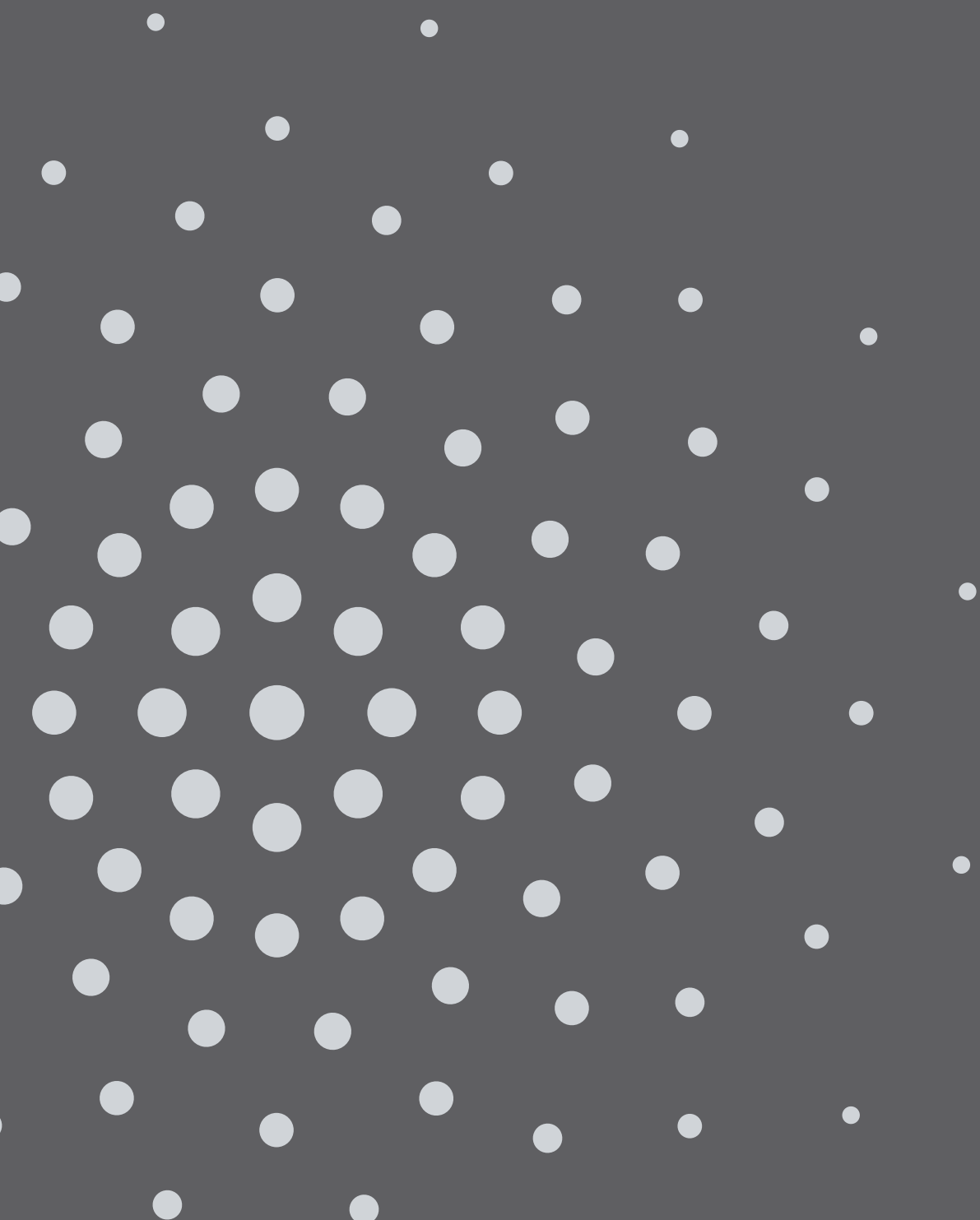


10

Semi-Annual Report

We Enable Energy



vonRoll

In the first half of 2010, Von Roll's sales fell by 1.5 % compared with the same period in the previous year to reach a level of CHF 286.1 million. Order intake rose by 0.9 % to CHF 261.6 million. EBIT reached CHF 11.9 million in the first half of 2010 as against CHF –0.7 million in the first half of 2009. In comparison with the second half of 2009, however, it was possible to report an upward trend: sales were increased significantly by 10.5 % (from CHF 258.8 million), with order intake rising even by 21.4 % (from CHF 215.5 million).

