MID-YEAR REPORT

2012

Mid-Year Report 2012
Sant'Antonino
10 August 2012

DEAR SHAREHOLDERS

Overview – The Interroll Group

During the first half of 2012, the Interroll Group achieved an encouraging increase in net sales of 7.5 % compared to the same period in 2011, taking the figure from CHF137.2m to CHF147.4m. In local currency terms, sales revenue rose by as much as 11.0 %, with every product group contributing to growth. In the period under review, order intake also increased by a remarkable 8.1 %, from CHF153.9m to CHF166.3m. This corresponds to growth of 11.4 % in local currency terms. As at 30 June 2012, the book-to-bill ratio (new orders in relation to sales) stood at 1.13 compared to 1.12 as at 30 June 2011.

In brief
First semester 2012: Encouraging increase of sales turnover, net profit stable

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to CHF19.5m (previous year: CHF20.5m). Earnings before interest and taxes (EBIT) totalled CHF11.5m (previous year: CHF13.2m). Compared with the first half-year of 2011, EBIT in the period under review included approx. CHF3.0m in amortisation and operating expenses relating to SAP. Net profit totalled CHF9.5m, which was almost as high as the very good level achieved in the same period of the previous year (CHF9.9m).

Along with an emphasis on innovation, Interroll stepped up its marketing and branding activities in the period under review. Specific campaigns to increase sales were augmented by measures to enhance the appeal of the Interroll brand. These included an expert forum on the subject of "Efficiency and Sustainability in Logistics" held during the LogiMAT trade fair in Stuttgart. New solutions for low-resource logistics of the future were the focus of this event held at the Interroll stand in front of an international trade audience.

Interroll at LogiMAT 2012, Stuttgart: Expert panel on the future of logistics

Pre-installed for rapid installation and immediate commissioning – Interroll Conveyor Control technology keeps the time and cost of on-site installation to the bare minimum

Peter Uttrup, Interroll Global Product Manager Food (left), receives the Gold Medal from Prof. Achim Stiebing of the German Agricultural Association for Interroll's ultra-hygienic Synchronous Drum Motor

Financial position

The latest figures confirm the continued financial stability of the Interroll Group. As at 30 June 2012 equity amounted to CHF148.5m (31.12.11: CHF143.3m) and total assets reached CHF240.0m (31.12.11: CHF239.2m). The Group's equity ratio continued to improve in the period under review, standing at 61.9 % as at the end of June 2012 (31.12.11: 59.9 %). Net working capital increased by CHF7.0m in the reporting period, reaching CHF39.7m (31.12.11: CHF32.7m). When comparing the two half-year periods, net cash flow from operating activities rose significantly from CHF5.8m to CHF18.2m. As a result, net debt of CHF17.6m (year-end 2011) declined to CHF7.2m. Free cash flow also improved significantly in the period under review by CHF19.1m from CHF –4.2m to CHF +14.9m.

"Drives" product group

The Drives product group (motors and drives for conveyor systems) continued its strong performance, generating revenue of CHF51.8m in the first half of 2012 (previous year: CHF50.3m), while order intake declined slightly from CHF51.8m to CHF50.0m. In March 2012, at the Anuga FoodTec trade fair in Cologne, Interroll received the Gold Medal from the German Agricultural Association (DLG) and the European Federation of Food Science and Technology (EFFoST) for its Synchronous Drum Motor. This hygienic drive solution is particularly suitable for use in food processing plants. At the international trade fair for internal logistics, LogiMAT in Stuttgart, Interroll launched the latest control units in the ConveyorControl range of energy-saving roller conveyors.

"Rollers" product group

In the period under review, revenue generated by the sale of conveyor rollers (CHF41.6m) was almost as high as the level achieved in the first half of the previous year (CHF42.1m). However, expressed in local currency, revenue actually rose by 2.2 %. In the period under review, Interroll forged ahead with new developments in conveyor rollers for the foodstuffs industry. The Interroll Centre of Excellence for Conveyor Rollers and RollerDrives in Wermelskirchen, near Cologne, experienced an increased workload in the period under review and almost matched the record output of 2008. Thanks to many years of experience in this field, high-end production expertise and its willingness to deliver at short notice, Interroll has established a very strong market position in the roller segment. This can have a positive effect even in economies facing a significant downturn, such as parts of Southern Europe that are experiencing a severe slowdown. A case in point: Spain, where roller sales slightly increased.

