





## Key figures

in 1,000 CHF	H1 2008	H1 2007
Order intake (gross)	382,384	344,805
Net sales	343,433	306,693
Operating income (EBIT)	33,663	27,775
– In % of net sales	9.8%	9.1%
Net income	27,739	22,807
– In % of net sales	8.1%	7.4%
Cash flow from operating activities	16,236	3,474
Capital expenditures	13,495	11,600
Net liquidity	273,517	-4,371
Equity	514,212	197,615
Equity ratio	74.4%	52.5%
Number of employees (as at reporting date)	3,141	2,019

## Key figures per share

in CHF	H1 2008	H1 2007
Operating income (EBIT) per share <sup>1</sup>	0.18	0.20
Basic earnings per share <sup>2</sup>	0.15	0.16
Operating cash flow per share <sup>3</sup>	0.09	0.03
Equity per share <sup>4</sup>	2.76	3.67
Number of issued shares	184,778,889	138,584,167
Share price (high)	11.50	13.06
Share price (low)	8.30	3.37
Share price (end of period)	10.75	10.80
Market capitalization (in 1,000 CHF)	1,986,373	1,496,709

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

<sup>2</sup> Net income (excl. minority interests)/weighted average number of shares outstanding

<sup>3</sup> Cash flow from operating activities/weighted average number of shares outstanding

<sup>4</sup> Equity attributable to equity holders of the parent/weighted average number of shares outstanding

## Dear Shareholders,

At the beginning of this year, we defined the goals and milestones for 2008 regarding the ongoing, profitable growth of our core business on the basis of conversations with customers and employees. Furthermore, we announced that we wanted to expand our portfolio in order to be able to position ourselves perfectly in the growing markets of the future.

I am happy to be able to tell you that we have progressed well with the profitable expansion of our core business. Our good results in the first half of 2008 show that we could further increase our profitability through organic growth in our core business. After a systematic selection process in view of clearly defined known sizes in the technology, growth and financial sectors, we are already having conversations with a few potential target companies. Therefore, we assume that in the second half of 2008, we will be able to report our first sustainable results for the expansion of the Von Roll portfolio.

### **Successful 1st Half of 2008 Levels Way to Carry Out Plan for the Year**

Our goal for the next three years is as clear as it is ambitious: we want to constantly increase sales stronger than the market and we want to increase our profits from operative business by an annual 2-digit percent number. After the first half of 2008, we are well on the way to reach these goals for the entire year.

During the first half of the 2008 business year, the group's net sales have increased by 12% to CHF 343 million. This result is thus located considerably above the average market growth of 5%. Adjusted for currency effects, sales are listed with a strong growth of 19%. The order intake has increased by 11% compared to the first half of 2007 – up to CHF 382 million.

The operating income (EBIT) increased to CHF 34 million. After taxes, the net income improved to CHF 28 million.

### **Continuous Mega Trends Spur Growth**

The development of global markets in the energy and transport sectors is commensurate with our expectations. The global mega-trends of demographic change and urbanization have caused the worldwide need for energy to increase sporadically. The global power production capacities must be improved significantly in order to satisfy the rapidly growing need for energy, especially in emerging countries. In addition to this, the development and production of technologies to increase energy efficiency will be a focus for the industry.

Both developments directly benefit our business and open up new market opportunities for us. For instance, by delivering significant components for the manufacturing of generators for wind-powered devices, we profit from strong worldwide growth in this area. The positive development of our business in the European, US, and especially Asian markets confirms this trend.

**Confirmation of Positive Outlook for the Entire Year of 2008**

In line with the new strategic structuring of our company, we will direct our attention in the following months to further improve the operating profit of the business. Our goal is to increase sales and the sales profit margin continually. We want to reach this by being successful in global competition and by offering our customers the best services. To this end, we are concentrating on three main points: innovation, customer focus and global competitiveness.

We see potential for growth in the electrical part of the core business, especially in the high and low voltage areas in emerging countries in Asia, Central and South America. In Europe, we can promise above all further expansion of wind energy and this will additionally lead to profitable sales. We expect a very promising development in the industrial sector, especially for composites.

With this background, we are very confident that in the second half of the year, we will be able to link on to the good business development of the first half of 2008. On one hand, we will have to manage long-term risks like the continuous weakness of the dollar. On the other hand, we will optimally capitalize on opportunities that are offered short-term. With this two-fold approach, we are optimistic for the coming months and confirm our positive outlook for the entire year of 2008.

In regards to the announced grounding of a bank on April 7, 2008, the preparation work is going as planned. The shares for the bank will be offered to the shareholders of Von Roll proportionate to their previous shares held and it is not planned that after the transaction, Von Roll will hold more than 5% of stock on the bank. Subject to certification by the EBK, the bank should be open for business at the beginning of 2009.

Au ZH, August 2008



Thomas P. Limberger  
Chairman of the Board of Directors & CEO

## The Electrical Business Sector

As the worldwide leading manufacturer of insulation systems, materials and processing machines, we offer our customers innovative system and conceptual solutions. For manufacturers of electrical devices in Europe, America and Asia, we produce enameled wires, resins, lacquers, insulating tape, stationary and flexible laminates. We gain our largest amount of European sales in the segments for high voltage motors and generators. Service products for low voltage machines, transformers and switch devices are responsible for the other sales. Von Roll has the ability to deliver complete insulation systems and to develop customized solutions. Furthermore, we offer material and system inspections for electrical machines and training for experts, customers and employees.