Key figures

in CHF 1,000	H1 2010	H1 2009 (restated)	Variation	H2 2009	Variation
Order intake	261,602	259,333	+0.9 %	215,481	+21.4 %
Net sales	286,117	290,583	-1.5 %	258,846	+10.5 %
Operating EBIT ¹	11,881	4,140	+186.9 %	-3,563	n.a.
- In % of net sales	4.2 %	1.4 %	+2.8 ppt	-1.4 %	+5.6 ppt
EBIT	11,943	-653	n.a.	-7,838	n.a.
- In % of net sales	4.2 %	-0.2 %	+4.4 ppt	-3.0 %	+7.2 ppt
Profit before Taxes	12,026	686	> 200 %	-12,990	n.a.
- In % of net sales	4.2 %	-0.2 %	+3.9 ppt	-5.0 %	+9.2 ppt
Net income	9,412	467	> 200 %	-11,809	n.a.
- In % of net sales	3.3 %	0.2 %	+3.1 ppt	-4.6 %	+7.9 ppt
Cash flow from operating activities	-12,136	14,695	n.a.	14,775	n.a.
Capital expenditure	6,358	9,579	-33.6 %	11,645	-45.4 %
Net liquidity	20,203	68,765	-70.6 %	61,100	-66.9 %
Equity	363,578	393,131	-7.5 %	372,695	-2.4 %
Equity ratio	66 %	70 %	-4 ppt	72 %	-6 ppt
Number of employees (as of reporting date)	3,030	3,085	-1.8 %	2,953	+2.6 %

¹ Reconciliation from operating EBIT to EBIT see page 17

Key figures per share

in CHF	H1 2010	H1 2009 (restated)	H2 2009
Operating EBIT per share ¹	0.07	0.02	-0.02
EBIT per share ²	0.07	0.00	0.00
Basic earnings per share ³	0.05	0.00	-0.06
Operating cash flow per share ⁴	-0.07	0.08	0.09
Equity per share ⁵	2.05	2.20	2.09
Number of issued shares	184,778,889	184,778,889	184,778,889
Share price (high)	7.10	8.30	9.04
Share price (low)	5.43	5.83	5.80
Share price (end of period)	5.43	6.05	6.40
Market capitalization (in CHF 1,000)	1,003,349	1,117,912	1,182,585

¹ Operating EBIT / weighted average number of shares outstanding

² EBIT / weighted average number of shares outstanding

³ Net income (excl. minority interests) / weighted average number of shares outstanding

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

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

Von Roll in the first half of 2010

Dear Shareholders

In the first half of 2010, the signs at Von Roll have been pointing towards a recovery. The positive global economic trend and the resulting increase in demand in the automotive, construction and consumer goods industries, sectors which are sensitive to fluctuations in the economy, have had an appreciable impact on Von Roll: in particular, orders received for low-voltage products from the Insulation segment and for products from the Composites segment increased.

In the first half of 2010, Von Roll achieved Group sales of CHF 286.1 million and thus 1.5% less than in the same period in the previous year. However, when compared with the second half of 2009, the resulting increase of 10.5% represents a positive upward trend. Order intake was also up slightly, rising to CHF 261.6 million, an increase of 0.9% as against the same period in the previous year and, when compared with the second half of 2009, even up 21.4% (from CHF 215.5 million).

Increased profitability

EBIT stood at CHF 11.9 million in the first half of 2010 as against CHF -0.7 million in the same period in the previous year. Net income also performed positively in the first six months of 2010, rising from CHF 0.5 million in the first half of 2009 to CHF 9.4 million.

The improved result shows that the acquisition and internationalisation strategy pursued by Von Roll is the right way forward – and in difficult times, too. Above-average growth was achieved particularly in Asia, with sales increasing by 13.1% to CHF 61.9 million, which helped to offset the effects of a difficult economic climate on the North American market environment. In addition, the rigorous implementation of our restructuring programme had a positive effect on income: we were able to adjust our cost structure to fit the new level of demand within a short time.

Key strategic steps

We have continued to press on with our growth strategy for the development of an international technology Group focused on energy-oriented sectors. In March we completed the takeover of BHU Umwelttechnik GmbH, a German company specialising in water and wastewater treatment. With this acquisition, Von Roll is gaining a foothold in the profitable water treatment market. BHU Umwelttechnik forms the heart of the new business field Von Roll Water, which we intend to develop into one of the main pillars of the Group.

A further strategic milestone came in May when work started on the consolidation of solar activities in Von Roll's Solar Centre of Excellence in Tägerwil, Switzerland. Here we are developing a printing method to manufacture third-generation solar cells, which are designed to offer a significant competitive advantage thanks to their low production cost coupled with increased efficiency rates.

Positive outlook

We expect the global economic recovery to continue into the second half of 2010. The positive trend will continue to be felt in particular in the early-cycle sectors, with our Insulation and Composites business segments looking set to benefit from this. In the case of Von Roll Transformers, several very promising large-scale projects are currently in negotiation.

We are forecasting a good second half of the year, with sales above the level of the first six months.

I would like to take this opportunity to extend my heartfelt thanks to our employees, without whom it would not have been possible to achieve such results. I would also like to thank our shareholders for the confidence that they have placed in us.

Au/Wädenswil, August 2010



Thomas Limberger
Chairman of the Board of Directors & CEO

Positive upward trend, improved result

The first half of 2010 confirmed indications at the beginning of the year that the economy had reached a turning point. Most regions of the world reported an economic recovery, with the momentum for growth being significantly higher in emerging markets than in the industrialised countries. The automotive, construction and consumer goods industries, sectors which are sensitive to fluctuations in the economy, profited from the economic upturn and had a positive effect on demand for Von Roll products and solutions. In contrast, investment behaviour remained cautious in the traditionally late-cycle supply industry.