"Conveyors & Sorters" product group

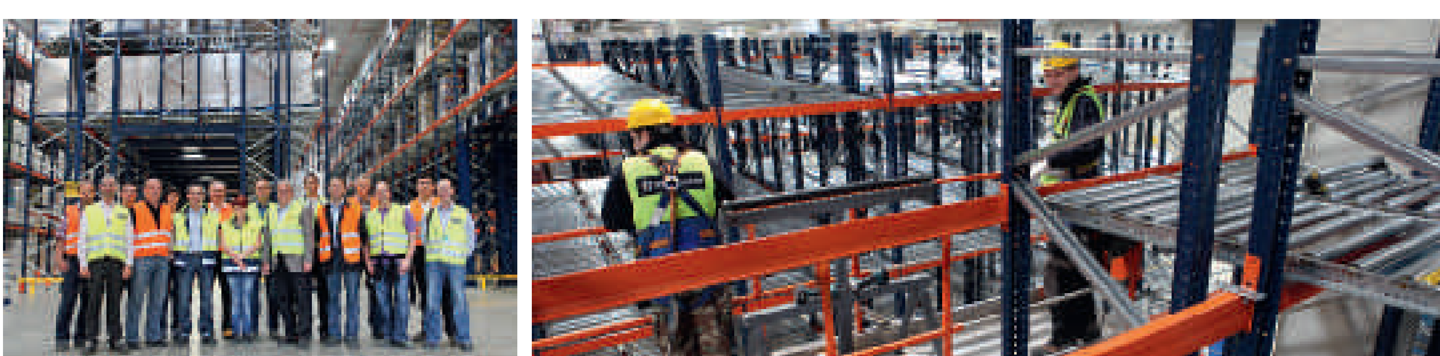
The Conveyors & Sorters product group achieved a significant increase in revenue of 17.5 % in the first half of 2012, up from CHF21.8m in the same period of 2011 to CHF25.6m. Incoming orders rose by a massive 43.6 % from CHF28.9m to CHF41.5m year on year. Interroll managed to secure follow-up orders for sorters from Amazon and the Chinese postal service. As well as testimonials from satisfied customers and the many benefits of the mechanical concept, the sorter business continues to benefit from the positive effects of the worldwide sorter campaign conducted in 2007/2008. In the first half of 2012, Interroll also received some key orders for conveyor modules destined for airport security purposes in Europe and the Middle East.

Buoyed by its very positive experience with the new organisational structure, Interroll pressed ahead with further product harmonisation of conveyor modules. The top priorities here are even faster delivery times, simplified design and complete consistency of all modules to facilitate immediate on-site installation. The aim here is also to keep expanding the group's day-to-day business as opposed to its typically more cyclical project business.

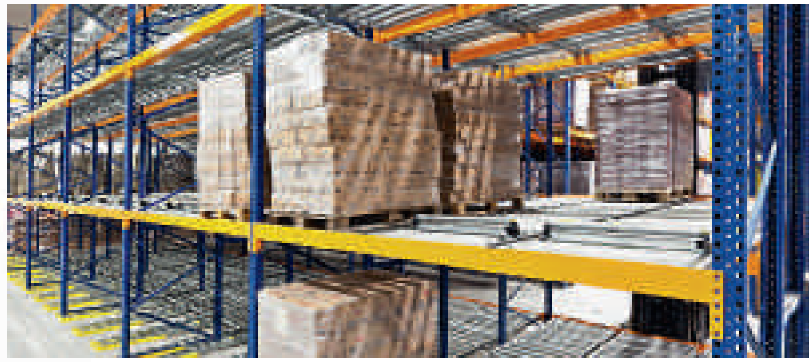
"Pallet & Carton Flow" product group

The dynamic storage product group increased its revenue in the period under review by an impressive 23.4 % from CHF23.1m to CHF28.5m. Order intake also improved from CHF31.0m to CHF33.2m. A major contract for Procter & Gamble in Crailsheim (D) involving around 20,000 pallet spaces was completed to the great satisfaction of the client, and its modernised distribution centre was officially opened in June. In Asia, Interroll was successful in securing a further dynamic storage order from Red Bull.

Due to the new sales organisation, Interroll was able to achieve increased market share in the worldwide dynamic storage segment. In the period under review, Interroll – in association with Leibniz University in Hanover and the Southeast University Nanjing in China – published a white paper on distribution centres for fast and moderately fast turnaround goods. The next step in this venture is to develop a simulation tool to calculate the performance of distribution centres. The aim of this white paper and simulation tool project is for Interroll to provide planners and operators of distribution centres worldwide with significant added value and practical assistance with investment decisions.