### Highlights

During the first half of 2008, our production processes were substantially optimised and new capacities were created to support our growth. Furthermore, our sites were optimised for efficiency. Global improvement and the harmonization of our sales structures support our goal of better supporting our existing customers and gaining new customers. Through our comprehensive research activities, we can develop new products to create thinner electrical insulations and materials with higher thermal conductivity (HTC). These products bring our customers many advantages for service and compact machines. In the well-developed sector for VOC-free resin tanks, new, environment-friendly products have been introduced to the market as well. New, special strand systems were developed for higher performance in wind energy systems.

In order to keep with new European stipulations in regards to the use of chemicals (REACH – Registration, Evaluation, Authorization and Restriction of Chemicals), we have created teams of specially trained individuals for every production location as a part of our compliance standards.

### Financial Development

With a staff of 1,543 employees, the electrical sector reached sales total of CHF 257 million in the first half of 2008. The operating income improved 14% compared to last year's period by CHF 28 million.

### Outlook

The demand for electricity grows continually worldwide, even disproportionately in the region of Asia. Increasing oil prices are accelerating investments in alternative energies, along with the demand for efficient solutions to produce energy. Another considerable factor for our growth is the global demand for the innovation of electronic devices. Thus, a significant growth can be predicted for the future of all markets, in which we are involved. Therefore, we expect more than average market growth and increase in sales over the next six months. The continual market development worldwide allows us to expect positive sales for 2008 and 2009.

### Key Figures Electrical

in CHF 1,000	H1 2008	H1 2007	Variation
Net sales	256,934	232,986	10.3%
Gross margin	59,582	50,685	17.6%
– In percent	23.2%	21.8%	
Operating income (EBIT)	27,564	24,278	13.5%
Employees	1,543	1,481	4.2%

## Industrial Business Sector

The enormous spectrum of services for our products, which are not only limited to the demands of electro-technology because of their diverse physical characteristics, has allowed us to have a leading role in the market for industrial applications for decades. These include machine and system construction, in the production of different consumer goods, for the construction of air, water or land vehicles, household equipment, medical devices and for the protection from thermal or ballistic exposures, our products provide our customers with high quality products on a daily basis.

The consistent direction of all of our activities based on the individual needs of our customers is the focus from product development up to the realization of customized CAD pieces or even entire component groups. Our activities are characterized by the growing demands for environmental protection, security and efficiency. New areas of application in sectors like alternative energies, aviation or ballistic protection offer even more clear potential for growth in the markets they come from. Furthermore, we have had a leading role in Europe for the past 100 years and are increasing on the American continent and Asia.

### Highlights

Various production facilities, for instance our facility for afterburning in Augsburg, were expanded or renovated in 2008. The measures taken to increase productivity and profitability are showing their first results: all production sites are, for the first time in years, once again profitable. Through intensive research and development, we were able to bring new and different products onto the market, for instance the manufacturing of soldering frames for the highest thermal and chemical requirements. Furthermore, countless innovations for the future use of alternative fuels, especially renewable fuels, were started or further promoted.

### Financial Development

The industrial business sector accounted for CHF 86 million of sales during the first half of 2008 for Von Roll. The operating income improved compared to the previous year's period by 29%, to CHF 8 million. This performance was the result of 1,559 employees.

### Outlook

The trade cycle in engineering continues to run well and the readiness to invest is currently continuous; currently, our markets are continuing to grow depending on the trade cycle conditions. The growth is currently characterized in an unusual way by the increasing demands for resource conservation and especially security. On a global level, the trend to relocate production facilities to low cost regions continues. However, this regional relocation also makes growth rates fluctuate globally. Our number of projects received continues to remain above the previous year's period and we expect more growth throughout the rest of the year. Correspondingly, we will continue our investments.

### Key Figures Industrial

in CHF 1,000	H1 2008	H1 2007	Variation
Net sales	86,499	73,707	17.4%
Gross margin	24,466	17,757	37.8%
- In percent	28.3%	24.1%	
Operating income (EBIT)	8,480	6,591	28.6%
Employees	1,559	523	198.1%

## Above Average Market Growth in All Regions

### Asia

In Asia, Von Roll posts the largest currency-adjusted sales increase at 53%. Our good relationships with key customers in Europe and the USA also generate work for us in Asia. We were able to acquire countless new customers in the low voltage sector. There are new applications for our liquids in the aviation and astronaut fields. The acquisition of Shenzhen Mica guarantees access to the Chinese market and to supplies of natural resources. Due to its comprehensive portfolio and production locations, Von Roll could position itself well for the dynamic growth of power plants and high voltage motors in China and India. Sales in the repairs sector are very good in Southeast Asia because we are able to offer a comprehensive solution package.



20%

### North and South America

Von Roll's new strategic approach in terms of an improved customer focus and a stronger regional focus occurs on the American continent through, among other things, cost optimised production centres. Efficiency and competence have increased due to the centralization of sales, finances and human resources. We were able to win over new customers and to establish new products like the resin HAT Mica tape. In South America, we can offer service and expert knowledge throughout the entire region from our Brazilian site and can thus expand our market share here as well. The market for transformers is stable; the market for renewable energies and classic electricity production will grow. Furthermore, Von Roll was able to gain more of the market for repairs for transportation, and for liquids. Because of these activities, we were able to display a currency-adjusted growth of 24% on the American continent.