Order intake increases

In the first six months of 2010, Von Roll achieved Group sales of CHF 286.1 million. Sales are thus 1.5% down on the first half of 2009. In comparison with the second half of 2009, however, a clear positive trend was apparent, with growth of 10.5%. The performance of the business segments Von Roll Composites and Von Roll Transformers was gratifying in terms of sales. In the Von Roll Insulation segment, however, a slight fall in sales had to be reported.

The performance of the Von Roll Group in the first six months of the year differed by region: the most important region, EMEA (Europe, Middle East and Africa), achieved sales of CHF 159.7 million, a growth of 4.0%. In contrast, Group sales in the Americas region (North and South America) fell by 21.7% to CHF 64.5 million. In the Asian region, Von Roll recorded solid growth with sales increasing by 13.1% to CHF 61.9 million. It was possible to offset the impact of a difficult economic climate on the European and North American markets with above-average growth in Asia. The acquisition and internationalisation strategy pursued by the Von Roll Group has thus proved to be the right one – and in difficult times, too.

A positive trend can also be reported in terms of order intake. In the first half of 2010, order intake stood at CHF 261.6 million, 0.9% higher than in the same period in the previous year and as much as 21.4% higher than in the second half of 2009. The increase in order intake shows that markets are recovering. Demand, particularly from the early-cycle automotive, construction and consumer goods sectors, has risen to an appreciable extent. Above all, this had a positive effect on orders received for low-voltage products from the Insulation segment as well as for products from the Composites segment. However, the Von Roll Transformers segment, which is characterised by an uneven ordering pattern for large-scale projects, continued to be affected by the cautious investment behaviour amongst electricity providers. At the Group level, the book-to-bill ratio, that is the ratio of order intake to sales, has improved since the beginning of the year by 0.1 to reach a factor of 0.9.

Return to profit

Von Roll's operating EBIT increased in comparison with the first half of 2009 (CHF 4.1 million), rising to CHF 11.9 million. This equates to an operating EBIT margin of 4.2%. In addition, Von Roll succeeded in increasing EBIT as against the first half of 2009 (CHF -0.7 million), recording a total of CHF 11.9 million. The improved result is primarily due to the restructuring programme, which has enabled costs to be adjusted to fit the level of demand.

Net income has also developed positively, amounting to CHF 9.4 million. In the first half of 2009, Von Roll reported net income of CHF 0.5 million; in the second half, this figure stood at CHF -11.8 million.

Cash flow fell to CHF -12.1 million as Von Roll had to set aside more working capital in view of the increased demand as against the same period in the previous year, e.g. to purchase raw materials and to build up stock levels in the wake of the greater order intake.

The equity ratio stood at 66%, showing that Von Roll remains in a stable financial position.

Von Roll Insulation

Profitability up considerably

The Von Roll Insulation business segment recorded sales of CHF 181.6 million in the first half of 2010. Although this represents a fall of 7.8% on the same period in the previous year, it is 14.7% above the level recorded in the second half of 2009. Order intake at Von Roll Insulation increased to CHF 186.7 million, a significant increase of 20.7%.

In essence, the trend reversal in business development was driven by the low-voltage segment, which covers the automotive and consumer goods industries, both early-cycle sectors. At the end of the second half of 2009, once clients from these sectors had reduced their stocks, demand for low-voltage products such as flexible materials and lacquers rose once again. In contrast, the high-voltage business unit, which supplies energy providers, the oil and gas industry and the transport sector, continued to be affected by the delay in infrastructure projects financed by the public sector. In comparison with the second half of 2009, however, growth has been achieved in both the low- and high-voltage segments.

The impact of the restructuring programme, which was implemented over the past year and which focused on making savings in production costs and overhead, began to be felt in the first half of 2010. Operating EBIT rose from CHF 8.1 million to CHF 11.3 million. This corresponds to a margin of 6.2% as against 4.1% in the first half of 2009. Von Roll has thus succeeded in significantly improving the margin in its insulation operations in spite of lower sales.

Key Figures Von Roll Insulation

in CHF 1,000	H1 2010	H1 2009 (restated)	Variation	H2 2009	Variation
Order intake	186,665	154,704	+20.7 %	143,700	+29.9 %
Net sales	181,638	197,016	- 7.8 %	158,308	+14.7 %
Operating EBIT	11,327	8,146	+39.0 %	661	> 200 %
Number of employees	1,364	1,393	- 2.1 %	1,365	- 0.1 %

Von Roll Composites

Order intake and sales on the increase

The Von Roll Composites business segment saw growth in sales of 9.4% to CHF 55.4 million in the first half of 2010. Order intake was up 24.7% to CHF 58.3 million.

Von Roll Composites was able to benefit from the upturn in the early-cycle construction and consumer goods industries, recording increased demand for heat- and fire-resistant cable insulation and moulded parts. Business involving ballistic protection systems continued to perform solidly. The steady growth rates over the last three half-years show that the Composites business segment is mounting a sustainable recovery.

