million. The Group's net income thus fell to CHF 0.5 million.

The slightly improved equity ratio of 71% and the cash flow from operating activities of more than CHF 15 million continued the previous year's trend and underline the financial stability of the Group.

---

### Key Figures Von Roll Group

in CHF 1,000	H1 2009	H1 2008 (restated)
Order intake	259,333	382,384
Net sales	290,583	349,150
Operating EBIT	4,094	34,947
Number of employees*	3,085	3,448

\* Prior year comparison as of 31.12.2008

---

### **Expansion of market leadership in spite of recessive demand in the Von Roll Insulation segment**

With its products, systems and services relating to insulation, Von Roll Insulation achieved sales amounting to CHF 197 million. The halving of the copper price was decisive for the decline in sales. The significantly reduced demand from the automotive and consumer goods industries also resulted in sales deductions. Particularly companies in these sectors cut their costs and their working capital and reduced their levels of stock in hand. This development resulted primarily in a decrease in sales in connection with low-voltage products such as flexible materials and varnishes.

Despite this negative background, Von Roll could expand its market leadership. In particular the decline of sales at Von Roll Insulation was considerably less than that experienced by its customer industries, where market shortfalls of up to 50% were registered.

In the business with high-voltage generators and traction motors, which is characterised by long-term cycles, sales remained largely stable due to the volume of orders.

The repairs business, especially the field of large high-voltage motors, benefited from the increasing reluctance of companies to invest in new products.

On a regional basis, sales development in the Asian region stabilised as a result of the economic recovery, supported by large-scale subsidy programmes.

Order intake fell to CHF 155 million – a development attributable both to the complicated project financing on the part of the customers, which was associated with the postponement of orders, and to the generally recessive development of the economy.

---

#### **Key Figures Von Roll Insulation**

in CHF 1,000	H1 2009	H1 2008 (restated)
Order intake	154,704	292,402
Net sales	197,016	261,264
Operating EBIT	8,100	28,704
Number of employees*	1,393	1,527

\* Prior year comparison as of 31.12.2008

---

### **Decline in sales and financial result proportional to market decline in the Von Roll Composites segment**

In the first half of 2009, Von Roll Composites was exposed to considerable production cuts in important customer sectors. The steepest sales deductions were shown by products that are used in the heavily economy-dependent construction materials and consumer goods industries, such as heat- and fire-resistant cable insulation and moulded parts. The high-margin business with ballistic protection and personal protection systems, however, grew again in the first half of the year. Demand in this field benefited from unchanged high security requirements in view of the lasting uncertainty of the international political situation.

Sales at Von Roll Composites decreased in keeping with the market to reach CHF 51 million. Order intake registered a decline to CHF 47 million. Low capacity utilisation and the less favourable product mix led to considerable negative effects on the profitability of this area.

---

#### **Key Figures Von Roll Composites**

in CHF 1,000	H1 2009	H1 2008 (restated)
Order intake	46,770	89,982
Net sales	50,601	87,886
Operating EBIT	- 3,710	8,580
Number of employees*	1,393	1,628

\* Prior year comparison as of 31.12.2008

---

### Positive business development in the Von Roll Elco Transformers segment

Transformer business at Von Roll Elco Transformers continued to show stable growth across all markets. Both sales and operating EBIT are significantly higher than in the previous year. Consolidated for the first time in the fourth quarter of 2008, this segment achieved sales of CHF 43 million. In the comparable period of the previous year, the corresponding figure was CHF 31 million on pro forma basis. Order intake exceeded expectations, increasing by 11% to CHF 58 million. Capacities are almost fully booked up to 2010 and there are substantial orders well into 2012. Growth in this sector has been largely attributable to investment in replacing antiquated electricity infrastructure and ever more stringent efficiency requirements in western industrialised nations.

The high volume of orders coupled with measures to improve profitability and productivity led to an increase in operating EBIT to CHF 4 million, which means that growth in operating EBIT was greater than growth in sales. The EBIT margin improved to 10% in the first half of 2009.

In order to improve profitability and to be able to meet the rising demand for transformers in Northern America, Von Roll plans the expansion of the segment and considers the construction of a new transformer production facility in the USA.