22%

### Europe

In Europe, efficiency and organization were increased during the first half of 2008, including, among other things, the rationalization of processes and improved interaction between the team. A better usage of IT systems makes it possible to process customer wishes more quickly and to implement a new ordering system. Additional sales were generated through new customers and new projects with existing customers. In the sectors involving liquids, mica tape and composites, new products were brought to the market. New, innovative mica tape will especially bring growth in the market share. Just as before, Von Roll is the market leader in the high voltage sector. Even though business activity in Western Europe is stagnant, there is an increasing demand for environment-friendly resins and varnish thanks to REACH. Furthermore, we were able to develop new sales markets in central Europe and Russia. In Europe, sales grew during the first half of 2008 by 9%, currency-adjusted.



58%

### Net Sales Revenue by Region in the 1st Half of 2008

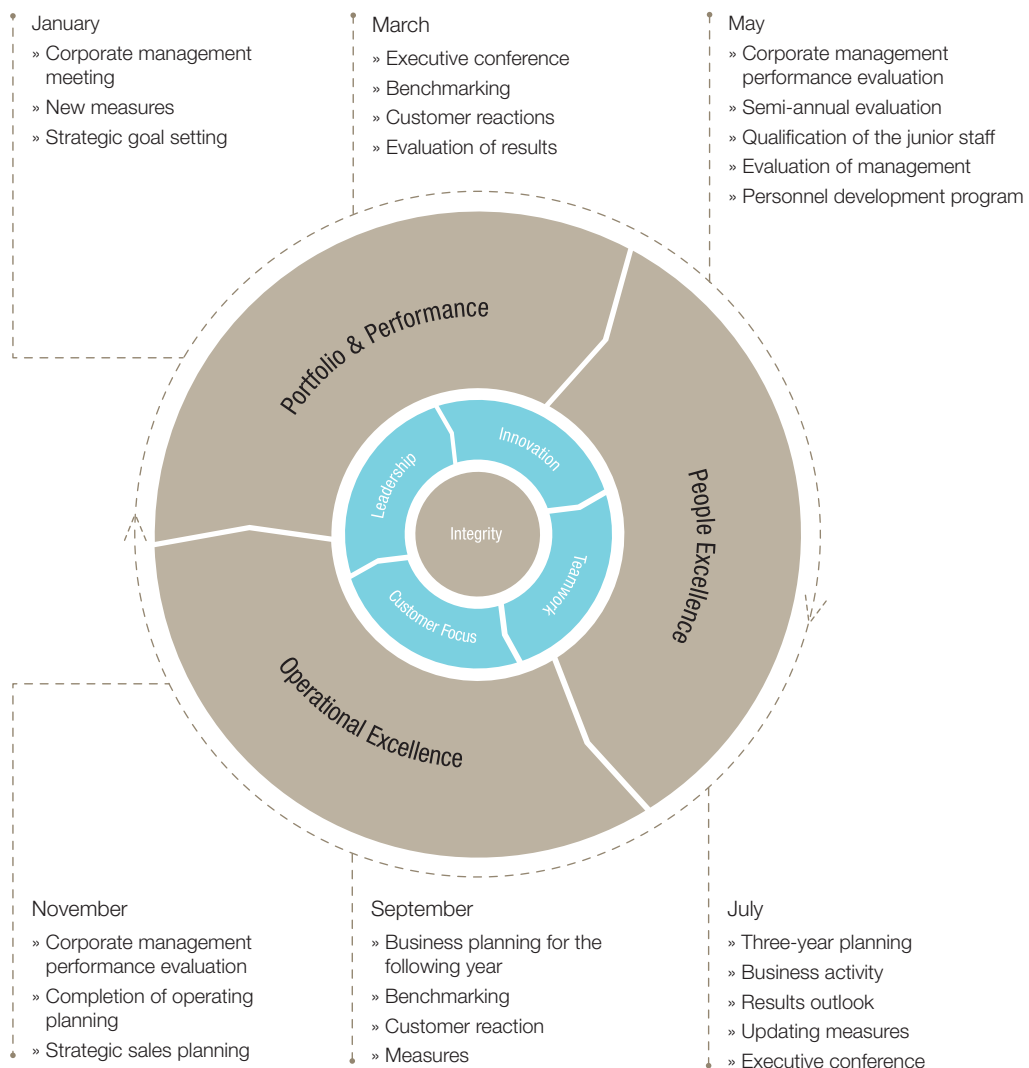
in CHF 1,000	Net Sales	Proportion	Growth <sup>1</sup>
Asia	68,757	20.0%	+53.2%
America	76,430	22.3%	+23.9%
Europe	198,246	57.7%	+8.6%
<b>Total</b>	<b>343,433</b>	<b>100.0%</b>	<b>+18.8%</b>

<sup>1</sup> Adjusted for currency

# The Operating System

Our business relationships are characterized by customer focus, the highest quality, and leadership in service and technology. The central challenges in regards to globalisation are the provision of energy and water, the guarantee of mobility, security, health care, industrial production and sustainable contact with the environment. Together with our customers, we are taking these challenges head on, especially through technological innovations. There are considerable opportunities for growth for Von Roll in this area and we would like to use these opportunities to expand our market leadership.

With the successive introduction of our operating system, we have been supporting our efforts since the beginning of 2008 to expand our market leadership and to expand our business portfolio. Von Roll's operating system is a fully developed methodology for controlling business processes while taking into account shareholder value. Through this, we are controlling the development of employees (people excellence), the growth and the profitability of our business portfolio (portfolio & performance) and the operational results of our business sectors (operational excellence).