In terms of operating EBIT, Von Roll Composites had to post a loss of CHF 0.4 million. This is a significant improvement on the corresponding number from the first half of 2009, which stood at CHF -3.7 million. Start-up costs for the business involving products and systems for both ballistic and personal protection, which are oriented towards the future and offer strong potential for growth, continued to burden operating EBIT.

Key Figures Von Roll Composites

in CHF 1,000	H1 2010	H1 2009	Variation	H2 2009	Variation
Order intake	58,312	46,770	+24.7 %	51,854	+12.5 %
Net sales	55,350	50,601	+9.4 %	51,458	+7.6 %
Operating EBIT	-440	-3,710	+88.1 %	217	n.a.
Number of employees	1,347	1,393	-3.3 %	1,288	+4.5 %

Von Roll Transformers

Progress in productivity converted into growth

In the first six months of 2010, Von Roll Transformers achieved sales of CHF 48.2 million. The 12.2% increase in sales is primarily due to the successful implementation of measures to increase productivity, which enabled throughput times in manufacturing to be reduced and more orders to be processed.

In the first half of 2010, order intake stood at CHF 15.7 million as against CHF 57.9 million in the first half of 2009. The fall in comparison with the two previous half-year periods reflects the uneven ordering pattern in the transformer business, which is characterised by large-scale projects. Across most regions, energy providers adopted a cautious approach to new capital expenditures in the wake of the credit crunch and following a dip in electricity demand caused by the recession. However, demand for transformers for energy transmission and distribution remains consistently high. The reasons behind this high demand are the necessary replacement and upgrading of outdated infrastructures in Western markets and the urgent need for new electricity infrastructure in the emerging markets on the one hand, and the increased use of renewable energy, which must be fed into the national grid, on the other.

Nevertheless, Von Roll continues to enjoy a high level of capacity utilisation. At this time, a number of very promising large-scale international projects are still in negotiation.

Operating EBIT rose to CHF 4.4 million as against CHF 4.1 million in the same period in the previous year. This equates to an operating EBIT margin of 9.1%.

Key Figures Von Roll Transformers

in CHF 1,000	H1 2010	H1 2009	Variation	H2 2009	Variation
Order intake	15,706	57,859	-72.9 %	19,927	-21.2 %
Net sales	48,210	42,966	+12.2 %	49,080	-1.8 %
Operating EBIT	4,370	4,136	+5.7 %	2,955	+47.9 %
Number of employees	251	250	+0.4 %	246	+2.0 %

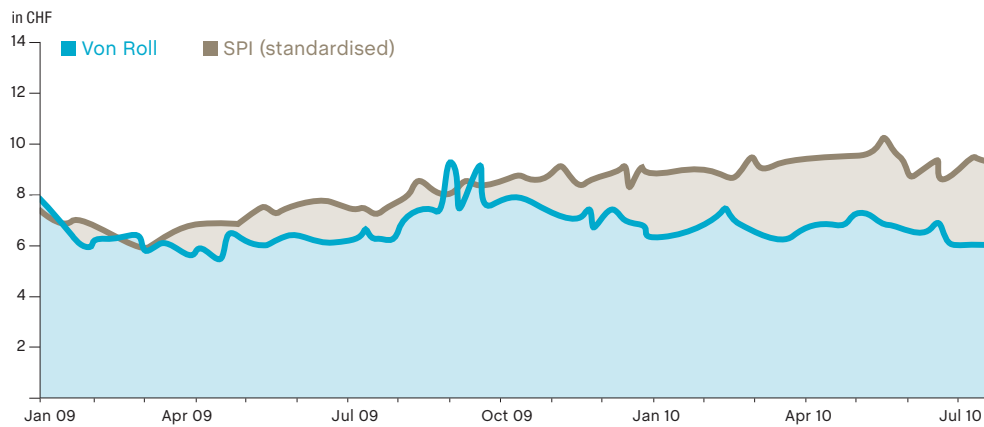
The Von Roll share

The shares are traded on the SIX Swiss Exchange and are part of the Swiss Performance Index (SPI). They are also traded in Frankfurt and New York.

As of 30 June 2010, 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 SIX Swiss Exchange in Zurich.

The major shareholder in Von Roll is the von Finck family with 67.4% of the shares. These include treasury shares in Von Roll Holding AG in the amount of 3.81%.