---

#### Key figures Von Roll Elco Transformers\*

in CHF 1,000	H1 2009	H1 2008
Order intake	57,859	51,981
Net sales	42,966	31,231
Operating EBIT	4,136	-1,142
Number of employees**	250	235

\* Von Roll Elco Transformers on pro forma basis for the period January to June 2008

\*\* Prior year comparison as of 31.12.2008

---

#### Outlook: Well positioned for the future

The uncertainties relating to economic recovery, the stability of commodity prices and the availability of project financing on the part of the clients make it difficult to provide a reliable forecast of likely business developments in the Group between now and the end of financial year 2009. In addition, it cannot be predicted with any exactitude when and to what extent government programmes for economic recovery will begin to take effect. The tendency to stable order intake does however allow us to be cautiously optimistic. First indications that we may be reaching ground – even if at a relatively low level – can be observed.

For the second half of 2009, Von Roll's Executive Management will make the continued implementation of the restructuring programme top priority in order to align the Group to the changing market conditions. First positive effects of this will become apparent in the second half of this year.

In order to support growth, Von Roll is developing innovative technology for the production of solar energy in its new business unit Von Roll Solar AG. The innovative printable photovoltaic film, designed as a low-cost source of energy, is currently in the testing phase. The module is suitable for large-scale applications such as solar parks.

Due to Von Roll's worldwide presence, its excellent capital structure and leading technology the Group as a whole is well positioned for the future.

# The Von Roll share

The shares are traded on the Swiss stock exchange (SIX) and are a member of the Swiss Performance Index (SPI). They are also traded in Frankfurt and New York.

As of 1 July 2009, 184,778,889 bearer shares with voting rights in Von Roll Holding AG, each with a nominal value of CHF 0.10, were authorised for trade on the Swiss stock exchange in Zurich.

## Financial calendar

28 October 2009:

Results Q3

## Von Roll contact:

Investor Relations

Luitpold Wüsthof

Von Roll Holding AG

Steinacherstrasse 101

CH-8804 Au/Wädenswil

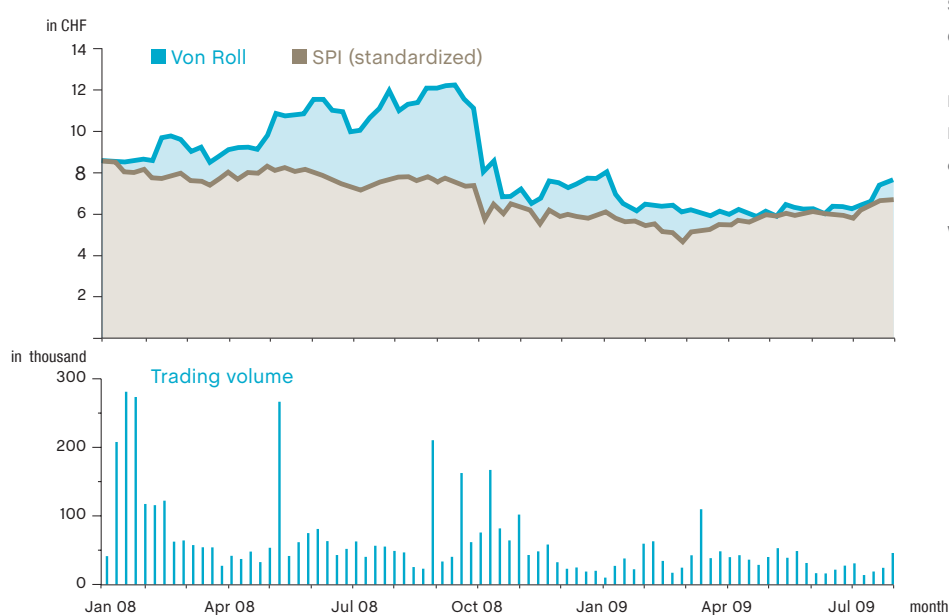
Phone +41 44 204 30 50

Fax +41 44 204 30 08

e-mail: investor@vonroll.com

www.vonroll.com

## Share performance



## Key figures per share

in CHF	H1 2009	H1 2008
Share price		
- High	8.30	11.50
- Low	5.83	8.30
- End of period (value for taxation)	6.05	10.75
Market capitalization (in 1,000 CHF)	1,117,912	1,986,373

## Listing information

Stock exchange listing	SIX Swiss Exchange Symbol: ROL
Security number	324.535
ISIN	CH0003245351
Reuters	ROL.S
Bloomberg	ROL SW