Throughput increased, space used more efficiently: Procter & Gamble replaced drive-in racking with Interroll pallet flow storage at its distribution centre located in Crailsheim (Germany)



Sweet treats from Turkey bound for Europe – Eti Gida in Eskisehir leverages the benefits of an energy-saving dynamic storage system by Interroll to move 300 different chocolate and biscuit specialities

Overview by region

Sales in Europe increased significantly in Group currency terms in the first half of the year, by 16.0 % to CHF105.2m or – expressed in local currency – by as much as 22.3 %. Interroll made some considerable gains in market share throughout Europe. However, some key accounts in Central Europe also export their products to overseas markets. All product areas contributed to growth. In the period under review, Interroll officially opened its new sales base in Turkey during the WIN industrial trade fair in Istanbul. In this burgeoning market, Interroll already has some interesting dynamic storage products and intelligent roller conveyor systems in place within local distribution centres.

The difficult economic environment and postponements of some projects led to a decline in revenue in the USA during the period under review, down from CHF33.7m to CHF28.5m. However, the trend in this market is encouraging, and Interroll succeeded in securing two follow-up contracts from Amazon. In North America, Interroll went ahead with preparations to consolidate production in Atlanta and concentrate on dynamic storage business at this site. In Brazil, Interroll moved into larger business premises close to the centre of São Paolo.

"We teamed up with Interroll to develop a new sorter system that combines superior energy efficiency with low-maintenance operation – based on an ingeniously simple design. With this technology at our fingertips, the future is very bright indeed." Commented the manager at China Post responsible for choosing the Interroll sorter system, Li Xueping, Deputy Director General of the Science and Technology Committee of China Post Group

Sales in Asia increased year on year by around 7% in the period under review. Interroll Korea, Thailand, China and Singapore secured some promising new business – such as an additional sorter project for the China Post Group. In Malaysia, Interroll also won a sorter contract for an online sales firm, and in Indonesia the company is also working on a significant module order. Interroll will continue to invest in the growth markets of Asia to expand its market share in this region.

Innovation: Example of economical, high-performance roller conveyors

Interroll innovations are always designed to simplify everyday logistics tasks. A typical example of this would be the Interroll ConveyorControl. This solution is tailor-made for system integrators and OEMs and always customised to user needs. These new control units, unveiled at the LogiMAT trade fair in Stuttgart, make roller conveyors more economical in the long term than comparable solutions. As decentralised, intelligent units, they control individual sections of any conveyor system that is divided into zones. Only the sections containing conveyed goods are actually in operation, while others that have nothing to convey remain idle. This means the system uses less power. The scalable solution saves at least 30% of normal energy costs – a huge bonus for any user.

Even the time and cost involved in installing such roller conveyors on site can be kept to a minimum. As the smart alternative to highly complex PLC programming, Interroll ConveyorControl enables offline programming prior to on-site installation. The very simple configuration and wiring system enable rapid installation and immediate commissioning of the conveyor system. Thanks to the flat-ribbon cable throughout, there is no need to waste time on site cutting wires to fit. The ConveyorControl units can be quickly connected in the desired location via simple pressure contacts. System integrators and OEMs thus receive conveyor modules they can put to work quickly and reliably – with this "plug and play" solution.

The easily installed, low-energy, 24-V product portfolio of ConveyorControl modules can also be used in conjunction with Interroll Intelliveyor conveyor modules. These include straights, curves, transfers, input and output merges and other modules. With ConveyorControl and RollerDrives from Interroll existing systems can also be modernised and upgraded by turning them into energy-efficient, zero-pressure lines. This means users can make their existing investments more sustainable and adapt them to new tasks and conditions.

Outlook

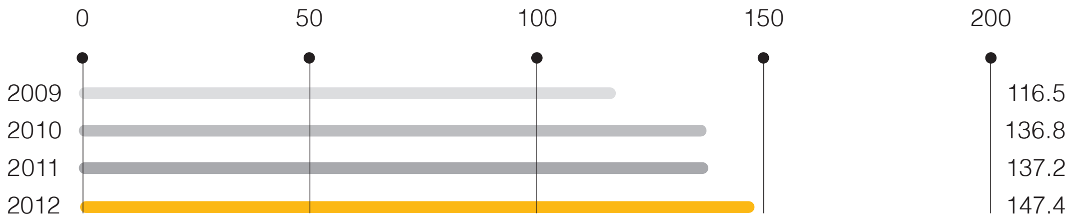
Given the current economic climate, Interroll is keeping a watching brief and a realistic view of the near future. Continuing currency fluctuations, volatile raw material prices and the prevailing reluctance of key user markets to invest are stifling growth. But Interroll intends to leverage this situation to stand out even further from the competition and expand its market position. The new corporate structure introduced at the start of last year is proving very successful in this regard. We will be fine-tuning it in all areas in order to increase our market share and make even better use of our opportunities. This includes expanding our global network, particularly in the USA and Asia. We will continue to invest in product innovation in order to generate above-average added value for our customers and to secure the future of the business. To be sure of achieving our long-term growth strategy, we will also be staying true to our established core principles: keeping costs under control, increasing productivity in various areas and maintaining a healthy and stable financial base.