### **People Excellence**

By providing a professional and motivating environment, we want to be committed to the best talents and offer them excellent development potential. In order to reach our goals, all employees must direct their actions towards clearly defined values. This is why we have implemented a process that strongly promotes the individual responsibility of each employee. We are attempting to create a business culture that is oriented towards results and that places the interests of our customers in the foreground. Our value system should be a guideline for employees to meet daily challenges. It is defined by five core values: leadership, customer focus, cooperation, innovation and integrity.

Through our corporate university, which is unique in the competitive environment, we educate technicians, engineers and managers with modern methods and knowledge and inform them about new developments in our industry. Both our employees and our customers make use of the offer.

### **Portfolio & Performance**

We create our business portfolio based on growth and profitability – we use a double strategy in order to establish a successful future:

- » Further expand the core business: We are strongly committed to further expanding our strengths. In the sector of insulation products, systems and services, we want to further be strengthened through our own vigour and through purchases.
- » Continue purchase strategy: as a part of our purchase strategy, we are investing in key technologies that are playing an ever-important roll in regards to global trends. Belonging to this is the provision of scarce resources such as energy and water, along with components needed to support growing industries.

Active portfolio management is an important cornerstone of our strategy and the basis for our performance. We will direct our portfolio towards profitable growth. Here we have the basic strategic requirement of being number one or two on all markets, with which we are actively involved. By successfully constructing our portfolio, especially towards seminal and technologically intensive business fields, we expect a significant creation of value for the company and thus, an increase in value for all investors.

### **Operational Excellence**

In addition to the new strategic approach of our company, we will shift our attention during the following months towards improving the operational results of our business sectors. Our goal is to continually increase our margins. We want to reach this by being successful in global competition and by offering our customers top services. For this we are concentrating on three main points: innovation, customer focus and global competitiveness. This is how we will successfully master the challenges of new markets. We have identified multiple measures and have already implemented some that can further increase the operational efficiency of our business sectors.

#### **Our core values:**

- » Integrity  
Integrity stands in the foreground for all trades: for us it means an honest and respectful behaviour under consideration of all legal and ethical conditions as well as loyalty to Von Roll.
- » Teamwork  
To treat each other with mutual respect, as well as acting in a non-bureaucratic way and by being completely open – that is our understanding of teamwork.
- » Innovation  
Unconventional, limitless, but goal-oriented thought – that is our basis for innovation.
- » Customer Focus  
For us, customer focus means listening to our customers in order to fulfil their desires with enthusiasm.
- » Leadership  
We understand leadership to mean motivation, responsibility and the pursuit of results.

# Operational Excellence in the First Half of 2008

With innovative products and solutions, we are a reliable partner for our customers and thus guarantee long-lasting success. We are committed to long-lasting, profitable growth for our shareholders, partners and employees. In order to be successful in global competition and to offer our customers top services, we concentrate on three main points: we want to increase the strength of our innovations, to sharpen our customer focus and to further expand our global competitiveness. Prerequisites for reaching these company goals are the constant application and the implementation of our management sources.

Corresponding to the new strategic approach from our company, we have identified countless measures and already partially implemented them in order to further increase operational efficiency in our business sectors. Belonging to this strategy, for example, is a program that optimises price structure, the central purchase of worldwide needed raw, auxiliary and operating materials, and activities that reduce overhead expenses.



Additionally, the new structuring of production that was started in the fourth quarter of 2007 has increased efficiency. We are on our way to building cost optimised production centres in Asia, Europe and America that will be strengthened by other locations that can be likened to satellites. We adjusted organization and sales structures in one step. Through the new structure, Von Roll is more focused, more transparent and closer to the customers and quicker in regards to results. Furthermore, we gave our product portfolio a new structure in order to be able to further increase our efficiency.

During the first half of 2008, we launched our six key initiatives in the operational sector. Our goal is to continually expand our market position and our operational profit. The focus on new fields of activity within the company and on regional organization with closer contact to the customers makes it possible for us to have an effective implementation of our initiatives on a global level and at the same time, we can adjust to local conditions wherever necessary. All six initiatives are promoted by teams in regards to the functional and regional demands and a central inspection should guarantee the orderly implementation. The graphics on these pages explain more information about these initiatives.

Production Site Strategy	Strategic Sourcing	General & Administration
Effect on the EBIT	Effect on the EBIT	Effect on the EBIT
<b>Short and mid-term:</b>	<b>Short and mid-term:</b>	<b>Short and mid-term:</b>
<ul style="list-style-type: none"> <li>» Expansion of capacities in Asia and America</li> <li>» Implementation of operating excellence initiatives in order to optimise capacities and profit worldwide</li> </ul>	<ul style="list-style-type: none"> <li>» New concept for the purchase and management of raw materials</li> <li>» Implementation of a central purchasing department in the new organization</li> </ul>	<ul style="list-style-type: none"> <li>» Optimisation of the organization on all company levels</li> <li>» Development of a concept for a shared service centre</li> </ul>
<b>Long-term:</b>	<b>Long-term:</b>	<b>Long-term:</b>
<ul style="list-style-type: none"> <li>» Consolidation of the production of resins, varnish and composites to central production facilities in Europe and Asia</li> </ul>	<ul style="list-style-type: none"> <li>» Increase in the operating efficiency of regional purchase organizations and focus on key raw materials</li> </ul>	<ul style="list-style-type: none"> <li>» Continual adjustment by the organization in accordance with the portfolio strategy</li> </ul>

## Our Product Portfolio

Von Roll is the sole full range supplier of materials and systems for the insulation of electrical machines as well as high-performance products for various high-tech industries.