Share performance



Key Figures

	H1 2010	H1 2009	H2 2009
Number of issued shares	184,778,889	184,778,889	184,778,889
Share price (high) in CHF	7.10	8.30	9.04
Share price (low) in CHF	5.43	5.83	5.80
Share price (reporting date) in CHF	5.43	6.05	6.40
Market capitalisation (in CHF 1,000)	1,003,349	1,117,912	1,182,585
Average trading volume per day	53,023	47,042	52,347

Listing information

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

Financial calendar

28 October 2010:

3rd quarterly report 2010

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Financial report

Condensed, consolidated statement of comprehensive income for the first half of 2010 (unaudited)

in CHF 1,000	Note	Jan – June 2010	Jan – June 2009 (restated)
Gross sales	5	288,343	292,800
Sales deductions		-2,226	-2,217
Net sales	7	286,117	290,583
Cost of goods sold		-226,924	-232,559
Gross profit		59,193	58,024
Research and development expense		-4,896	-6,587
Sales and distribution expense		-18,171	-19,242
Administrative expense		-24,742	-28,531
Other operating expense/income		497	476
Operating EBIT	7	11,881	4,140
Exceptional items	6	62	-4,793
EBIT	7	11,943	-653
Financial income		20,806	10,505
Financial expense		-20,723	-9,166
Profit before tax		12,026	686
Income tax		-2,614	-219
Net income for the period	6	9,412	467
Other comprehensive income			
Exchange differences arising on translation of foreign operations		2,505	7,599
Exchange differences on intercompany loans qualifying as equity		-1,081	2,042
Actuarial gain (+) and loss (-) on defined benefit plans, net		-1,875	738
Income tax on income and expenses taken directly to equity		503	-274
Other comprehensive income for the period, net of tax		52	10,105
Total comprehensive income for the period		9,464	10,572
Net income attributable to:			
Equity holders of the parent		9,442	815
Non-controlling interests		-30	-348
Net income for the period		9,412	467
Total comprehensive income attributable to:			
Equity holders of the parent		9,494	10,920
Non-controlling interests		-30	-348
Total comprehensive income for the period		9,464	10,572
Earnings per share			
Weighted average number of shares outstanding (no. of shares)		177,726,741	178,472,290
Basic earnings per share in CHF		0.05	0.00
Diluted earnings per share in CHF		0.05	0.00

Condensed, consolidated statement of financial position as of 30 June 2010 (unaudited)

Assets

in CHF 1,000	Note	30 June 2010	in %	31 Dec 2009 ¹	in %	1 Jan 2009 ¹	in %
Current assets							
Cash and cash equivalents		41,756		62,416		100,469	
Trade accounts receivable		118,542		90,020		116,537	
Inventories		107,382		99,239		122,053	
Other accounts receivable and prepaid expense		44,684		31,006		43,467	
Total current assets		312,364	56.5 %	282,681	54.3 %	382,526	62.9 %
Non-current assets							
Property, plant and equipment		100,726		103,265		100,386	
Goodwill		43,565		39,932		38,867	
Other intangible assets		48,106		47,338		49,548	
Financial assets		8,825		8,373		7,278	
Pension plan assets		17,697		17,875		11,080	
Deferred tax assets		21,247		20,787		18,734	
Total non-current assets		240,166	43.5 %	237,570	45.7 %	225,893	37.1 %
Total assets		552,530	100.0 %	520,251	100.0 %	608,419	100.0 %

Equity and liabilities

in CHF 1,000	Note	30 June 2010	in %	31 Dec 2009 ¹	in %	1 Jan 2009 ¹	in %
Liabilities							
Current liabilities							
Trade accounts payable		48,647		40,352		58,184	
Current financial liabilities		20,978		1,229		1,871	
Current provisions		2,075		3,890		1,176	
Current tax payable		2,102		1,310		3,409	
Other current liabilities and accruals		69,141		56,341		80,176	
Total current liabilities		142,943	25.8 %	103,122	19.9 %	144,816	23.8 %
Non-current liabilities							
Non-current financial liabilities		575		87		613	
Post-employment benefit obligations		21,934		23,347		22,965	
Deferred tax liabilities		10,606		9,151		9,144	
Non-current provisions		12,894		11,849		12,191	
Total non-current liabilities		46,009	8.4 %	44,434	8.5 %	44,913	7.4 %
Total liabilities		188,952	34.2 %	147,556	28.4 %	189,729	31.2 %
Equity							
Share capital	8	18,479		18,479		18,479	
Group reserves		345,099		354,216		399,683	
Equity attributable to equity holders of the parent company							
Non-controlling interests		–	0.0 %	–	0.0 %	528	0.1 %
Total equity		363,578	65.8 %	372,695	71.6 %	418,690	68.8 %
Total equity and liabilities		552,530	100.0 %	520,251	100.0 %	608,419	100.0 %

¹ The figures correspond to the figures as of 31 December 2009 as disclosed in the annual report 2009. Deviations from the figures published in the semi-annual report 2009 are based on the restatement, which was retrospective as of 1 January 2008. Detailed information was published in the annual report 2009.