# Financial report

## Condensed, consolidated statement of comprehensive income for the first half of 2009 (unaudited)

in CHF 1,000	Note	Jan–Jun 2009	Jan–Jun 2008 (restated)
Gross sales	5	292,800	351,275
Sales deductions		- 2,217	- 2,125
<b>Net sales</b>	7	<b>290,583</b>	<b>349,150</b>
Cost of goods sold		- 232,559	- 258,659
<b>Gross profit</b>		<b>58,024</b>	<b>90,491</b>
Research and development expense		- 6,587	- 6,650
Sales and distribution expense		- 19,242	- 23,507
Administrative expense		- 28,577	- 25,875
Other operating expense/income		476	488
<b>Operating EBIT</b>	7	<b>4,094</b>	<b>34,947</b>
Exceptional items	6	- 4,793	280
<b>EBIT</b>	7	<b>- 699</b>	<b>35,227</b>
Financial income		10,505	6,091
Financial expense		- 9,072	- 6,944
<b>Profit before tax</b>		<b>734</b>	<b>34,374</b>
Income tax		- 236	- 5,525
<b>Net income for the period</b>	6	<b>498</b>	<b>28,849</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		7,599	- 6,455
Exchange differences on intercompany loans qualifying as equity		2,042	- 4,949
Actuarial gain(+) and loss(-) on defined benefit plans, net		582	- 4,320
Income tax on income and expenses taken directly to equity		- 221	1,043
<b>Other comprehensive income for the period, net of tax</b>		<b>10,002</b>	<b>- 14,681</b>
<b>Total comprehensive income for the period</b>		<b>10,500</b>	<b>14,168</b>
<b>Net income attributable to:</b>			
Shareholders of the parent		846	27,798
Minority interests		- 348	1,051
<b>Net income for the period</b>		<b>498</b>	<b>28,849</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the parent		10,848	14,455
Minority interests		- 348	- 287
<b>Total comprehensive income for the period</b>		<b>10,500</b>	<b>14,168</b>
<b>Earnings per share</b>			
Weighted average number of shares outstanding (no. of shares)		178,472,290	183,691,977
Basic earnings per share in CHF		0.00	0.15
Diluted earnings per share in CHF		0.00	0.15

## Condensed, consolidated statement of financial position as of 30 June 2009 (unaudited)

### Assets

in CHF 1,000	Note	Jun 30, 2009	in %	Dec 31, 2008	in %	Jan 01, 2008 <sup>1</sup>	in %
<b>Current assets</b>							
Cash and cash equivalents		70,781		100,469		330,778	
Trade accounts receivable		95,208		116,537		101,111	
Inventories		125,045		122,053		81,159	
Other accounts receivable and prepaid expense		36,810		43,467		32,959	
<b>Total current assets</b>		<b>327,844</b>	<b>58.5 %</b>	<b>382,526</b>	<b>63.0 %</b>	<b>546,007</b>	<b>77.8 %</b>
<b>Non-current assets</b>							
Property, plant and equipment		102,534		100,386		84,234	
Goodwill		62,344		59,518		10,686	
Intangible assets		28,271		28,896		14,029	
Financial assets		8,804		7,278		7,621	
Pension plan assets		10,960		11,080		15,966	
Deferred tax assets		19,488		17,543		23,023	
<b>Total non-current assets</b>		<b>232,401</b>	<b>41.5 %</b>	<b>224,701</b>	<b>37.0 %</b>	<b>155,559</b>	<b>22.2 %</b>
<b>Total assets</b>		<b>560,245</b>	<b>100.0 %</b>	<b>607,227</b>	<b>100.0 %</b>	<b>701,566</b>	<b>100.0 %</b>