Paul Zumbühl
Chief Executive Officer

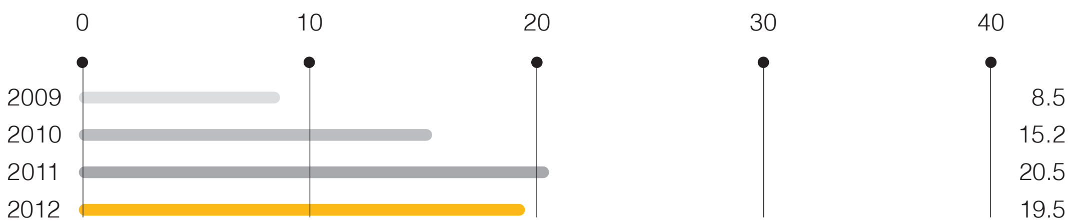
Kurt Rudolf
Chairman of the Board of Directors

All graphics depict January–June in million CHF

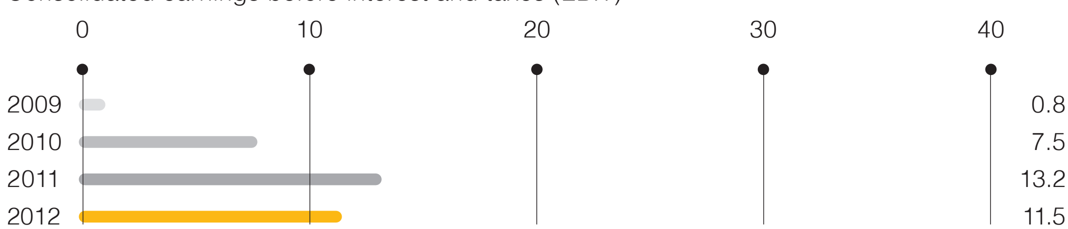
Consolidated net sales, Group



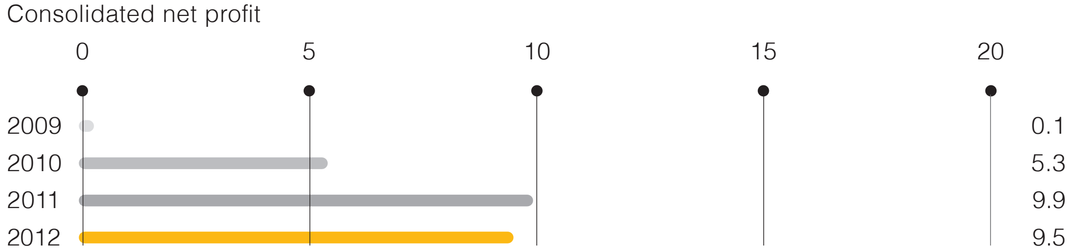
Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA)



Consolidated earnings before interest and taxes (EBIT)



Consolidated net profit



1 FINANCIAL INTERIM STATEMENTS OF INTERROLL GROUP

1.1 Consolidated statement of financial position

in thousands CHF	30.06.2012	in %	31.12.2011	in %
ASSETS				
Property, plant and equipment	79 716		82 107	
Intangible assets	40 066		40 687	
Financial assets	934		932	
Deferred tax assets	1 057		715	
Total non-current assets	**121 773**	**50.7**	**124 441**	**52.0**
Non-current assets held for sale	–		950	
Inventories	47 073		45 100	
Current tax assets	801		528	
Trade and other accounts receivable	58 532		57 654	
Cash and cash equivalents	11 822		10 522	
Total current assets	**118 228**	**49.3**	**114 754**	**48.0**
Total assets	**240 001**	**100.0**	**239 195**	**100.0**
EQUITY AND LIABILITIES				
Share capital	8 540		8 540	
Reserves	184 192		178 601	
Translation reserve	–44 202		–43 856	
Total equity	**148 530**	**61.9**	**143 285**	**59.9**
Financial liabilities	5 043		5 271	
Deferred tax liabilities	1 611		2 441	
Provisions	6 324		6 211	
Total non-current liabilities	**12 978**	**5.4**	**13 923**	**5.8**
Financial liabilities	14 018		22 850	
Current tax liabilities	8 734		9 264	
Trade and other accounts payable	55 741		49 873	
Total current liabilities	**78 493**	**32.7**	**81 987**	**34.3**
Total liabilities	**91 471**	**38.1**	**95 910**	**40.1**
Total liability and shareholder's equity	**240 001**	**100.0**	**239 195**	**100.0**