### Mica Tape

All materials related to high-voltage insulation. Von Roll's commitment to Mica starts with mining and ends with finished products like adhesive tapes for insulation. Due to its easy fissionability and its high melting point, mica is wonderful for many applications – from electrical insulation of high voltage machines to thermal insulation of induction ovens to fireproof cables.



### Wires

All types of wires made of different metals and plastics for the high and low voltage sectors and for electrical applications. Von Roll manufactures round and flat enamel insulated wires, flat wires, coated round and flat wires and the very flexible, easy to bend stranded wires. We use customized insulations that guarantee security and dependability for all applications.



### Cables

Mica tapes for the insulation of fireproof cables. Since mica can withstand temperatures above 600 degrees, it is especially good for fireproof products in the electrical sector. Von Roll offers a wide range of products that are ideally suited for all commonly used standards.



### Liquids

Resins and varnish for high and low voltage applications. Von Roll produces different plastic resins like impregnated resins for high and low voltage, potting resins and casting resins. They serve, for example, as insulation through encapsulating and conformable coatings made of resin. Von Roll researches non-poisonous and environment-friendly solutions for a better quality of life, more security and better environment protection.



### Flexible Materials

Insulating flexible materials for low voltage applications such as flexible laminates for the insulation of generators and motors, different adhesive tapes that can handle high temperatures and conductive and semi-conductive tapes as an appropriate measure of protection to withstand the strong stress from high electric voltage.



### Composites

Composites combine thermal and mechanical characteristics of individual materials to optimise their effect. For example, impregnated, very flexible prepregs and coiled tubes with a number of combinations of resins, reinforcements and dimensions. They are available as complete tubes or individually made pieces. Furthermore, Von Roll produces thermosetting laminated plastics panels.



### Machines

Machines for processing high voltage applications and for the further processing of insulated materials. Von Roll supplies a wide range of machinery from coil and bar taping to VPI (vacuum pressure impregnation) equipment.



### Testing

Von Roll offers electrical, thermal and mechanical tests for both individual materials and complete insulation systems. We are UL-certified (combustibility of plastics).



### Training

Our corporate university offers a training program for high and low voltage insulation so that our customers can keep in step with the newest developments in insulation technology for rotating electrical machines.

# Financial Report for the 1st half of 2008

## Condensed, consolidated Income Statement for the first half of 2008 (unaudited)

in CHF 1,000	Note	Jan – Jun 2008	Jan – Jun 2007
Gross sales		351,275	314,669
Sales deductions		-7,842	-7,976
<b>Net sales</b>	<b>5, 6</b>	<b>343,433</b>	<b>306,693</b>
Cost of goods sold		-259,385	-238,251
<b>Gross profit</b>		<b>84,048</b>	<b>68,443</b>
Research & development expense		-6,742	-6,843
Sales and distribution expense		-17,954	-16,012
Administrative expense		-26,220	-18,703
Other operating income		531	890
<b>Operating income (EBIT)</b>	<b>5, 7</b>	<b>33,663</b>	<b>27,775</b>
Net finance expense		-872	-975
<b>Profit before tax</b>		<b>32,791</b>	<b>26,800</b>
Income taxes		-5,052	-3,993
<b>Net income</b>	<b>7</b>	<b>27,739</b>	<b>22,807</b>
Attributable to:			
Equity holders of the parent		26,688	21,817
Minority interests		1,051	990
<b>Earnings per share</b>			
Weighted average number of shares outstanding (no. of shares)		183,691,977	138,584,167
Basic earnings per share in CHF		0.15	0.16
Diluted earnings per share in CHF		0.15	0.16

## Condensed, consolidated Balance Sheet as of June 30, 2008 (unaudited)

### Assets

in CHF 1,000	Note	Jun 30, 2008	in %	Dec 31, 2007	in %
<b>Current assets</b>					
Cash and cash equivalents		288,858		330,778	
Trade accounts receivable		120,163		101,111	
Inventories		85,151		81,159	
Other accounts receivable and prepaid expenses		41,770		32,959	
<b>Total current assets</b>		<b>535,942</b>	<b>77.5%</b>	<b>546,007</b>	<b>79.2%</b>
<b>Non-current assets</b>					
Property, plant and equipment		93,581		84,234	
Goodwill		14,981		10,257	
Other intangible assets		12,884		14,029	
Financial assets		7,341		7,621	
Pension plan assets		5,388		5,482	
Deferred tax assets		21,011		21,633	
<b>Total non-current assets</b>		<b>155,186</b>	<b>22.5%</b>	<b>143,256</b>	<b>20.8%</b>
<b>Total assets</b>		<b>691,128</b>	<b>100.0%</b>	<b>689,263</b>	<b>100.0%</b>