Condensed, consolidated statement of cash flows for the first half of 2010 (unaudited)

in CHF 1,000	Note	Jan – June 2010	Jan – June 2009 (restated)
Operating activities			
Profit before tax		12,026	686
Financial result		– 83	– 1,339
Depreciation, amortisation and impairment		9,399	9,232
EBITDA		21,342	8,579
Gain from the sale of non-current assets		– 62	– 130
Changes in non-current provisions		747	– 1,069
Cash flow before changes in net working capital		22,027	7,380
Changes in net working capital		– 21,249	9,766
Change in other assets and liabilities		– 11,935	– 860
Cash generated from operating activities		– 11,157	16,286
Income tax paid		– 979	– 1,591
Cash flow from operating activities		– 12,136	14,695
Investing activities			
Capital expenditure for property, plant and equipment and intangible assets		– 6,358	– 9,579
Cash outflow/inflow from acquisitions	3	– 3,028	1,441
Interest received		268	261
Other cash flow from investing activities		– 928	– 391
Cash flow from investing activities		– 10,046	– 8,268
Financing activities			
Increase in/repayment of financial liabilities		19,735	– 649
Purchase/sale of treasury shares		– 326	– 427
Interest paid		– 982	– 887
Dividends paid		– 17,771	– 35,704
Cash flow from financing activities		656	– 37,667
Change in cash and cash equivalents		– 21,526	– 31,240
Cash and cash equivalents at 1 January		62,416	100,469
Effects of changes in foreign exchange rates		866	1,552
Change in cash and cash equivalents		– 21,526	– 31,240
Cash and cash equivalents at 30 June		41,756	70,781

Consolidated statement of changes in equity for the first half of 2010 (unaudited)

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2009 ¹	18,479	396,688	-69,445	-65,246	137,686	418,162	528	418,690
Net income for the period (restated)	-	-	-	-	815	815	-348	467
Exchange differences arising on translation of foreign operations	-	-	-	7,599	-	7,599	-	7,599
Exchange differences on intercompany loans qualifying as equity	-	-	-	2,042	-	2,042	-	2,042
Actuarial gain on defined benefit plans, net	-	-	-	-	738	738	-	738
Income tax on income and expenses taken directly to equity	-	-	-	-	-274	-274	-	-274
Other comprehensive income for the period (restated)	-	-	-	9,641	464	10,105	-	10,105
Purchase/Sale of treasury shares	-	-	2,011	-	-2,438	-427	-	-427
Dividends	-	-	-	-	-35,704	-35,704	-	-35,704
Total transactions with owners	-	-	2,011	-	-38,142	-36,131	-	-36,131
Balance at 30 June 2009 (restated)	18,479	396,688	-67,434	-55,605	100,823	392,951	180	393,131
Total Group reserves at the end of June 2009 (restated)					374,472			

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2010	18,479	396,688	-72,290	-61,870	91,688	372,695	-	372,695
Net income for the period	-	-	-	-	9,442	9,442	-30	9,412
Exchange differences arising on translation of foreign operations	-	-	-	2,505	-	2,505	-	2,505
Exchange differences on intercompany loans qualifying as equity	-	-	-	-1,081	-	-1,081	-	-1,081
Actuarial loss on defined benefit plans, net	-	-	-	-	-1,875	-1,875	-	-1,875
Income tax on income and expenses taken directly to equity	-	-	-	-	503	503	-	503
Other comprehensive income for the period	-	-	-	1,424	-1,372	52	-	52
Share based payments	-	-	-	-	197	197	-	197
Purchase/Sale of treasury shares	-	-	1,757	-	-2,083	-326	-	-326
Consideration paid in equity shares due business combination	-	-	101	-	-32	69	-	69
Dividends	-	-	-	-	-17,771	-17,771	-	-17,771
Purchase of non-controlling interests	-	-	-	-	-750	-750	-	-750
Reclassification of non-controlling interests to parent shareholder	-	-	-	-	-30	-30	30	-
Total transactions with owners	-	-	1,858	-	-20,469	-18,611	30	-18,581
Balance at 30 June 2010	18,479	396,688	-70,432	-60,446	79,289	363,578	-	363,578

Total Group reserves at the end of June 2010

345,099

¹ The opening balances correspond to the figures as of 31 December 2009 published in the annual report 2009. Deviations from the figures published in the semi-annual report 2009 are based on the restatement, which was retrospective as of 1 January 2009. Detailed information was published in the annual report 2009.

Condensed notes to the consolidated semi-annual report as of 30 June 2010 (unaudited)

1. | Significant accounting policies

General information

The present report concerns the unaudited, consolidated semi-annual financial statements as of 30 June 2010 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 2009.

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, CH-4226 Breitenbach, Switzerland.

Summary of significant accounting policies

The semi-annual report 2010 is based on the accounting policies presented in the annual report 2009, 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 2010 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.

In the solar activities sector, three projects fulfilled the recognition criterion for the first time for the capitalisation of development costs. The basis for the capitalisation is a project controlling function for development projects. Capitalisation is performed from the point in time at which it can be demonstrated that all criteria of IAS 38 have been fulfilled. The acquisition or manufacturing costs for the capitalised development projects encompass all costs that can be directly allocated to the development process. At the end of the development process, the capitalised costs are depreciated according to the expected useful life and tested for impairment in accordance with the accounting policies presented in the 2009 financial statements.

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 2010.