1.2 Consolidated income statement

in thousands CHF	Jan. – Jun. 2012	in %	Jan. – Jun. 2011	in %	absolute	Variance in %
Net Sales	**147 442**	**100.0**	**137 208**	**100.0**	**10 234**	**7.5**
Material expenses	–63 726	–43.2	–58 681	–42.8		
Personnel expenses	–45 002	–30.5	–41 476	–30.2		
Increase/(Decrease) in work in progress, finished products and own goods capitalised	1 706	1.2	2 772	2.0		
Other operating expenses	–25 476	–17.3	–23 742	–17.3		
Other operating income	4 562	3.1	4 429	3.2		
Operating result before depreciation and amortisation (EBITDA)	**19 506**	**13.2**	**20 510**	**14.9**	**–1 004**	**–4.9**
Depreciation	–5 242	–3.6	–5 207	–3.8		
Operating result before amortisation (EBITA)	**14 264**	**9.7**	**15 303**	**11.2**	**–1 039**	**–6.8**
Amortisation	–2 716	–1.8	–2 121	–1.5		
Operating result (EBIT)	**11 548**	**7.8**	**13 182**	**9.6**	**–1 634**	**–12.4**
Finance expenses	–161	–0.1	–953	–0.7		
Finance income	158	0.1	474	0.3		
Finance result	**–3**	**–0.0**	**–479**	**–0.3**	**476**	**–99.4**
Result before income taxes	**11 545**	**7.8**	**12 703**	**9.3**	**–1 158**	**–9.1**
Income tax expense	–2 088	–1.4	–2 812	–2.0		
Result	**9 457**	**6.4**	**9 891**	**7.2**	**–434**	**–4.4**
Earnings per share (in CHF)						
Non-diluted earnings per share	11.85		12.50		–0.65	–5.2
Diluted earnings per share	11.71		12.34		–0.63	–5.1

1.3 Consolidated statement of comprehensive income

in thousands CHF	Jan. – Jun. 2012	Jan. – Jun. 2011
Result	**9 457**	**9 891**
Currency translation differences	–346	–7 626
Other Comprehensive income, net of taxes	**–346**	**–7 626**
Total comprehensive income for the period	**9 111**	**2 265**

1.4 Consolidated statement of cash flows

in thousands CHF	Jan. – Jun. 2012	Jan. – Jun. 2011
Result	**9 457**	**9 891**
Depreciation, amortisation and impairment	7 958	7 328
Loss/(gain) on disposal of tangible and intangible assets	–15	–6
Loss/(gain) on disposal of non-current assets held for sale	–1 233	–
Financial result	3	479
Income taxes	2 088	2 812
Changes in working capital	3 036	–9 059
Changes in provisions	122	–696
Income taxes paid	–3 987	–5 376
Personnel expenses on share based payments	838	724
Other non-cash (income)/expenses	–60	–331
Cash flow from operating activites	**18 207**	**5 766**
Acquisition of property, plant and equipment	–3 515	–5 058
Acquisition of intangible assets	–2 212	–4 240
Acquisition of financial assets	–29	–
Proceeds from disposal of property, plant and equipment	2 379	224
Settlement of loans receivable	42	36
Acquisition of business activities, net of cash acquired	–	–931
Interests received	48	48
Cash flow from investing activities	**–3 287**	**–9 921**
Free cash flow	**14 920**	**–4 155**
Distribution from reserves from capital contributions	–5 594	–3 966
Acquisition of own shares	–	–1 060
Disposal of own shares	866	5 478
Proceeds from financial liabilities	234	7 098
Repayment of financial liabilities	–9 005	–608
Interests paid	–171	–296
Cash flow from financing activities	**–13 670**	**6 646**
Translation adjustment on cash and cash equivalents	50	–885
Change in cash and cash equivalent	**1 300**	**1 606**
Cash and cash equivalent at January 1	10 522	10 110
Cash and cash equivalent at June 30	**11 822**	**11 716**