### Equity and liabilities

in CHF 1,000	Note	Jun 30, 2008	in %	Dec 31, 2007	in %
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade accounts payable		48,310		37,600	
Short-term financial liabilities		3,469		5,596	
Short-term provisions		1,207		2,089	
Other short-term liabilities and accruals		75,265		62,622	
<b>Total current liabilities</b>		<b>128,251</b>	<b>18.6%</b>	<b>107,907</b>	<b>15.7%</b>
<b>Non-current liabilities</b>					
Long-term financial liabilities		11,872		27,035	
Post employment benefit obligations		15,128		15,554	
Deferred tax liabilities		7,812		8,187	
Long-term provisions		13,853		14,258	
<b>Total non-current liabilities</b>		<b>48,665</b>	<b>7.0%</b>	<b>65,034</b>	<b>9.4%</b>
<b>Total liabilities</b>		<b>176,916</b>	<b>25.6%</b>	<b>172,941</b>	<b>25.1%</b>
<b>Equity</b>					
Share capital	8	18,479		18,479	
Group reserves		488,295		490,118	
<b>Equity attributable to equity holders of the parent</b>		<b>506,774</b>	<b>73.3%</b>	<b>508,597</b>	<b>73.8%</b>
Minority interests		7,438	1.1%	7,725	1.1%
<b>Total equity</b>		<b>514,212</b>	<b>74.4%</b>	<b>516,322</b>	<b>74.9%</b>
<b>Total equity and liabilities</b>		<b>691,128</b>	<b>100.0%</b>	<b>689,263</b>	<b>100.0%</b>

## Condensed, consolidated Cash Flow Statement for the first half of 2008 (unaudited)

in CHF 1,000	Note	Jan – Jun 2008	Jan – Jun 2007
<b>Operating activities</b>			
Profit before tax		32,791	26,800
Interest result		-1,793	1,850
Other financial result		2,665	-875
Depreciation, amortization and impairment		6,989	6,281
<b>EBITDA</b>		<b>40,652</b>	<b>34,056</b>
Gain from the sale of non-current assets		-282	-45
Changes in long-term provisions		-433	-416
Variation Net Working Capital		-11,995	-31,772
Variation of other current assets and liabilities		-9,727	3,156
<b>Cash generated from operating activities</b>		<b>18,215</b>	<b>4,979</b>
Income taxes paid		-1,979	-1,505
<b>Cash flow from operating activities</b>		<b>16,236</b>	<b>3,474</b>
<b>Investing activities</b>			
Capital expenditures for property, plant and equipment and intangible assets		-13,495	-11,600
Cash outflow for the acquisition of business	4	-8,988	-
Interests received		3,000	512
Other cash flow from investing activities		580	345
<b>Cash flow from investing activities</b>		<b>-18,903</b>	<b>-10,743</b>
<b>Financing activities</b>			
Repayment(-)/increase(+) of financial liabilities		-16,837	1,695
Purchase of treasury shares		-76	-
Interests paid		-1,121	-2,046
Dividends paid		-18,369	-258
<b>Cash flow from financing activities</b>		<b>-36,403</b>	<b>-609</b>
<b>Change in cash and cash equivalents</b>		<b>-39,070</b>	<b>-7,878</b>
Cash and cash equivalents at January 1		330,778	46,081
Effects of changes in foreign exchange rates		-2,850	823
Change in cash and cash equivalents		-39,070	-7,878
<b>Cash and cash equivalents at June 30</b>		<b>288,858</b>	<b>39,026</b>

## Consolidated Statement of Changes in Equity for the first half of 2008 (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 January 1, 2007	13,859	90,327	–	–19,013	79,214	164,387	6,886	171,273
Currency translation <sup>1</sup>	–	–	–	3,202	–	3,202	609	3,811
Net income recognised directly in the equity	–	–	–	3,202	–	3,202	609	3,811
Net income	–	–	–	–	21,817	21,817	990	22,807
Total recognized income and expense for the year	–	–	–	3,202	21,817	25,019	1,599	26,618
Dividends to minority shareholders	–	–	–	–	–	–	–276	–276
Total other changes in equity	–	–	–	–	–	–	–276	–276
Balance at June 30, 2007	13,859	90,327	–	–15,811	101,031	189,406	8,209	197,615
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 January 1, 2008	18,479	396,688	–8,673	–18,454	120,557	508,597	7,725	516,322
Currency translation <sup>1</sup>	–	–	–	–10,066	–	–10,066	–1,338	–11,404
Net income recognised directly in the equity	–	–	–	–10,066	–	–10,066	–1,338	–11,404
Net income	–	–	–	–	26,688	26,688	1,051	27,739
Total recognized income and expense for the year	–	–	–	–10,066	26,688	16,622	–287	16,335
Purchase of treasury shares	–	–	–76	–	–	–76	–	–76
Dividends	–	–	–	–	–18,369	–18,369	–	–18,369
Total other changes in equity	–	–	–76	–	–18,369	–18,445	–	–18,445
Balance at June 30, 2008	18,479	396,688	–8,749	–28,520	128,876	506,774	7,438	514,212
Total Group reserves at the end of June 2007					175,547			
Total Group reserves at the end of June 2008					488,295			

<sup>1</sup> Including currency translation differences on intercompany loans qualified as equity.

# Condensed Notes for the consolidated Semi-Annual Report as of June 30, 2008 (unaudited)

## 1. General Information

The current report deals with the unaudited consolidated financial statements of the Semi-Annual Report from the Von Roll Holding AG, a company located in Switzerland, and its subsidiaries, as of June 30, 2008. The report was produced in compliance with the international accounting standard IAS 34 "interim report".

## 2. Applied Accounting Principles

The Semi-Annual Report for 2008 is based on the accounting principles illustrated in the annual report for 2007 which remain unchanged, other than the following exceptions listed. The exchange rate fluctuations for transactions that were carried out in a different currency than functional currency of the individual subsidiaries have been accounted for in the financial result since January 1, 2008. These were included as a part of the operating income (EBIT) in the consolidated income statement for 2007. The new way of presenting the data shows a more transparent result of the operating activities of the Von Roll Group – this was actively influenced by the management. During the first half of 2008, the effect of this change in the financial result was TCHF –2,665. The previous year's numbers were correspondingly adjusted. In the income statement for the first half of 2007, the financial result increased by TCHF 893 at the expense of other operating result. In the cash flow statement for the first half of 2007, the position "other financial result" was reduced by TCHF 893. The position "other current assets and liabilities" increased analogously.