### Equity and liabilities

in CHF 1,000	Note	Jun 30, 2009	in %	Dec 31, 2008	in %	Jan 01, 2008 <sup>1</sup>	in %
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade accounts payable		38,633		58,184		37,600	
Current financial liabilities		1,642		1,871		5,596	
Current provisions		4,332		1,176		2,809	
Other current liabilities and accruals		80,520		83,585		62,622	
<b>Total current liabilities</b>		<b>125,127</b>	<b>22.3 %</b>	<b>144,816</b>	<b>23.8 %</b>	<b>108,627</b>	<b>15.4 %</b>
<b>Non-current liabilities</b>							
Non-current financial liabilities		374		613		27,035	
Post-employment benefit obligations		18,778		19,922		18,899	
Deferred tax liabilities		9,329		9,144		10,363	
Non-current provisions		11,011		11,476		14,258	
<b>Total non-current liabilities</b>		<b>39,492</b>	<b>7.1 %</b>	<b>41,155</b>	<b>6.8 %</b>	<b>70,555</b>	<b>10.1 %</b>
<b>Total liabilities</b>		<b>164,619</b>	<b>29.4 %</b>	<b>185,971</b>	<b>30.6 %</b>	<b>179,182</b>	<b>25.5 %</b>
<b>Equity</b>							
Share capital	8	18,479		18,479		18,479	
Group reserves <sup>2</sup>		376,967		402,250		496,180	
<b>Equity attributable to shareholders of the parent company</b>		<b>395,446</b>	<b>70.6 %</b>	<b>420,729</b>	<b>69.3 %</b>	<b>514,659</b>	<b>73.4 %</b>
Minority interests <sup>2</sup>		180	0.0 %	528	0.1 %	7,725	1.1 %
<b>Total equity</b>		<b>395,626</b>	<b>70.6 %</b>	<b>421,257</b>	<b>69.4 %</b>	<b>522,384</b>	<b>74.5 %</b>
<b>Total equity and liabilities</b>		<b>560,245</b>	<b>100.0 %</b>	<b>607,227</b>	<b>100.0 %</b>	<b>701,566</b>	<b>100.0 %</b>

<sup>1</sup> The figures correspond to the figures as of 31 December 2007 disclosed in the annual report 2008. Deviations from the figures published in the semi-annual report 2008 are based on the restatement, which was retrospective as of 1 January 2007. Detailed information was published in the annual report 2008 in note 2 of the notes to the consolidated annual financial statements.

<sup>2</sup> The Group reserves published as of 31 December 2008 were TCHF 459 higher and the minority interests were reduced by the same amount. Since this is only a change to the allocation within equity and the amount is immaterial in relation to equity, a restatement can be waived in accordance with IAS 8.

## Condensed, consolidated statement of cash flows for the first half of 2009 (unaudited)

in CHF 1,000	Note	Jan–Jun 2009	Jan–Jun 2008 (restated)
<b>Operating activities</b>			
Profit before tax		734	34,374
Financial result		– 1,433	853
Depreciation, amortisation and impairment		9,232	6,989
<b>EBITDA</b>		<b>8,533</b>	<b>42,216</b>
Gain from the sale of non-current assets		– 130	– 282
Changes in non-current provisions		– 1,023	– 602
<b>Cash flow before changes in net working capital</b>		<b>7,380</b>	<b>41,332</b>
Changes in net working capital		9,766	– 11,995
Change in other assets and liabilities		– 860	– 11,122
<b>Cash generated from operating activities</b>		<b>16,286</b>	<b>18,215</b>
Income tax paid		– 1,591	– 1,979
<b>Cash flow from operating activities</b>		<b>14,695</b>	<b>16,236</b>
<b>Investing activities</b>			
Capital expenditure for property, plant and equipment and intangible assets		– 9,579	– 13,495
Cash inflow/outflow from acquisitions	3	1,441	– 8,988
Interests received		261	3,000
Other cash flow from investing activities		– 391	580
<b>Cash flow from investing activities</b>		<b>– 8,268</b>	<b>– 18,903</b>
<b>Financing activities</b>			
Repayment of financial liabilities		– 649	– 16,837
Purchase/sale of treasury shares		– 427	– 76
Interests paid		– 887	– 1,121
Dividends paid		– 35,704	– 18,369
<b>Cash flow from financing activities</b>		<b>– 37,667</b>	<b>– 36,403</b>
<b>Change in cash and cash equivalents</b>		<b>– 31,240</b>	<b>– 39,070</b>
Cash and cash equivalents at 1 January		100,469	330,778
Effects of changes in foreign exchange rates		1,552	– 2,850
Change in cash and cash equivalents		– 31,240	– 39,070
<b>Cash and cash equivalents at 30 June</b>		<b>70,781</b>	<b>288,858</b>