- » IFRS 3 (revised) "Business Combinations" in conjunction with IAS 27 (revised) "Consolidated and Separate Financial Statements". The revised standards contain a number of material changes to the financial statements presentation in conjunction with business combinations. These changes bring about various innovations such as: the valuation of non-controlling interests for which an option exists between at fair value or at the non-controlling interest's proportionate share of acquiree's identifiable net assets; the accounting in the case of step acquisitions, which requires the revaluation of the equity quota at a fair value; and the recognition of the reduction equity quota without the loss of control as equity transactions. Furthermore, the adjustments of previously determined values as well as acquisition-related costs are to be recognised in the income statement.

Von Roll has applied both standards to all transactions for financial year 2010. The semi-annual report 2010 was prepared in compliance with the revised requirements. Von Roll makes for each transaction on a case-by-case basis a decision on which valuation method will be applied to non-controlling interests and discloses the method (see note 3).

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 2009 or on 1 January 2010, but are currently not relevant to Von Roll:

- » IFRS 1 “First-time Adoption of International Financial Reporting Standards” including the additional exceptions
- » IFRS 2 (amendment) “Accounting for Share-based Payment with Cash Settlement”
- » IFRS 5 (amendment) “Non-current Assets Held for Sale and Discontinued Operations”
- » IAS 1 (amendment) “Presentation of Financial Statements”
- » IAS 32 (amendment) “Financial Instruments: Presentation – Classification of Rights Issues”
- » IAS 39 (amendment) “Financial Instruments: Recognition and Measurement”
- » IFRIC 9 “Reassessment of Embedded Derivatives”
- » IFRIC 15 “Agreements for the Construction of Real Estate”
- » IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”
- » IFRIC 17 “Distributions of Non-cash Assets to Owners”
- » IFRIC 18 “Transfers of Assets from Customers”

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 2009 impacts the previous year’s figures as at 30 June 2009. A pension fund and a fund for other long-term employee benefits were recognised retrospectively as of 1 January 2009. Corrections are made 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 2009:

in CHF 1,000

Increase in post-employment benefit obligations	-2,940
Increase in non-current provisions	-710
Increase in deferred tax assets	1,155
Decrease in equity (retained earnings)	-2,495

There was a negative effect of TCHF 31 on the net income for the period as at 30 June 2009. This is made up of the following items:

- » decrease in administrative expense of TCHF 46
- » increase in financial expense of TCHF 94
- » decrease in tax expense of TCHF 17

There was a positive effect of TCHF 103 on the other items of the total comprehensive income for the period, leading to an overall increase of TCHF 72. All corrections relate to subsidiaries excluding non-controlling interests. The effect on the basic earnings and diluted earnings per share is immaterial.

3. | Changes in the scope of consolidation

Von Roll Water Holding AG

On 8 January 2010, Von Roll founded Von Roll Water Holding AG with its registered office in Breitenbach, Switzerland. The company's purpose is the purchase, sale and management of investments in existing or yet-to-be-established industrial, commercial and financial companies of all kinds, based either in Switzerland or abroad, in particular in the water, wastewater and sewage sludge sector as well as in the field of renewable energies. Since its founding, 5% of the shares in Von Roll Water Holding AG have been sold.

Von Roll Finance AG

On 11 June 2010, Von Roll founded Von Roll Finance AG its registered office in Breitenbach, Switzerland. The company's purpose is the financing of other companies, particularly affiliated companies of Von Roll Holding AG. It can also undertake additional financing activities or carry out other financial transactions, acquire investments in other companies, and acquire, manage, broker and sell licences, patents and other intangible assets as well as real estate both in Switzerland and abroad.

BHU Umwelttechnik GmbH

On 18 March 2010, Von Roll purchased BHU Umwelttechnik GmbH registered office in Bietigheim-Bissingen, Germany. 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. The current net cash outflow in connection with the purchase price amounted to TCHF 2,278. The net assets of the acquired company are shown provisionally in the table below:

in CHF 1,000	Book value	Fair value adjustment	Fair value
Cash and cash equivalents	264	-	264
Trade accounts receivable	1,151	-	1,151
Inventories	9,817	137	9,954
Other current assets	289	-	289
Tangible and other non-current assets	85	-	85
Intangible assets	117	860	977
Non-current assets	570	-	570
Deferred tax assets	107	-	107
Total assets	12,400	997	13,397
Trade accounts payable	- 722	-	- 722
Financial liabilities	- 1,148	-	- 1,148
Other liabilities and deferred income	- 8,906	- 131	- 9,037
Deferred tax liabilities	- 124	- 243	- 367
Total liabilities	- 10,900	- 373	- 11,273
Net assets	1,500	624	2,124
Goodwill			2,132
Accrued purchase consideration			1,645
Consideration paid in equity shares			69
Consideration paid in cash			2,542
Total purchase consideration			4,256
Consideration paid in cash			2,542
Cash and cash equivalents acquired			- 264
Net cash outflow			2,278

The inventories identified were increased by the margin of open orders pending at the time of acquisition in the amount of TCHF 137. The intangible asset identified represents a patent for water treatment to the value of TCHF 860, while the accruals identified represent provisions for impending losses from construction contracts in the amount of TCHF 131. The provisional goodwill from this transaction comprises most notably the expected potential for synergy effects and market entry, workforce and other non-separable intangible assets. Since the first-time consolidation on 18 March 2010, BHU Umwelttechnik GmbH has contributed sales of TCHF 919 and had only an immaterial impact on the net income.