The International Accounting Standards Board (IASB) published the following interpretations that must be used at the beginning of the financial year starting January 1, 2008:

- » IFRIC 11 "Group and Treasury Share Transactions (IFRS 2)",
- » IFRIC 12 "Service Concession Arrangements" and
- » IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

There are no material effects on the present consolidated Semi-Annual Report due to the use of these interpretations.

The consolidated Semi-Annual Report is presented in Swiss Franc, because the most important group units are active in and financed by Switzerland. The Semi-Annual Report is presented in thousands of CHF (TCHF).

### 3. Foreign Currencies

The following rates are used for the conversion of foreign currencies into Swiss Francs (CHF):

	Average rates		Period end rates	
	Jan – Jun	Jan – Jun	Jun 30	Dec 31
	2008	2007	2008	2007
1 EUR	1.61	1.63	1.62	1.67
1 USD	1.04	1.23	1.04	1.15
1 GBP	2.07	2.43	2.05	2.29
100 INR	2.56	2.90	2.43	2.92
100 BRL	61.91	60.37	65.28	65.20
100 CNY	14.84	15.91	15.13	15.71

### 4. Changes in the Scope of Consolidation

On October 2, 2007, Von Roll signed the purchase of 100% of the shares from New Jawdson Electrical Material (Shenzhen) Co., Ltd., Mica Electrical Material (Luhe) Co., Ltd., and Tongcheng Mica Electrical Material Co., Ltd. These three companies, which are located in China, belonged to the Shenzehn Mica group. Shenzhen Mica reported sales for the 2007 fiscal year at CHF 30 million. In connection with securing the accepted purchase price, on June 30, 2008, there is a bank guarantee from Von Roll for approximately CHF 5 million.

On January 11, 2008, the transaction took place at a purchase price of TCHF 21,166. The purchase price was only partially paid according to the contract by June 30, 2008, and is subject to target achievement clauses. Thus, in the future, a change in the purchase price is possible.

The net assets of the purchased companies are visible in the following tables:

in CHF 1,000	New Jawdson	Mica	Tongcheng Mica	Total
	Electrical Material (Shenzhen) Co., Ltd.	Electrical Material (Luhe) Co., Ltd.	Electrical Material Co., Ltd.	
Cash and cash equivalents	3,718	1,596	494	5,808
Current assets	5,678	3,577	322	9,577
Tangible and other assets	1,232	3,432	1,267	5,931
Intangible assets	8	126	122	256
<b>Total assets</b>	<b>10,636</b>	<b>8,731</b>	<b>2,205</b>	<b>21,572</b>
Liabilities and deferred income	-3,977	-1,711	-54	-5,742
<b>Total liabilities</b>	<b>-3,977</b>	<b>-1,711</b>	<b>-54</b>	<b>-5,742</b>
<b>Net assets</b>	<b>6,659</b>	<b>7,020</b>	<b>2,151</b>	<b>15,830</b>
Goodwill	4,328	814	194	5,336
<b>Total purchase consideration</b>	<b>10,987</b>	<b>7,834</b>	<b>2,345</b>	<b>21,166</b>
Outstanding payment	2,739	3,041	590	6,370
Consideration paid in cash	8,248	4,793	1,755	14,796
Cash and cash equivalents acquired	-3,718	-1,596	-494	-5,808
<b>Net cash outflow</b>	<b>4,530</b>	<b>3,197</b>	<b>1,261</b>	<b>8,988</b>

The purchase price and the net assets of Mica Electrical Material (Luhe) Co., Ltd. include a simultaneously agreed asset deal with Shenzhen Mica Electrical Material Co., Ltd.

The Shenzhen Mica companies are included in the consolidated financial statements of the Von Roll Group retroactively on January 1, 2008 at provisional values, because the process of determining fair values for Shenzhen Mica companies' identifiable assets, liabilities and contingent liabilities is not yet complete. Based on previous purchase price allocations, there is goodwill for TCHF 5,336.

Both the goodwill itself and the extend and the value of the identified assets, liabilities and contingent liabilities are subject to change. The purchase price allocation will be completed at the latest before January 11, 2009.

The John C. Dolph Company, USA – acquired on August 31, 2007 – is still included in the consolidated accounts for the Von Roll group with preliminary values. The purchase price allocation will be completed at the latest before August 31, 2008.

There were no other changes in the basis of consolidation during the period under report.

### 5. Segment Information

Von Roll's operational activities are structured in the two business segments of electrical and industrial. The segments are oriented towards business applications in markets defined by the customers. They build the basis for the primary format of the segment information.

The main activities are structured as follows:

- » Electrical – manufacturing and sales of electrical insulation material and winding wires
- » Industrial – manufacturing and sales of composites and cable guard materials

Miscellaneous activities include income and expenses from companies that cannot be classified in operational business, the net income from investment properties and holding companies.

in CHF 1,000	Net sales		Operating income (EBIT)	
	Jan – Jun 2008	Jan – Jun 2007	Jan – Jun 2008	Jan – Jun 2007
Electrical	256,934	232,986	27,564	24,278
Industrial	86,499	73,707	8,480	6,591
Other activities	–	–	–2,381	–3,094
<b>Von Roll</b>	<b>343,433</b>	<b>306,693</b>	<b>33,663</b>	<b>27,775</b>

### 6. Net Sales

Net sales are TCHF 36,740 higher during the first half of 2008 compared to the first half of 2007. This means an increase of 12%. The companies acquired in January 2008 from the Shenzhen Mica Group added TCHF 12,786 (4.2%) to the increase in sales and the company acquired in August 2007, John C. Dolph Company, added TCHF 6,704 (2.2%).