1.5 Consolidated statement of changes in equity

in thousands CHF	SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR OWN SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at January 1, 2011	**8 540**	**27 577**	**–27 959**	**–40 001**	**159 300**	**127 457**
Result					**9 891**	**9 891**
Translation adjustments				–7 626		–7 626
Other comprehensive income, net of taxes	**–**	**–**	**–**	**–7 626**	**–**	**–7 626**
Comprehensive income	**–**	**–**	**–**	**–7 626**	**9 891**	**2 265**
Distribution from reserves from capital contributions		–3 966				–3 966
Reclassification		4 504			–4 504	
Share based payment transaction		–254	978			724
Changes in own shares, incl. tax effects		–1 053	5 561			4 508
Balance at June 30, 2011	**8 540**	**26 808**	**–21 420**	**–47 627**	**164 687**	**130 988**
Balance at December 31, 2011	**8 540**	**26 630**	**–21 018**	**–43 856**	**172 989**	**143 285**
Result					**9 457**	**9 457**
Translation adjustments				–346		–346
Other comprehensive income, net of taxes	**–**	**–**	**–**	**–346**	**–**	**–346**
Comprehensive income	**–**	**–**	**–**	**–346**	**9 457**	**9 111**
Distribution from reserves from capital contributions		–5 594				–5 594
Share based payment transaction		–286	1 124			838
Changes in own shares, incl. tax effects		–289	1 179			890
Balance at June 30, 2012	**8 540**	**20 461**	**–18 715**	**–44 202**	**182 446**	**148 530**

2 NOTES TO THE CONSOLIDATED FINANCIAL INTERIM STATEMENTS

2.1 Basis of the consolidated financial statements

Convention of preparation

The condensed, unaudited consolidated interim financial statements as per June 30, 2012 have been prepared in accordance with IAS 34 ("interim period") and are based on the uniform financial statements of INTERROLL HOLDING LTD. and its subsidiaries ("the Group"). All statements are prepared based on uniform Group accounting principles. This interim statement reflects an update of previously published information. Therefore, it should always be read in conjunction with the annual report 2011. The interim statements were approved by the Board of Director on July 25, 2012.

The Interroll Group has adopted the amendments of the IASB in the standards and interpretations (IAS 12, IFRS 7) that came into effect as per 1st of January 2012. There was no significant impact in the disclosure and reporting of this interim statement from the adoption of the new and amended standards and interpretations.

Foreign currency translation

The following most important exchange rates were used for the translation of financial statements denominated in foreign currencies:

	INCOME STATEMENT (AVERAGE RATES)			BALANCE SHEET (YEAR END RATES)		
	Jan. – Jun. 2012	**Jan. – Jun. 2011**	Change in %	**30.06.2012**	**31.12.2011**	Change in %
1 EUR	1.203	1.268	–5.1	1.203	1.216	–1.0
1 USD	0.924	0.891	3.7	0.956	0.940	1.7
1 CAD	0.922	0.916	0.6	0.935	0.920	1.6
1 GBP	1.464	1.451	0.9	1.491	1.455	2.5
1 SGD	0.735	0.713	3.1	0.753	0.723	4.2
1 CNY	0.146	0.137	7.2	0.150	0.149	0.9
1 PLZ	0.285	0.320	–10.8	0.283	0.273	3.8
1 THB	0.030	0.029	1.7	0.030	0.030	1.7
1 ZAR	0.117	0.130	–9.7	0.116	0.116	0.0

New or amended IAS/IFRS standards and interpretations

The IASB has published new and revised standards and interpretations. These come into force later than 2013 and are not early adopted in this financial statement. The impact of the introduction/amendment of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 1, IAS 19, IAS 27 as well as IAS 28 cannot yet be assessed with sufficient certainty or the expectation of the impact is in line with the disclosures made in the annual report 2011. Based on a first assessment, the Group Management does not expect significant impacts on the consolidated financial statements from these standards and interpretations.

Critical accounting estimates and judgments

The preparation of the consolidated interim financial statements requires management to make estimates, assumptions and judgments for the determination of income, expenses, assets, liabilities and for the disclosure of contingent liabilities. Such estimates, which are based on the management's best knowledge and belief at the reporting date, may deviate from actual circumstances. In such a case, they will be modified as appropriate in the period in which the circumstances change.

Segment reporting

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective regional sales organisation. The customer groups being OEMs, system integrators and endusers are taken care by tailor-made product offerings and differentiated consulting levels. The Interroll manufacturing units focus on the production of specific product ranges. Local assembly units receive semi-finished products from the manufacturing units and assemble a wide product range to serve their local markets. The Interroll Research Center, which is centrally located, develops new application technologies and new products for all product groups. Centers of excellence which focus on specific product groups, concentrate on the development of their assigned and existing product portfolio.