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

BHU Umwelttechnik GmbH is still considered in the consolidated financial statements of Von Roll with provisional figures because the identification and determination of the fair values of identifiable assets, liabilities and contingencies is not yet complete. The provisional allocation of the purchase price results in a goodwill of TCHF 2,132. Both the amount of goodwill and the scope and carrying values of the identified assets, liabilities and contingencies may therefore still change. The purchase price will be allocated definitively within twelve months after the acquisition date.

Von Roll Solar AG

On 29 June 2010, Von Roll purchased a further 40% of share capital of Von Roll Solar AG at a price of TCHF 750. This increased the equity quota in Von Roll Solar AG from 51% to 91%. Von Roll Solar AG has been relocated from Breitenbach, Switzerland, to Tägerwilten, Switzerland.

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 2010	Jan–June 2009	30 June 2010	31 Dec 2009
1 EUR	1.441	1.506	1.344	1.491
1 USD	1.082	1.130	1.087	1.035
1 GBP	1.652	1.682	1.636	1.654
1 ILS	0.288	0.279	0.280	0.273
1 INR	0.024	0.024	0.024	0.022
1 BRL	0.605	0.516	0.612	0.589
1 CNY	0.159	0.166	0.160	0.152

5. | Gross sales

In the first half of 2010, gross sales are CHF 4.5 million down on the first half of 2009. This equates to a decrease of 1.5%. The acquisition of BHU Umwelttechnik GmbH in March 2010 contributed sales of CHF 0.9 million in the first half of 2010.

Gross sales have been adversely affected by changes in exchange rates. Current sales would have been CHF 3.5 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 0.3% (CHF 1.0 million) compared with the previous year.

6. | Net income for the period

Net income increased from CHF 0.5 million for the first half of 2009 to CHF 9.4 million during the period under review. EBIT rose to CHF 11.9 million following CHF –0.7 million for the same period in the previous year. For further analysis, please refer to the image section of this semi-annual report.

Employee benefits

In the first half of 2010, expense relating to defined benefit plans amounted to CHF 1.7 million, of which CHF 1.4 million was recognised as personnel expense and CHF 0.3 million as interest expense. For the restated first half of 2009 (see note 2), expense relating to defined benefit plans amounted to CHF 2.6 million, which consisted of CHF 1.8 million in personnel expense, CHF 0.4 million in restructuring expense and CHF 0.4 million in interest expense.

Reconciliation of operating EBIT to EBIT

The reconciliation is as follows:

in CHF 1,000	Jan–June 2010	Jan–June 2009 (restated)
Operating EBIT	11,881	4,140
Restructuring expenses	–	–4,923
Gain from sale of fixed assets	62	130
EBIT	11,943	– 653

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 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

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 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 the newly acquired water activities are also allocated to the "Other activities" segment.

The restatements for the first half of 2009 relate to the adjustments in connection with the reporting of the pension fund and the fund for other long-term employee benefits (see note 2).

The segment information on the business units is 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

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

Jan – June 2009 (restated)					
in CHF 1,000	Von Roll Insulation	Von Roll Composites	Von Roll Transformers	Other activities	Von Roll
Net Sales	197,016	50,601	42,966	–	290,583
Operating EBIT	8,146	– 3,710	4,136	– 4,432	4,140
EBIT	5,698	– 4,180	4,136	– 6,307	– 653
Financial result					1,339
Income tax					– 219
Net income					467

8. | Share capital, treasury shares and dividends

As at 30 June 2010, the share capital is unchanged compared to the figure as at 31 December 2009 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 at 30 June 2010, Von Roll Holding AG holds 7,083,478 treasury shares at an average price of CHF 10.41. This represents shareholding carrying voting rights of 3.83%.

The Annual General Meeting on 4 May 2010 resolved payment of a dividend of CHF 0.10 per share for financial year 2009. On 7 May 2010, CHF 17.8 million was paid to the shareholders of Von Roll Holding AG.

9. | Contingent liabilities and guarantees

As at 30 June 2010, contingent liabilities and guarantees amounted total CHF 15.2 million. The reduction of CHF 9.2 million compared with 31 December 2009 is attributable, in particular, to the reduction in Von Roll's traditional project business.

10. | Significant events after the reporting date

On 5 July 2010, a not-at-parity share capital increase was carried out by Von Roll Solar AG. This caused Von Roll's stake in Von Roll Solar AG to increase by a further 4% to 95%.

No other significant events which could have a material effect on the consolidated semi-annual financial statements 2010 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 23 August 2010.

Von Roll Holding AG

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About Von Roll Holding AG

As one of Switzerland's longest established industrial companies, Von Roll focuses on products and systems for power generation, transmission and distribution. Von Roll is the global market leader in insulation products, systems and services and is represented in 19 countries with around 3,000 employees at over 30 sites.

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The semi-annual report is available on the internet at www.vonroll.com.



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