The changes in the currency exchange rates had a negative impact on sales. The effect of foreign currency on last year's sales was TCHF 17,627. Correspondingly, the increase of foreign currency-adjusted sales was 18.8% (TCHF 54,367) compared to the previous year.

**7. Profits for the Period**

The adjusted net income for the first half of 2008 (see explanation 2) increased by 21.6% (TCHF 4,932) to TCHF 27,739 compared to the previous year. The EBIT increased by TCHF 5,888 (21.2%) to TCHF 33,663. In the first half of 2008, an EBIT margin of 9.8% was reached (9.1% during the first half of 2007).

**8. Share Capital, Own Shares and Dividends**

As of June 30, 2008, the stock consists of 184,778,889 bearer shares, unchanged from December 31, 2007, with a par value of CHF 0.10 per share. There is neither authorized capital stock, nor convertibles.

Von Roll Holding AG holds 1,089,050 shares of their own stock on June 30, 2008, which were purchased for an average price of CHF 8.03. This corresponds to a proportion of voting rights of 0.6%.

On April 7, 2008, the general assembly decided on the payment of dividends for CHF 0.10 per share for the financial year 2007. On April 10, 2008, TCHF 18,369 were paid out to Von Roll shareholders.

**9. Subsequent Events**

On June 30, 2008, Von Roll holds 63.25% of the shares of Pearl Insulations Pvt. Ltd, Bangalore and Pearl Metal Products Pvt. Ltd, Bangalore. An agreement could be reached in regards to the transfer of the outstanding shares (36.75%) with the existing minority shareholders from Pearl Insulations Pvt. Ltd and Pearl Metal Products Pvt. Ltd. Presumably Von Roll will take over the shares in August 2008.

Between the closing date and the approval of the report by the board of directors, no other events occurred that could have considerably influenced the consolidated Semi-Annual Report for 2008.

The consolidated Semi-Annual Report was approved for publication by the board of directors on August 1, 2008.

## Information for Investors

in CHF	H1 2008	H1 2007
Number of issued shares (bearer shares )	184,778,889	138,584,167
Par value	0.10	0.10
Number of shares entitled to dividend	184,778,889	138,584,167
Share price		
– High	11.50	13.06
– Low	8.30	3.37
– End of period (Value for taxation)	10.75	10.80
Weighted average number of shares outstanding in shares	183,691,977	138,584,167
Basic earnings per share	0.15	0.16
Diluted earnings per share	0.15	0.16
Consolidated equity per share	2.76	3.67
Operating cash flow per share	0.09	0.03
Dividend per share	0.10	–
P/E ratio	74.0	68.6
Market capitalization (in 1,000 CHF)	1,986,373	1,496,709
Equity ratio	74.4%	52.5%

### The Stock

The transferable shares from Von Roll Holding AG are listed in the SWX Swiss Exchange and are traded on the Zurich stock exchange and in New York and Frankfurt. The capital stock is CHF 18.5 million. This corresponds to about 185 million transferable shares, each with one vote.

### Market Share Trends

The trend of Von Roll's shares changed positively during the first half of the year and increased altogether by 26.5%. After the interim highest value of CHF 11.50 at the beginning of June, the stock closed the term (June 30, 2008) with a rate of CHF 10.75. Thus, our shares were able to elude the negative market trend characterized by the American realty crises and developed considerably better than the Swiss and European stock markets: the DJ Euro Stoxx lost 16.4% of its value; the SMI fell by 22.7%. The average number of shares traded daily was 193,316.

At the request of the board of directors, the payment of dividends was certified at CHF 0.10 at the general assembly on April 7, 2008. Here CHF 18.5 million (minus 35% federal withholding tax), were paid out. With the reinvestment of dividends, the share had a growth in value of 27.4% during the first term.

### Dialogue with the Capital Market

In order to make the company strategy, which is aligned with an increase in value, more transparent for investors, Von Roll gives the "fair disclosure" principle a lot of importance and supports continual and open communication with all capital market participants.

**Business address**

Von Roll Holding AG  
Steinacherstrasse 101  
CH-8804 Au ZH  
Switzerland  
Phone +41 44 204 35 00  
Fax +41 44 204 30 10  
[www.vonroll.com](http://www.vonroll.com)

**Registered office**

Von Roll Holding AG  
Passwangstrasse 20  
CH-4226 Breitenbach

**Stock exchange listing**

SWX Swiss Exchange (Symbol: ROL)  
Valuable number: 324.535  
ISIN: CH0003245351

**Important dates:**

The regular general meeting  
April 7, 2009

**Please contact Luitpold Wüsthof  
for publications and more information**

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

Von Roll Holding AG  
Steinacherstrasse 101  
CH-8804 Au ZH

**Imprint**

Publisher: Von Roll Holding AG, Au ZH  
Concept/design: idfx AG, Wädenswil  
Print: Neidhart+Schön AG, Zürich

Produced and printed in Switzerland  
© Von Roll Holding AG, 2008

The report and the consolidated financial statements are originally issued in German. 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).