The Group Management and the Interroll management structure are organized by functions (overall management, Products & Technology, Global Sales & Services, marketing, finance and IT). The financial management of the Group by the Board of Directors is effected on one hand by turnover of the product groups and geographical markets and on the other hand by the reporting of the consolidated financial statements. The Group Management additionally assesses the achievement of financial and qualitative targets of all legal entities.

2.2 Accounting policies and standards

Acquisitions of consolidated subsidiaries resp. business activities

In the period under review, there was no acquisition of subsidiaries or business activities respectively. There were also no payments due from previous acquisitions.

In the previous year interim period as per 1 January 2011 the business activities of the former licensing partner in Australia (CSA Conveyors) were acquired by the existing Interroll entity in Australia. Intangible and tangible assets at fair value amounted to CHF1.1m, whereof half was paid in November 2010 and the other half in January 2011. Furthermore the last installment of CHF0.4m related to the acquisition of BDL France has been paid.

Fair value of net assets acquired

in thousands CHF	Jan. – Jun. 2012 Fair value	Jan. – Jun. 2011 Fair value
Property, plant and equipment	–	170
Intangible assets	–	875
Total non-current assets	**–**	**1 045**
Inventory	–	331
Total current assets	**–**	**331**
Total assets	**–**	**1 376**
Deferred tax liabilities	–	262
Total liabilities	**–**	**262**
Total net assets acquired	**–**	**1 114**
Goodwill acquired	–	–
Total acquisition costs	**–**	**1 114**

Settlement of acquisition costs

in thousands CHF	Jan. – Jun. 2012	Jan. – Jun. 2011
Settled by cash and cash equivalents	–	–1 114
Total acquisition costs	**–**	**–1 114**

Cash flow from acquisitions of business activities

in thousands CHF	Jan. – Jun. 2012	Jan. – Jun. 2011
Settled by cash and cash equivalents	–	–1 114
Paid in previous periods as advanced payments	–	570
Settlement of last installment for BDL France	–	–387
Cash flow from acquisitions of business activities	**–**	**–931**

Other changes in the consolidation range

In the period under review as well as in the previous period, no other changes in the consolidation range have taken place.

2.3 Segment information

Net sales by geographical markets

Turnover by product groups according to geographical markets is presented as follow:

in thousands CHF	Jan. – Jun. 2012	in %	Jan. – Jun. 2011	in %
Other Europe, Middle East, Africa	66 899	45.4	61 500	44.8
Germany	35 278	23.9	26 745	19.5
Switzerland	2 992	2.0	2 361	1.7
Total Europe, Middle East, Africa	**105 169**	**71.3**	**90 606**	**66.0**
USA	20 822	14.1	23 440	17.2
Other Americas	7 634	5.2	10 221	7.4
Total Americas	**28 456**	**19.3**	**33 661**	**24.6**
Asia incl. Australia	13 817	9.4	12 941	9.4
Total Asia and Pacific	**13 817**	**9.4**	**12 941**	**9.4**
Total Group	**147 442**	**100.0**	**137 208**	**100.0**

Material turnover with specific customers

Turnover is realized with more than 10 000 customers. There is no customer achieving a turnover of more than five per cent of Group sales.

Turnover by product group

Turnover realised in the first half year by product group is presented as follow:

in thousands CHF	2012	in %	2011	in %	2010	in %
Drives	51 764	35.2	50 302	36.6	46 257	33.8
Rollers	41 624	28.2	42 062	30.7	40 864	29.9
Conveyors & Sorters	25 570	17.3	21 770	15.9	23 794	17.4
Pallet- & Carton Flow	28 484	19.3	23 074	16.8	25 884	18.9
Total Group	**147 442**	**100.0**	**137 208**	**100.0**	**136 799**	**100.0**

2.4 Notes to the consolidated statement of financial position

Consolidated statement of financial position

Total assets was increased compared to the year end 2011 by CHF0.8m. Merely due to the high reduction of current bank loans, the net working capital was increased by CHF7.0m to CHF39.7m. Higher depreciations and amortisations alongside with less capital expenditures on non-current assets lead to lower tangible and intangible assets.

Investments/capital expanditures

Major investments undertaken into the extension of the center of competences are merely completed and therefore there are less investments into tangible assets than in the previous period under review. The investments done in the period under review are mainly for machines and are to optimise the manufacturing processes. Investments into intangible assets are in relation to the further developement of SAP.

In line with IAS 36, goodwill and other intangible assets are subject to an annual impairment test. These tests are normally performed in the second half of the year. Currently, no evidence exists for impairment.