## Condensed, consolidated statement of changes in equity for the first half of 2009 (unaudited)

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total equity
Balance at 1 January 2008 <sup>1</sup>	18,479	396,688	- 8,673	- 18,454	126,619	514,659	7,725	522,384
<b>Total comprehensive income for the period (restated)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 10,066</b>	<b>24,521</b>	<b>14,455</b>	<b>- 287</b>	<b>14,168</b>
Purchase of treasury shares	0	0	- 76	0	0	- 76	0	- 76
Dividends	0	0	0	0	- 18,369	- 18,369	0	- 18,369
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>- 76</b>	<b>0</b>	<b>- 18,369</b>	<b>- 18,445</b>	<b>0</b>	<b>- 18,445</b>
<b>Balance at 30 June 2008 (restated)</b>	<b>18,479</b>	<b>396,688</b>	<b>- 8,749</b>	<b>- 28,520</b>	<b>132,771</b>	<b>510,669</b>	<b>7,438</b>	<b>518,107</b>

Total Group reserves at the end of June 2008 (restated) 492,190

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total equity
Balance at 1 January 2009 <sup>2</sup>	18,479	396,688	- 69,445	- 66,586	141,593	420,729	528	421,257
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,641</b>	<b>1,207</b>	<b>10,848</b>	<b>- 348</b>	<b>10,500</b>
Purchase/sale of treasury shares	0	0	2,011	0	- 2,438	- 427	0	- 427
Dividends	0	0	0	0	- 35,704	- 35,704	0	- 35,704
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>2,011</b>	<b>0</b>	<b>- 38,142</b>	<b>- 36,131</b>	<b>0</b>	<b>- 36,131</b>
<b>Balance at 30 June 2009</b>	<b>18,479</b>	<b>396,688</b>	<b>- 67,434</b>	<b>- 56,945</b>	<b>104,658</b>	<b>395,446</b>	<b>180</b>	<b>395,626</b>

Total Group reserves at the end of June 2009 376,967

<sup>1</sup> The opening balances correspond to the figures as of 31 December 2007 published in the annual report 2008. Deviations from the figures published in the semi-annual report 2008 are based on the restatement, which was retrospective as of 1 January 2007. Detailed information was published in the annual report 2008 in note 2 of the notes to the consolidated annual financial statements.

<sup>2</sup> The Group reserves published as of 31 December 2008 were TCHF 459 higher and the minority interests were reduced by the same amount. Since this is only a change to the allocation within equity and the amount is immaterial in relation to equity, a restatement can be waived in accordance with IAS 8.

# Condensed notes to the consolidated semi-annual report as of 30 June 2009 (unaudited)

## 1. Significant accounting policies

### General information

The present report concerns the unaudited, consolidated semi-annual financial statements as of 30 June 2009 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 2008.

Von Roll Holding AG with its subsidiaries (together Von Roll) is an international manufacturing and service company. Its major activities are presented in the segment reporting (note 7). The company 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 2009 is based on the accounting policies presented in the annual report 2008, 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 2009 and accrued.

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

### Adoption of new accounting policies

The following new and revised standards issued by the International Accounting Standards Board (IASB) were adopted for the first time by Von Roll for the financial year starting on 1 January 2009.

» IAS 1 (revised) “Presentation of Financial Statements”. The revised standard provides for new names for the components of the financial statements, which are, however, not compulsory. If a retrospective change was made to the previous year’s figures or items were reclassified, a statement of financial position is to be presented at the beginning of the comparative period. Separate presentation of changes in equity based on transactions with owners is also required. Income and expenses taken to equity which do not relate to transactions with owners may only be presented as a summary and not as individual items in the statement of changes in equity. Any changes in equity which are not based on relations with owners must be disclosed in a statement of comprehensive income. Companies may choose between presentation in a single statement of comprehensive income and presentation in two statements (separate income statement and statement of comprehensive income).

Von Roll has opted for presentation in a single statement of comprehensive income. The semi-annual report 2009 was prepared in compliance with the revised requirements on disclosure.

» IFRS 8 “Operating Segments”. IFRS 8 replaces IAS 14 “Segment Reporting”. It requires a management approach under which segment information is presented on the same basis as for internal reporting purposes. Since Von Roll’s external segment reporting already matched its internal reporting in previous periods, there has been no change in the number and definition of segments subject to reporting requirements compared with the annual report 2008. Compared with the semi-annual report 2008, a reconciliation to profit for the period is additionally carried out.