Net financial liabilities (net debt)

Net debts as per end of the reporting period was decreased by CHF10.4m to CHF7.2m compared to year end 2011. Net debt in per cent of the equity was reduced compared to year end 2011 from 12.3 % to 4.9 %. The reduction of nebt debt is merely due to the reduced short term bank loans and is a result of strengthened management of net working capital and less means expensed for investments.

The total credit lines available as per end of the reporting period amount to CHF82.2m, of which CHF63.1m remain unused. From these credit lines CHF40.0m are committed until the first half of 2015 under condition that debt covenants are complied with.

The debt covenants that have not been changed since year end 2011 have always been complied with during the interim period as well as during the previous year period.

Equity

Equity increased by CHF5.2m to CHF148.5m compared to the previous year end. The distribution of reserves from capital contributions of net CHF5.6m took place on 21st of May 2012 and has been debited accordingly to the equity. The equity ratio as per end of the interim period corresponds to 61.9 % (year end 2011: 59.9 %).

2.5 Notes to the consolidated income statement

Net sales

Net sales in reporting currency have increased by 7.5 % to CHF147.4m compared to the previous year's period. Excluding negative foreign currency effects the increase represents a growth of 11.0 %. The negative translation effects result from Euro and other European currencies.

Earnings before interest and taxes (EBIT)

The operating profit (EBIT) decreased from CHF13.2m in the previous year period to CHF11.5m in the current interim period which results in a margin of 7.8 % (previous year period: 9.6 %). Additional personnel costs were expensed for the strategic developement of the global distribution network. For the first time, costs incurred for the maintenance and enhancement of SAP.

One time expenses of CHF1.0m have incurred for the introduction of a new platform of modules as well as for the optimization of the group wide strategic purchasing. Both buildings that were held for sale (Spain, Wassenberg) were sold to a total price of CHF2.2m which is shown as "proceeds from disposal of property, plant and equipment" in the consolidated cash flow statement. The profit on these sales in the amount of CHF1.2m is included in the other operating income of the consolidated income statement.

Finance result

Net interest expenses of CHF0.1m are compensated by net currency gains of almost the same amount. The Interroll Group is due its broad geographic orientation generally not much exposed to currency fluctuations.

Income tax expense

Income tax expense is recognized based upon the best estimates of the weighted average annual income tax rate for the full financial year. The tax rate presented in the interim report generally contains tax recoveries/-adjustment charges from previous years. It is also influenced by distinguished assessment of future realizable losses carried forward. In the period under review no material tax income/charges resulting from previous years were incurred. A deferred tax asset of CHF0.5m was capitalised through deferred tax income due to the encouraging developement of the North American production company of the product groups Rollers and Drives.

Result

The profit presented for the reporting period amounts to CHF9.5m (previous year: CHF9.9m). The result from acquisition is immaterial in both periods under review.

2.6 Notes to the consolidated statement of cash flows

Cash flow from operating activities

The cash flow from operating activities amounts to CHF18.2m (previous year: CHF5.8m). Cash could be freed by sticking to a tight debtor management.

Cash flow from investing activities

For investments into buildings, machinery, acquisitions and the new ERP system CHF5.7m (previous year: CHF10.2m) were spent (see "notes to the consolidated statement of financial position").

Cash flow from financing activities

The payment from reserves from capital contribution for the net amount of CHF5.6m was processed on 21st of May 2012 and is therefore included in the cash flow statement. The higher free cash flow was mainly used to repay short term financial debts.

2.7 Notes to the consolidated statement of changes in equity

Capital contributions

The decision of the ordinary general shareholder meeting from May 11th, 2012 to distribute CHF 7 per share from reserves from capital contributions was executed on May 21th, 2011.

Option plan

No options from the option plan were exercised in the period under review. In the previous year period 2 464 were exercised. No additional options were attributed.

Assignment of shares

Shares assigned to members of the management in the amount of CHF0.8m (previous year: CHF0.7m) was expensed.

3 FURTHER DISCLOSURES AND INFORMATION

Events after the balance sheet date, seasonality

The Group did not identify any events after the closing date of the interim statement that would have a material effect on the presentation of its financial position as at June 30, 2012.There are no other facts which require disclosure according to IAS 34.

The industry in which the Group operates does not have significant seasonal variations which would result in a materially different result in the second half year compared to the reporting period. However, current difficult economical environment can have an impact on the short term profitability.

Contingent liabilities

There were no contingent liabilities in the period under review.

Financial Calendar

January 25, 2013	Sales and order income results for the annual year 2012
March 22, 2013	Press conference for the business year 2012
May 10, 2013	General assembly for the business year 2012

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