The reporting of the business segments reflects internal reporting to the chief operating decision maker. The chief operating decision maker at Von Roll is the Board of Directors of Von Roll Holding AG.

The comparative information was restated and also presented in compliance with IAS 1 (revised) and IFRS 8. These changes to the accounting policies only affected presentation and had no effect on the net income and equity.

The following amendments to the standards and interpretations are to be adopted for the first time for the financial year beginning on 1 January 2009, but are currently irrelevant to Von Roll.

- » IAS 23 (Amendment) “Borrowing Costs”
- » IFRS 2 (Amendment) “Vesting Conditions and Cancellations”
- » IAS 32 and 1 (Amendment) “Financial Instruments: Presentation” and “Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation”
- » IFRS 1 und IAS 27 (Amendment) “First-time Adoption of International Financial Reporting Standards” and “Consolidated and Separate Financial Statements”
- » IFRIC 13 “Customer Loyalty Programmes”
- » IFRIC 15 “Agreements for the Construction of Real Estate”
- » IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

## 2. Changes in accounting policies (restatement)

In the second half of financial year 2008, two changes in accounting policies were agreed and explained in the annual report 2008 in note 2 of the notes to the consolidated financial statements.

- » Immediate recognition of actuarial gains and losses on defined benefit pension plans in equity and
- » reclassification of transport costs from sales deductions to sales and distribution expense.

A further adjustment results from the allocation of the purchase price for John C. Dolph Company, USA, which was completed in August 2008. The calculation of the final net assets and the goodwill is disclosed in the annual report 2008 in note 3 of the notes to the annual financial statements.

The effects on the figures published in the semi-annual report 2008 are presented in the following tables.

## Items affected in the consolidated statement of comprehensive income

in CHF 1,000	Jan–Jun 2008 (restated)	SORIE	Transport costs	PPA John C. Dolph Company	Jan–Jun 2008 (published)
Sales deductions	- 2,125		5,717		- 7,842
<b>Net sales</b>	<b>349,150</b>	<b>0</b>	<b>5,717</b>	<b>0</b>	<b>343,433</b>
Cost of goods sold	- 258,659	726			- 259,385
Research and development expense	- 6,650	92			- 6,742
Sales and distribution expense	- 23,507	164	- 5,717		- 17,954
Administrative expense	- 25,875	345			- 26,220
Other operating income/expense	768			237	531
<b>EBIT</b>	<b>35,227</b>	<b>1,327</b>	<b>0</b>	<b>237</b>	<b>33,663</b>
Financial result, net	- 853	13		6	- 872
Income taxes	- 5,525	- 378		- 95	- 5,052
<b>Profit for the period</b>	<b>28,849</b>	<b>962</b>	<b>0</b>	<b>148</b>	<b>27,739</b>
Actuarial gain(+) and loss(-) on defined benefit plans, net	- 4,320	- 4,320			0
Income tax on income and expenses taken directly to equity	1,043	1,043			0
<b>Other comprehensive income for the period, net of tax</b>	<b>- 14,681</b>	<b>- 3,277</b>	<b>0</b>	<b>0</b>	<b>- 11,404</b>
<b>Earnings per share</b>					
Weighted average number of shares outstanding (no. of shares)	183,691,977				183,691,977
Basic earnings per share in CHF	0.15				0.15
Diluted earnings per share in CHF	0.15				0.15

## Items affected in the consolidated statement of financial position

in CHF 1,000	June 30, 2008 (restated)	SORIE	Transport costs	PPA John C. Dolph Company	June 30, 2008 (published)
Goodwill	15,410			429	14,981
Pension plan assets	13,567	8,179			5,388
Deferred tax assets	22,420	1,219		190	21,011
<b>Assets</b>	<b>701,145</b>	<b>9,398</b>	<b>0</b>	<b>619</b>	<b>691,128</b>
Current provisions	1,678			471	1,207
Post-employment benefit obligations	18,808	3,680			15,128
Deferred tax liabilities	9,783	1,971			7,812
Group reserves	492,190	3,747		148	488,295
<b>Equity and liabilities</b>	<b>701,145</b>	<b>9,398</b>	<b>0</b>	<b>619</b>	<b>691,128</b>

## Items affected in the consolidated statement of cash flows

in CHF 1,000	Jan–Jun 2008 (restated)	SORIE	Transport costs	PPA John C. Dolph Company	Jan–Jun 2008 (published)
Profit before tax	34,374	1,340		243	32,791
Financial result	853	- 13		- 6	872
Changes in non-current provisions	- 602	- 169			- 433
Variation of other assets and liabilities	- 11,122	- 1,158		- 237	- 9,727
<b>Cash flow from operating activities</b>	<b>16,236</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,236</b>

### 3. Changes in the scope of consolidation

#### Von Roll Finanz AG

Following a resolution by the Extraordinary General Meeting on 19 January 2009, the company's name was changed from Von Roll Finanz AG to Bank von Roll AG. The Extraordinary General Meeting of the shareholders of Bank von Roll AG on 19 January 2009 approved the increase in the ordinary nominal share capital of CHF 17.9 million to CHF 18.0 million 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 due to its holding of treasury shares. The deconsolidation has had no material effects on earnings.

#### Von Roll Transformers Ltd.

On 25 September 2008, Von Roll purchased Von Roll Transformers Ltd. (previously Enerco Enterprises) based in Ramat Ha'Sharon, Israel, in its entirety and received 80% of its shares immediately.

In the first half of 2009, Von Roll received a repayment on the purchase price amounting to CHF 1.6 million due to target achievement clauses. This repayment had no effect on recorded goodwill, because it was already included in the 2008 financial statements as an accrual. There may be further adjustments to the purchase price in financial year 2009 based on whether targets are being met.

Von Roll Transformers Ltd. is still included in the consolidated financial statements of Von Roll with provisional figures, since the identification and calculation of the fair values of identifiable assets, liabilities and contingencies is not yet complete. The purchase price will be allocated by 25 September 2009 at the latest.

### 4. Foreign currencies

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

	Average rates		Period end rates	
	Jan – Jun 2009	Jan – Jun 2008	Jun 30 2009	Dec 31 2008
1 EUR	1.506	1.609	1.531	1.502
1 USD	1.130	1.043	1.090	1.058
1 GBP	1.682	2.070	1.796	1.555
1 ILS	0.279	–	0.275	0.271
1 INR	0.024	0.026	0.023	0.022
1 BRL	0.516	0.619	0.561	0.445
1 CNY	0.166	0.148	0.159	0.154

### 5. Gross sales

In the first half of 2009, gross sales are CHF 58.5 million down on the first half of 2008. This equates to a decrease of 16.6%. Sales by Von Roll Transformers Ltd. (previously Enerco Enterprises), which was acquired in September 2008, amount to CHF 43.0 million for the first half of 2009.

Gross sales have been adversely affected by changes in exchange rates. Current sales would have been CHF 9.1 million higher at the previous year's exchange rates. Accordingly, if the effect of changes in exchange rates is excluded, the reduction in sales amounts to 14.0% (CHF 49.3 million) compared with the previous year.

The sharp fall in the copper price compared with the same period in the previous year had a significant effect on the Group's gross sales. Group's sales would have been CHF 31.6 million higher if copper prices had remained at the level of the same period in the previous year. If the effect of the fall in the copper price is excluded, sales would have been 7.6% lower (CHF 26.9 million) than in the previous year.

## 6. Net income for the period

Net income in the first half of 2009 came to CHF 0.5 million and consequently fell short of the restated figure for the previous year of CHF 28.8 million (see note 2). EBIT decreased to CHF –0.7 million (previous year CHF 35.2 million). For further analysis, please refer to the image section of this semi-annual report.

### Employee benefits

In the first half of 2009, expense relating to defined benefit plans amounted to CHF 2.4 million, of which CHF 1.6 million was recognised as personnel expense, CHF 0.4 million as restructuring expense and CHF 0.4 million as interest expense. For the restated first half of 2008 (see note 2), expense relating to defined benefit plans amounted to CHF 1.1 million, which consisted of CHF 0.7 million personnel expenses and CHF 0.4 million interest expense.

### Restructuring programme

Expenses incurred in allocating funds to provisions for restructuring measures amounted to CHF 4.9 million in the first half of 2009 and are included in the Group's statement of comprehensive income under "Exceptional items". For further explanation, please refer to the image section.

### Reconciliation of operating EBIT to EBIT

The reconciliation is as follows:

in CHF 1,000	H1 2009	H1 2008 (restated)
<b>Operating EBIT</b>	<b>4,094</b>	<b>34,947</b>
Restructuring expenses	– 4,923	0
Gain from sale of fixed assets	130	280
<b>EBIT</b>	<b>– 699</b>	<b>35,227</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 maker. The chief operating decision maker at Von Roll is the Board of Directors of Von Roll Holding AG.

### Business segments

The operating activities of Von Roll are divided into the three business segments Von Roll Insulation (previously Electrical), Von Roll Composites (previously Industrial) and Von Roll Elco Transformers. In 2008, previous year's business segments Electrical and Industrial were renamed as Von Roll Insulation and Von Roll Composites. The segments are organised in accordance with business applications in sales markets defined by customers. They form the basis of Von Roll's primary segment reporting

Principal activities break down as follows:

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

For further information on the business segments, please refer to the image section of the present semi-annual report.

Other activities include income and expense of companies not categorised as part of the operating business, net income from investment property and holding companies.

The restatements for the first half of 2008 relate to the reclassification of transport costs from sales deductions to expenses and the adjustments in connection with actuarial gains and losses from defined benefit pension plans taken immediately to equity (see note 2).

The segment information on the business units is as follows in the first half of 2009:

Jan – Jun 2009					
in CHF 1,000	Von Roll Insulation	Von Roll Composites	Von Roll Elco Transformers	Other activities	Von Roll
Net sales	197,016	50,601	42,966	–	290,583
Operating EBIT	8,100	– 3,710	4,136	– 4,432	4,094
Operating income (EBIT)	5,652	– 4,180	4,136	– 6,307	– 699
Finance expense					1,433
Income tax					– 236
Net income					498

The segment information on the business units was as follows in the first half of 2008:

Jan – Jun 2008 (restated)					
in CHF 1,000	Von Roll Insulation	Von Roll Composites	Von Roll Elco Transformers	Other activities	Von Roll
Net sales	261,264	87,886	–	–	349,150
Operating EBIT	28,704	8,580	–	– 2,338	34,947
Operating income (EBIT)	28,982	8,584	–	– 2,339	35,227
Finance expense					– 853
Income tax					– 5,525
Net income					28,849

## 8. Share capital, treasury shares and dividends

As of 30 June 2009, the share capital is unchanged compared to the figure as of 31 December 2008 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 2009, Von Roll Holding AG holds 6,331,112 treasury shares at an average price of CHF 10.65. This represents a shareholding carrying voting rights of 3.4 %.

The General Meeting on 24 April 2009 resolved payment of a dividend of CHF 0.20 per share for financial year 2008. On 27 April 2009, CHF 35.7 million was paid to the shareholders of Von Roll Holding AG.

## 9. Contingent liabilities and guarantees

As of 30 June 2009, contingent liabilities and guarantees total CHF 29.7 million. The reduction of CHF 29.2 million compared with 31 December 2008 is attributable, in particular, to the reduction in Von Roll's traditional project business (CHF 21.9 million) and to the return of the final bank guarantee for the purchase of the Shenzhen Mica Group (CHF 4.5 million).

## 10. Significant events after the reporting date

No significant events which could have a material effect on the consolidated semi-annual financial statements 2009 have 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 14 August 2009.

**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)  
Valuable number: 324.535  
ISIN: CH0003245351

**For publications and further information  
please contact**

Luitpold Wüsthof  
Investor Relations  
Phone +41 44 204 30 50  
Fax +41 44 204 30 08  
[investor@vonroll.com](mailto:investor@vonroll.com)

Sven Ohligs  
Corporate Communications  
Phone +41 44 204 30 34  
Fax +41 44 204 30 39  
[press@vonroll.com](mailto:press@vonroll.com)

Von Roll Holding AG  
Steinacherstrasse 101  
8804 Au/Wädenswil  
Switzerland

**Imprint**

Publisher: Von Roll Holding AG, Au/Wädenswil  
Content/text: ergo Unternehmenskommunikation, Frankfurt,  
Germany  
Design/artwork: idfx AG Werbeagentur ASW, Wädenswil,  
Switzerland  
Print: Victor Hotz AG, Steinhausen

Produced and printed in Switzerland  
© Von Roll Holding AG, 2009

The Von Roll semi-annual report and the consolidated  
financial statements were originally issued in German and  
translated into English. In the event of any discrepancy  
the German language prevails.

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

